AUDIT AND ACCOUNTS COMMITTEE

Tuesday, 28 September 2021

Democratic and Members' Services
Fiona McMillan
Monitoring Officer

Shire Hall
Castle Hill
Cambridge
CB3 0AP

14:00

New Shire Hall, Alconbury Weald, Huntingdon, PE28 4YE [Venue Address]

AGENDA

Open to Public and Press by appointment only

1.	**Apologies for absence and declarations of interest** *Guidance on declaring interests is available at* *http://tinyurl.com/ccc-conduct-code*	
2.	**Petitions and Public Questions**	
3.	**Public minutes of the Committee meetings held 13th and 22nd July 2021**	3 - 24
4.	**Committee Action log**	25 - 28
5.	**Consultants Report September 2021**	29 - 32
6.	**Cambridgeshire Pension Fund External Audit Plan**	33 - 70
7.	**Cambridgeshire Pension Fund Annual Report and Statement of Accounts 2020-21**	71 - 212

The Audit and Accounts Committee comprises the following members:

For more information about this meeting, including access arrangements and facilities for people with disabilities, please contact

COVID-19

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Councillor Graham Wilson (Chair) Councillor Chris Boden Councillor Nick Gay Councillor Mac McGuire Councillor Alan Sharp Councillor Simone Taylor Councillor Alison Whelan

Clerk Name:	Dawn Cave
Clerk Telephone:	01223 699178
Clerk Email:	dawn.cave@cambridgeshire.gov.uk

Audit and Accounts Committee: Minutes

Date: 13th July 2021

Time: 2:00 – 3.50pm

Place: University of Cambridge Sports Centre

Present: Councillors J French (substituting for Councillor McGuire), N Gay, A Sharp, S Taylor, A Whelan and G Wilson (Chair)

Officers: Gillian Beasley, Dawn Cave, Fiona McMillan and Michelle Rowe; Tony Cooper, Stephen Howarth and Neil Hunter (Items 1-9 only)

Advisor: Simon Goacher (Weightmans)

1. Notification of the appointment of Chair

It was resolved to note the appointment of Councillor Graham Wilson as Chair of the Audit & Accounts Committee for the municipal year 2021/22.

2. Apologies for Absence Declarations off Interest

Apologies were presented on behalf of Councillors M McGuire (Councillor French substituting) and C Boden.

3. Minutes of the Audit and Accounts Committee meetings held 23rd and 26th March 2021

It was resolved to note the minutes of the meeting held on 23rd and 26th March 2021 as correct records of those meetings.

4. Committee Action Log

It was resolved to note the Committee Action Log.

5. Internal Audit Progress Report

The Head of Internal Audit and Risk Management presented a report on the main areas of audit coverage for the period to 31st May 2021. He outlined the usual format of the report and the areas that were covered.

He explained that during any year, new risks would always emerge, and the Internal Audit Plan was updated quarterly to reflect this. The Annual Audit Report would be presented at the next Committee meeting on 22nd July and would give the Committee some assurance. Members noted:

- the progress report on high risk contracts;

- the detailed open book review of the Highways Contractor, ensuring payments made were accurate. As a result of this exercise, £66K of over-recovered payments had been repaid to the Council;

- that 18 audits had been concluded since March 2021, and the outcomes of those audits;

- the review of the robustness of the Council's maintained school payroll monitoring and assurance systems, which were maintained by three external payroll providers. Limited assurance had been given, because whilst these payroll providers had given assurance statements regarding their payroll systems, this had not been backed up with evidence or information regarding the control environment of their systems;

- The audit work undertaken on Key Financial Systems, noting that all had received an audit opinion of 'Satisfactory' or better. The audit on Payroll still needed to be finalised, but the Head of Internal Audit assured Members that there were no concerns in relation to that piece of work, but some analytical fieldwork was still being progressed;

- The proposed areas of audit for the next four quarters*;*

- How actions recommended as a result of audit work were taken very seriously by management, and almost universally accepted and implemented at the earliest available opportunity. This information was reported both to the Audit & Accounts Committee and JMT;

- that there were two key outstanding actions. One related to the corporate complaints policy, and it was noted that the Complaints Management Solution would be fully implemented by 30/09/21. The review of aged debt only recently became overdue, and the reasons for the delay were noted. Again, it was expected that the recommendations would be fully implemented by 30/09/21;

- Noted ongoing work regarding This Land, specifically the governance arrangements with that wholly owned company.

Arising from the report:

- A Member asked how it was possible to give Schools Payroll a rating if officers were unable to view the systems of the external providers. The Head of Internal Audit advised that sometimes they had to rely on the assurances given by third parties, and resources had to be targeted appropriately. For this reason a "Limited" assurance was given;

- With regard to Debt recovery, there was a discussion on the terminology used, and whether it would be feasible to move from a Satisfactory to Good audit opinion in this area. A Member commented that it can be difficult without prior experience of audit work to understand the nuances in the terminology used. For areas with Minor impact, Satisfactory audit assurance could be the desired level. More generally, a ‘traffic light’ system can be used to flag areas for attention in a more understandable way;

- A Member observed that some of the narrative was quite lengthy, and it would be helpful in future if key areas were summarised more succinctly;

- In response to a Member query on the Schools Payroll audit about “Schools Causing Concern”, it was noted that audit resources had to be targeted, and available intelligence was used to identify those schools and schedule audit work accordingly;

- In response to a query on the National Fraud Initiative, it was noted that this was a relatively new scheme whereby data sets across a variety of service areas were matched nationally with agencies such as HMRC to prevent and detect fraud and error. 412 of the Council’s 8625 matches had so far been reviewed by the Internal Audit team, and resulted in the recovery of over £63K as a result of pension payments made to a deceased person. It was observed that in addition to cases of fraud that were exposed, the NFI had a deterrent effect. The Chairman commented that the Council’s work in this matter could be highlighted via media channels to enhance this deterrent effect;

- In response to a query on the lack of a Complaints Procedure, the Monitoring Officer advised that the issue was that previously there was no <u>single</u> complaints policy in place. In addition, work had to be reprioritised with regard to the Digital Complaints Management Solution, but this should be in place by September, and she was comfortable that this was being progressed;

- On the issue of collaborative work to counter fraud, a Member asked if there had been any progress with the County Council’s involvement in the Anglian Revenue Partnership (ARP). It was noted that participation in the ARP had been overtaken by issues relating to the pandemic, but officers confirmed that work was ongoing with neighbouring District authorities to prevent fraud.

The Head of Internal Audit advised that his team had been commissioned to undertake a deep dive across four key capital schemes within Place & Economy, and to also produce an overarching governance report. Most of the recommendations from the Major Infrastructure Delivery audit, that had been reported to Committee in 2020, had been followed up. From an Audit perspective, the success of the overarching governance review would not be known until it had been in place for a while, but indications were that the situation was improving.

The Executive Director: Place & Economy advised that the audit stemmed from concerns that major projects were going over budget. 26

recommendation had been taken up through the Service, covering twelve key themes, and regular updates had been provided to the Highways & Transport Committee. A main focus of the audit was the control environment, i.e. ensuring that the right systems and processes in place, and this was being overseen by a Major Infrastructure Delivery Project Assurance Group, which included representatives from across the Council. An update had been received in June, which had reported good progress, but there was still work outstanding. He advised the Committee that a significant number of interim staff were being used in Highways, and the new Director of Highways would be appointed shortly. Another key area was related to commissioning and procurement, and staff were being supported through a comprehensive training programme.

Arising from the presentation:

- A Member asked if there was a risk that highway projects would stall as a result of the restructure. The Executive Director commented that it was very important that continuity was not lost. The interim team were doing an excellent job and that those staff would stay in place until the new appointees were in post;

- A Member commented that it was disappointing that Civil Parking Enforcement was not being presented to the July meeting of Highways & Transport Committee, and she hoped this would be progressed as soon as possible;

- The Chairman asked the Executive Director what further support and challenge the Committee and Head of Internal Audit could provide to the Place & Economy Directorate, and whether he felt that the Highways & Transport Committee had the appropriate skills, especially as it appeared that a number of key projects that had been progressing for some time were not yet delivering on the ground. The Executive Director confirmed that Highways & Transport Committee would be considering an update report at each meeting, but he would welcome any challenge from Audit & Accounts Committee. It was agreed to receive a further update in six months. Action: Democratic Services Officer to add to the Agenda Plan.

It was resolved to note and comment on the report.

6. Integrated Finance Monitoring report for the period ending 31 March 2021

The Committee considered the Integrated Finance Monitoring report for the 2020-2021 financial year, which had been considered by the Strategy & Resources Committee on 6 July 2021.

Members' attention was drawn to the £6.3M overall revenue budget underspend at year end, which was more than forecast in February. A key pressure was the £12.4M positive variance in the budget for SEND Specialist Services. Members also noted that the General Reserve balance was currently at £26.1M, and stood at 4% of gross expenditure. There was a slightly improved debt position, and a fuller report would be provided at the Committee meeting on 22 July. Variations to the Capital programme budgets were also noted, and the reasons behind these.

Arising from the report:

- A Member queried Capital borrowing, specifically the 'elbow room' the Joint Administration had for infrastructure projects, especially in the Green area. It was confirmed that financing was predominantly through the Public Loans Board, rather than the Municipal Bonds Agency. Internal Borrowing Rate was also used for short term finance;

- In response to a question on the borrowing rates, which appeared to be high, it was confirmed that this was because they have accrued over period of time, reflecting rates available potentially decades ago which were long terms loans still being paid back;

- In response to a question on the Council's ability to borrow against the Prudential Code, it was noted that each year the Council had to approve limits known as Prudential Capital Indicators for the level of its external financing costs and the maximum limits on total debt. Actual external financing was much lower than planned for 2020-2021, mainly due to underspend during the pandemic. This may return to the expected trajectory once normal circumstances resume;

- On a general point, a Member commented that whilst it was interesting to review the reports that were considered by Strategy & Resources Committee, it would be more appropriate for Audit & Accounts Committee to receive a summary, highlighting key areas such as overspends and underspends. The Chairman agreed to take soundings from the joint administration's leaders on the extent to which they saw this Committee scrutinising these reports, on the understanding that the detail was considered at Strategy & Resources and the relevant Service Committees. However, the Committee still needed to understand the high level direction and emerging issues. Action required.

It was resolved to note and comment on the report.

7. Integrated Finance Monitoring report for the period ending 31 May 2021

The Committee considered a report detailing financial and related information to assess progress in delivering the Council's Business Plan over the first two months of the financial year, which had been considered by Strategy & Resources Committee on 6 July. The overall revenue budget position was broadly balanced, showing a forecast year-end pressure of +£0.3m. Attention was drawn to the table within the report setting out key funding changes required with the capital budget, which had been approved by Strategy & Resources Committee.

A Member asked whether there was any information available on capital funding changes that it had been agreed not to pursue? Officers agreed that there were some schemes which were not being progressed, within the remit of CYP and Adults & Health Committees. It was agreed that that information would be circulated to Committee Members, for information. Action required.

It was resolved to note and comment on the report.

8. Committee Agenda Plan

It was resolved to note the Committee Agenda Plan.

9. Farm Audit Update

Introducing the report, the Chief Executive outlined the background to the Manor Farm Audit and its recommendations, which was considered at three Audit & Accounts Committees on 5 March, 23 March and 26 March 2021.

At the meeting on 26 March, the Committee had agreed to make a confidential progress report available for public consideration. That report included progress on the County Farms Audit Management Action Plan, which comprises 31 recommendations to strengthen policies and procedures of the County Farms Service. In addition, there were eleven recommendations for further action in relation to financial, transparency and conduct issues, and the Chief Executive and Monitoring Officer gave an update on progress on those areas:

- The Respect@Work policy had been reviewed and updated, with input from staff and recognised trade unions, and published. The revised policy would be relaunched with a communication campaign. There had also been a staff engagement survey, specifically focused on staff's experience of respect at work, including interactions with Members. This survey had closed on 2 July and the results were being analysed. This information would feed into an action plan which would be published before the end of July;

- Policies in relation to Violence and Aggression at work were under review. At previous Committee meetings, concerns had been expressed not just about how staff are treated within the Council, but what took place more widely. The existing policies were more directed at serious incidents rather than "lower level" behaviours, but it was acknowledged that those types of behaviours could still have a significant impact on the health and wellbeing of staff. Those policies would be reviewed and considered at the Staffing and Appeals Committee in September 2021;

- The Council's Whistleblowing Policy had been updated by the Head of Internal Audit and his team, and this had been reviewed by JMT, and would be considered by Trades Unions, prior to consideration at the next Audit & Accounts Committee meeting on 22 July;

- The Chief Executive stressed that all of these policies would be well publicised with staff, and the intention was to regularly engage with staff and feedback to Committee on any issues that arose;

- The Monitoring Officer advised that a training session covering the Member Code of Conduct and Conflict of Interest issues had taken place in May 2021 for all newly and returning Councillors. This training session had been well attended, and had also been recorded so that it was available to Members at a later date. At the July meeting of the Constitution & Ethics Committee, Members would also be considering a Conflict of Interest policy for Members and a report on the Mazars recommendations regarding potential actions in respect of Code of Conduct issues.

A number of Members commented positively on the amount of progress made on the policy and training issues since March, and commented that the Respect@Work and Whistleblowing policies would advance the Council further on these issues.

The Assistant Director: Property presented an update on the 31 recommendations that formed the County Farms Audit Management Action Plan. The Chairman advised Members that these recommendations had been considered in detail at Audit & Accounts Committee meetings in March, and a number of had been concluded at that stage.

Recommendation 1: carry out a comprehensive review of team policies and procedures, and introduce formal written process documentation for all key processes. This should include establishing clear approval requirements for financial decisions.

Officers confirmed that the first set of updated policies had been presented to the County Farms Working Group in March 2021, as were due to be completed by September 2021.

Recommendation 3: a single set of KPIs (Key Performance Indicators) be introduced to assist the effective measurement of team performance both within Strategic Assets and where appropriate, as part of the corporate performance reporting. The second iteration of KPIs had been completed and were being fed into the full corporate KPI review to ensure full alignment. This process would be concluded by September 2021. It was noted that some of the Farms KPIs would be reported to Strategy & Resources Committee.

Recommendation 17: County Farms team should take legal advice on the interest rates currently used in their tenancy agreements, and consider lowering the Default Interest Rate in any new tenancies granted, to reflect present low interest rates and ensure that such rates are enforceable by the Council. The basis of this recommendation was unclear, as the Farms interest rate was close to the CCC Scheme of Financial Management debt interest rate of 8% over base rate, in line with debt recovery processes.

Recommendation 20: Introduction of a Rent abatement policy. A policy had been drafted and would be presented to the County Farms Working Group.

Recommendation 21: The County Farms Capital Investment Procedure should be updated to require evaluation of the cost of the scheme against the expected rental price increase on the open market. This procedure had been updated and agreed with the Director of Resources, and would be considered by the County Farms Working Group.

Recommendation 22: The Capital Investment Procedure should be updated to state that Business Cases should be produced at an earlier stage in the process. A revised Landlord Improvements and Improvement Chart had been implemented and had was already being used. It would be taken to County Farms Working Group for endorsement.

Recommendation 24: Legal advice should be sought regarding repayment of Improvement Charges when tenants leave earlier than anticipated. Instruction had been delayed pending further investigation to identify an appropriate specialist agricultural legal advice, which was proving to be a challenge.

In response to a Member question, it was noted that the membership of the County Farms Working Group had been discussed at Strategy & Resources Committee, and that the date of the next meeting of that Working Group had not yet been decided, but that was a matter for Members. The Member suggested that this needed the input of the Director of Resources and the Leader of the Council. The Chief Executive agreed to raise this issue with the Leader and Deputy Leader. Action required.

The Assistant Director: Property advised that all of the following actions had been either closed or completed:

Recommendation 4: A data cleanse of property data and County Farms being included as active users on the new property asset management system currently being procured. It was confirmed that the data cleanse had been undertaken in full, with corrections made where appropriate, and a further review had been carried out. With regard to the Property Asset Database, that process was ongoing and due to be completed in Summer 2022.

Recommendation 5: Each County Farm should be assigned a unique property code. All County Farms now had a three digit code included on the finance system.

Recommendation 6: all invoices raised by County Farms for 2018/19 and 2019/20 should be checked and reconciled with the Rental Agreement Spreadsheet. This reconciliation had been completed.

Recommendation 7: set up “subscriptions” for each tenant for recurring invoices. This was complete subject to amendments required on ERP Gold.

Recommendation 8: charge interest on all debts, in line with the rate specified in the relevant tenancy agreement. This had been completed, although it was noted that the application of interest remained a discretionary process, depending on the reason for the debt. The default approach remained to charge interest unless there were extenuating circumstances, e.g. serious illness, where it would be unfair or punitive to charge interest.

Recommendation 9: develop and implement a formal policy on debt management. This had been completed and there was now a formal policy on debt management. As noted against the previous recommendation, in extenuating circumstances it was more appropriate for the County Farms team to deal with the tenant, but straightforward debt was dealt with by Debt Management colleagues.

Recommendation 10: A policy on tenancy advertisement should be formalised and documented. This was now in place. Six farms had recently been advertised, and a total of 64 formal applications had been received for those six farms.

Recommendation 12: to encourage a more diverse range of businesses, it is recommended that the County Farms team provide both agricultural use and business proposal versions of the application forms and budget forecast forms. The form had been amended to suit both agricultural and non-agricultural purposes.

Recommendation 13: evaluation criteria should be reviewed and aligned with the criteria which are made public to applicants on the Council's website. All information was now available on the website. The evaluation criteria applied to all tenancies.

Recommendation 19: formal guidance to officers within the County Farms team about the rent review process is produced, in line with RICS and CAAV guidance. This action had been completed. It was clarified that CAAV referred to the Central Association of Agricultural Valuers.

Recommendation 27: a clear housing standard should be established. This Standard had been prepared and agreed by the County Farms Working Group.

Members were pleased to note the progress made. A Member asked whether once the recommendations had been bedded in, these would be fed into the wider Internal Audit work programme going forward, to ensure that implementation was effective. The Head of Internal Audit confirmed that this would be factored into the programme for late 2021/22, so that there would be opportunity for the Committee to revisit this area.

It was resolved to note the progress of actions which arise from the Farms Audit.

10. Exclusion of Press and Public

It was resolved unanimously that the press and public be excluded from the meeting on the grounds that the following report contained exempt information under Paragraphs 1 & 5 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 in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

11. Farms Audit Report

A report was considered regarding what further material relating to the Farms Audit.

It was resolved unanimously to consider the options in relation to publication of the Farms Audit draft internal audit report.

Audit and Accounts Committee: Minutes

Date: 22nd July 2021

Time: 2:00 – 4.10pm

Place: Bluntisham Village Hall

Present: Councillors C Boden, N Gay (Vice-Chair), M McGuire, A Sharp, S Taylor, A Whelan and G Wilson (Chair)

Officers: Alison Balcombe, Dawn Cave, Mairead Claydon, Justine Hartley, Neil Hunter, Tom Kelly, Dean Leather, Michelle Parker and Eleanor Tod

12. Apologies for Absence and Declarations of Interest

There were no apologies for absence

Councillor Boden declared an interest as a member of the Audit Registration Committee of the Institute of Chartered Accountants of England and Wales (ICAEW), but advised that he managed that potential conflict by having no part in the appointment of the Council or Pension Fund's external auditors, and would therefore still participate in items relating to that audit.

13. Petitions and Public Questions

None.

14. Debt Management Update

Members considered an update on the current Debt position. The current debt position, excluding Cambridgeshire and Peterborough CCG, was £16.6M, an improvement of £360K from the previously reported position of £16.96M. In addition to what was reported, an additional £480K was expected due to property sales, which had been delayed during the pandemic.

Members noted the breakdown of debt by Directorate and the trend analysis at the end of the quarter. A Member queried whether the "last year" figure was an overall position for the whole year? Officers advised that the figures were a snapshot of the outstanding debt at one point in time, i.e. "current month" showed what was due as at 30/06/21, "previous month" as at 31/05/21, and "last year" as at 30/06/20. A Member commented that it would be more useful when more than a year's data was available, so that comparisons could be made.

In response to a Member question, it was confirmed that the zero balance for LGSS Law was accurate.

A Member queried the descriptor “unapplied monies”. It was confirmed that this related to receipts that had not been allocated to a particular invoice – i.e. the account may be known, but not the specific invoice. This could be because some customers serve multiple directorates, and the payment therefore covered multiple directorates.

A Member commented that when LGSS was responsible for invoicing, the amount of time taken to apply debts could be quite lengthy - sometimes because of the system, but sometimes because there were disagreements between the two parties. It was confirmed that sometimes there was some base data that was not applied for a considerable period.

With regard to the Overall Aged Debt, it was noted that data was shown by the status of the debt. “Automated Dunning Cycle” referred to automatic reminder letters which were sent out when debts become due, and “DCA” referred to “Debt Collection Agency” where an external agency was chasing debts on the Council’s behalf, after other processes i.e. the Automatic Dunning Cycle and in-house debt measures had been undertaken. The table in section 2.1 of the report illustrated that in May most debt was within the Automated Dunning Cycle, whereas in June most was pre Dunning Cycle, or awaiting Service response, which was where the debt team had requested further information from the Service.

The CCG debt level outstanding had remained fairly static. The Council had been paid just over £2M which had been put into reserves, and this would then offset against invoices as part of resolving the aged debt. It was stressed that most of this debt was quite old, and most issues had now been settled, but processes to avoid a similar situation in the future still had to be agreed, before the remaining payment was made and monies applied to debt on individual invoices.

A Member asked how the £2M received from the CCG was reflected, as it was showing as a reserve rather than unapplied? Officers explained that ‘unapplied’ related to income where the reason for the payment was not clear, whereas the reason for this income was known, but it was unclear which individual invoices it related to.

One Member queried the level of write off required because reconciliation was not possible. Officers advised that the amount of write-off was not expected to be significant and it was agreed that an update would be circulated when available. Action required. It was confirmed that the issue with the CCG related to historic debt, so once the current exercise had been concluded and processes agreed, it should not happen again. It was also noted that it was very unlikely that there was scope for penalties to be applied to the CCG debt, as this was dependent on the contractual arrangements previously agreed.

A Member queried whether the £2M from the CCG was reflected in the tables in Section 2 of the report. It was confirmed that it was not currently included but officers agreed to look at using that type of analysis going forward. Action required. It was confirmed that in the year end figures, debtors would effectively be overstated by £2M, offset by the balance in earmarked reserves. £2M was not considered to be material so there would be no adjustment in the accounts. Whilst appreciating that this was under the materiality level, the Member commented that it felt wrong not to acknowledge this, and it was not in accordance with standard accounting practice. Officers commented that this was a one off issue. It was confirmed that the £2M represented a bulk payment made against a number of invoices, and senior managers from both sides were keen to resolve this historic problem, but until the overall debt position was reconciled between the organisations, the £2M could not be allocated to specific invoices to reduce the debt position. It was agreed that once this issue was resolved, Committee Members would be notified. Action required. It was confirmed that the current outstanding debt for the CCG was approximately £5.6M, less the £2M payment discussed.

A Member commented that for Collection rates, it would be helpful to have a comparison against the previous year. Officers advised that performance figures for the 90 day period could be provided, so Members could assess how quickly cashflow was coming back in to the Council. It was agreed that this would be helpful.

With regard to Service improvements since the new team had taken over Debt in December, Members noted that a 24 point action plan had been put in place. A number of improvements had been made around the Dunning cycle which would not only bring efficiencies but also provide customers with better information, so that they could see their overall debt position. Work was ongoing with ASC on these issues. It was agreed that the Service improvement plan would be shared with the Committee. Action required.

In response to a query on the write-off process, it was confirmed that this process was now driven through workflows in the debt system rather than the previous manual process, and that process was outlined. Ultimately all write-offs were reviewed by the Chief Finance Officer.

A small correction to recommendation (b), changing ‘Q1’ to ‘Q3’ was agreed.

It was resolved unanimously to:

a) Note the actions and approach being taken to manage income collection and debt recovery

b) Agree that a further update will be provided on the position at the end of Q3 2021/22

15. Draft Annual Governance Statement 2020-21

The Committee considered the Annual Governance Statement (AGS) for 2020-21. This document would ultimately be signed off by the Chief Executive and Chair of the Strategy and Resources Committee.

The AGS forms part of the Annual Statement of Accounts, and summarises the extent to which the Council is complying with its Code of Corporate Governance, i.e. the processes and procedures in place to enable the council to carry out its functions effectively, including details of any significant actions required to improve the governance arrangements in the year ahead.

A particular focus this year had been the operational issues relating from the pandemic, and this was detailed in Section 3 of the AGS, setting out the strategic and resource consequences, including how the impact of the pandemic on communities had been managed.

It was noted that the Head of Internal Audit had concluded that a strong satisfactory assurance opinion had been reached, based on the Internal Audit work undertaken in 2020-21. The AGS identified many areas of really good practice, but also highlighted areas where improvements could be made.

On the issue of the pandemic, the Chair had sought to clarify the impact of redeployment during the pandemic, i.e. the result of redeploying staff from their usual jobs, and it was suggested that this information could be captured in future reports.

It was resolved that the Annual Governance Statement at Appendix A to the report was consistent with the Committee's own perspective on internal control within the Council and the definition of significant governance and control issues given in paragraph 3.2 of the report.

16. Draft Cambridgeshire County Council Statement of Accounts 2020-21

The Committee considered the draft Cambridgeshire County Council (CCC) elements of the Council's Statement of Accounts 2020-21. The draft version of the Accounts needed to be formally published by Friday 31st July. The revised deadlines for the publication of the draft accounts meant that the Committee had the opportunity to comment on them this year prior to their publication. It was noted that a number of sections were still being worked on, including the section on Fair Value. When published, the group accounts would be included, including This Land and the Pension Fund. It was noted that the Pension Fund Accounts had been presented to an earlier meeting of the Pension Fund Committee

The overall revenue budget position was an underspend of £6.3M; which represented a 1.5% variance to the year-end budget, resulting in the

Council's non-earmarked reserves being topped up by £6.3M. This underspend had recently been reported to the Strategy & Resources Committee as part of the Integrated Financial Management report for the 2020-21 outturn. With regard to the City Deal funding, because the Council had met the relevant milestones, £200M funding had been confirmed over five years, i.e. £40M per year, but the full £200M needed to be recognised in the 2020/21 financial year, even though £40M would be received in the current and three successive financial years.

The External Audit would be starting in October, which was later than usual, and the Plan for that audit would be presented to the September Committee meeting by EY. Because the audited accounts were due to be published before that date (30th September), a statement would need to be issued alongside the accounts. The Committee was reminded that the Redmond Review, which had looked at external audit in the local authority sector, had highlighted the lack of capacity in the external audit market, and issues around fees. The External Audit Plan for the Pension Fund had been considered by Pension Fund Committee alongside the Pension Fund accounts, as that audit was scheduled earlier.

It was noted that the VFM opinions from BDO on historic audits were still awaited. The Council has repeatedly pressed BDO to progress their conclusions in this area and in November 2019, the then Committee Chairman had written formally to BDO to express significant concern at the delay in concluding the process. BDO had apologised but for various reasons, this issue was still not resolved. The Chief Finance Officer and Chief Executive would be meeting with BDO on 27 July to discuss the ongoing delay. The delay in some of the Value For Money opinions from BDO on earlier audits impacted on EY's ability to conclude some of their work. The Committee recorded their frustration that this process was taking so long, and the Chairman offered to write to BDO, raising the Committee's concerns.

Arising from the report:

- A correction was noted to page 10 of the Accounts, specifically the "Revised Net budget" Revenue budget figure, in the table on performance against the 2020-21 Business Plan in the narrative section;

- A Member expressed concern about the timing of the audit, noting that County Councils were in Phase 5 of the process, and Cambridgeshire was later than some neighbouring counties. He asked if the late scheduling of Cambridgeshire was due to EY. He also noted that at the Pension Fund Committee that morning, Members had been advised that EY's audit of the Pension Fund had not yet been concluded, and he was concerned that this may result in delays to the Council's external audit schedule. He added that any such delay could result in issues for staff e.g. scheduling of holidays, so it was important that early notice was given if delays were anticipated, so that the Council could make the necessary arrangements, noting that staff were very loyal and would work around schedules. The Chief Finance Officer advised that there had been a discussion with EY regarding the timing of the audit. In the Eastern region, EY were doing one County Council at a time, and Cambridgeshire was later than a number of other counties, and there was a further phase after the County Council audits. Whilst August would have been preferred, October was seen as an acceptable compromise. Officers were working closely with EY, who were confident that they would be able to start in October as planned. EY were predicting that the audit would be completed within 5-6 weeks, which appeared ambitious. Another Member commented that EY appeared to be having capacity issues with audits across the board, so ongoing dialogue was vital;

- It was noted that in response to the Redmond Review, the government had announced £15M in additional funding in 2021/22 to help Councils meet the anticipated rise in audit fees, so there would be some compensation for the additional cost and burden. Additionally, officers were making the most of the audit not being in August, with the Closedown team focusing on issues that could be dealt with prior to the audit;

- In response to a Member question, it was noted that the This Land accounts were audited by a separate company;

- A Member commented that accounts in the current form are not usable and useful to the general public, being too lengthy and complex. It was noted that nationally, many attempts had been made to make them better had only served to make more work, e.g. the narrative statement. He noted that it was now likely that the guidance would require a simplified version to be produced, in addition to the full version, and this would only create more work;

- With regard to Note 19 on Movement in Reserves, *Adjustments between accounting basis and funding basis under Regulations,* a Member observed that £173.5M of Capital Grants and contributions Unapplied to the comprehensive income and expenditure statement, compared to around £20-30M the previous financial year. Officers advised that this mainly related to the City Deal funding, because £200M had to be recognised this year;

- A Member raised a question around the accounting of the GCP grant. Noting that the £200M grant funding was recognised in the 2020-21 accounts, and also the expenditure, he asked if the accounts also included general local funding through S106 agreements with developers. It was confirmed that this was the case, as the GCP did not exist as an entity in the legal sense;

- A Member commented on the narrative report on This Land. He highlighted the recent media reports alleging financial mismanagement, cronyism, and conflicts of interest relating to This Land. He felt that the narrative report did not reflect ongoing concerns relating to This Land,

and also felt it important that the This Land Accounts were made available to the Committee. It was agreed that the accounts would be circulated to the Committee, when available, and the narrative on This Land would be reviewed. Action required. The Member noted that This Land was a wholly owned subsidiary of County Council, and asked what value could be realised if the Council decided to divest of this subsidiary. Officers advised that it was a complex issue, the amount on loan was currently £113M, and the immediate value of assets was £70-80M, know from recent Due Diligence work, development value of sites was around £400m, but there were medium risks with that business plan, and it was right to acknowledge that there was a risk whilst development was ongoing. It was stressed that This Land had not been independently valued, but the development value of those sites was what provided the longer term value. A Member commented that within the Accounts, work in progress was valued at the lowest possible net realisable value, so it was a misleading situation. Officers agreed, and commented that “Work in Progress” was the dominant feature of the This Land balance sheet. It was agreed that a fuller discussion would take place once the actual accounts for This Land were available, at the September meeting. Action required.

- A Member commented that it was always helpful to have a note when there were exceptionally large figures, to anticipate Member and public questions;

- A Member agreed with the previous comments about the value of these documents, and the complex and impenetrable format, especially for the general public. Officers commented that the additional, simplified statement, had been picked up in the Redmond Review, and that there was a degree of freedom within the guidance on what was included in the narrative statement. Members agreed, commenting that the narrative statement was key for the general public, and balance needed to be struck between length and detail.

The Committee resolved to note and comment on the draft Cambridgeshire County Council elements of the Council’s Statement of Accounts 2020/21 prior to their incorporation into the Council’s full draft Statement of Accounts 2020/21 which were due to be published by 31st July.

17. Internal Audit Annual Report 2020/21

The Committee considered the Annual Internal Audit Report, which formed part of the evidence supporting the Annual Governance Statement 2020-21.

It was noted that a “strong satisfactory” assurance had been reached. This meant that there were pretty good controls in place within the Council, but there were still some control weaknesses which presented a medium risk to the control environment. The audit coverage for compliance was underpinned by an assessment of the Council’s framework of controls, taking account of the relative materiality of the areas under review and management response.

The key piece of evidence in arriving at that opinion were the Council's Code of Corporate Governance Statement, and the Review Key Financial Systems, the latter consistently demonstrating Good or Satisfactory assurance across all systems. Additionally, the organisational response to the pandemic had demonstrated the strength of the Council's business continuity and risk management processes, and the ability of senior management to deal with unexpected challenges.

In previous years, Internal Audit had highlighted a number of contract management issues in individual projects managed by the Major Infrastructure Delivery (MID) Service. A full review of four major contracts was carried out in 2020-21, in addition to the MID capital programme governance as a whole. This review had identified areas for improvement, and management had responded rapidly and positively to those concerns.

The high profile issue of Manor Farm had first been raised in 2019, and the review of this matter had been reported publicly in early 2021. The relevant services had responded positively to the issues identified.

At the last Committee meeting, questions had been raised regarding insufficient narrative underlining the audit methodology. Section 3 of the Annual Report gave some detail of how internal control was reviewed, the assurance levels used and what they meant. Some suggested modifications would be presented to Committee in September, especially around the assurance level 'Satisfactory'.

The report also outlined number of recommendations made in period, and the extent to which those had been implemented, and also the impact of the pandemic.

Sections 6.2 and 6.3 of the report set out the compliance with relevant industry standards, and also the ongoing professional development that the team had undertaken within the year.

On the subject of Manor Farm, a Member queried whether there had been any reflection, as a result of that enquiry, on whether these issues should have been picked up earlier. The investigations that took place showed clearly that the County Farms control environment had not been strong enough for a long period of time, and this raised the issue as to whether there were other areas within the Council where there were similar weaknesses in the control environment. The Member suggested it could be a matter of materiality, i.e. the area was deemed not to be significant enough.

Responding, officers commented that the Internal Audit Plan was sufficiently flexible and dynamic, reporting to both JMT and Audit & Accounts Committee quarterly, to review proposed coverage, and to pick up any emerging areas of concern. As a small team, Internal Audit was well aware that it could not cover every system within the Council, and it was always possible that governance failings may occur in areas the team had not been alerted to, by officers, Members, or other intelligence sources regarding potential governance issues.

Internal Audit could not give assurances that there were not other areas experiencing governance or non compliance issues, but could give assurance that there were systems and processes that supported the Council's governance arrangements which managed risk to an acceptable level.

The Member commented that if Internal Audit failed in respect of County Farms, in terms of there being weak controls in the County Farms team over a long period of time, it was possible that there could be failures elsewhere within the Council. The Chair commented that the Mazars report essentially identified that failings in the County Farms team combined with the behaviour of former Councillor Hickford had resulted in specific issues.

The Head of Internal Audit responded that this was a fair question, and he would welcome a review of how Internal Audit performed on that particular piece of work, and would fully support that type of approach. His own view was that Internal Audit did not fail on the County Farms issue, but if Members were concerned about officer competence within team, he would support a review to assuage that concern. It was not possible to police the whole organisation every year, and resources had to be targeted to areas where governance may be an issue, and areas where Members, officers, or other intelligence directed the team. The audit of County Farms had been done promptly, and recommendations had proactively been put in place.

Another Member commented that with regard to weaknesses within the County Farms team, processes and procedures had been in place, and concerns had been expressed by members of the County Farms team, but those controls had not been managed properly. Moreover, concerns had been raised, but that intelligence had not been acted upon by the relevant officers, and the fault did not lie with Internal Audit.

The Member commented that he had no criticism of either the Internal Audit function or individual staff, but he was seeking to identify whether the Manor Farm issue had resulted in reflection by the Internal Audit team on other potential areas where similar issues could occur.

It was resolved unanimously to approve the Annual Internal Audit Report.

18. Whistleblowing Policy

The Committee considered the Whistleblowing Policy, which had been reviewed by the Internal Audit team in collaboration with HR colleagues. The policy presented was concise, providing clarity on the type of disclosures that were protected by law. The Policy stipulated the types of concerns that could be raised under the Whistleblowing Policy, and signposting to other Council policies where the concerns were not whistleblowing. The Policy had been considered by both JMT and recognised Trades Unions. All Members and members of staff would have access to the policy, and the annual Pulse survey would gauge the understanding and awareness of the Whistleblowing Policy.

In discussion, individual Members:

- Expressed concern that the term 'Whistleblowing' was often misinterpreted. He also suggested that those raising concerns may become discouraged or may not have the confidence to go through with the process. Officers acknowledged those issues, but commented that as an organisation, the Council strived to ensure principles were applied, and the policy made clear what the processes would be;

- Noted that there was a long list of individuals who could be contacted;

- Suggested that a flowchart would be helpful;

- Commented that fortunately, it was unlikely many people would find themselves in a true whistleblowing situation, as ultimately the only protection offered was through the Courts;

- Commented that a truly independent individual such as someone in Internal or External Audit should be the preferred contact, and reassurance given that can discuss in confidence. It was noted that the mailbox for whistleblowing@cambridgeshire.gov.uk went straight to the Internal Audit team and was checked daily. It was noted that this was covered in paragraph 6.6. of the policy, but may need to be strengthened;

- Welcomed the policy, and commented that in some instances, HR was the most appropriate first contact;

- Noted that the Communications team had prepared a media release for both internal and external communications, and this had been cleared with the Chair, Vice Chair and Head of Internal Audit.

It was resolved unanimously to approve the draft Whistleblowing Policy.

Audit and Accounts Committee Minutes-Action Log

This is the updated action log as 20th September 2021 and captures the actions arising from the most recent Audit and Accounts Committee meeting and updates Members on the progress on compliance in delivering the necessary actions.

Minutes of 22nd July 2021					
Minute no	Item title	Responsible officer(s)	Action	Comments	Action status
14	Debt Management Update	Alison Balcombe	Queried the level of write off required because reconciliation was not possible. It was noted that this was not expected to be significant, but an update would be circulated when available.		
14	Debt Management Update	Alison Balcombe	The £2M from the CCG was not reflected in the tables in Section 2 of the report, but officers agreed to look at using that type of analysis going forward.		
14	Debt Management Update	Alison Balcombe	Notify Committee once CCG £2M issue was resolved.		
14	Debt Management Update	Alison Balcombe	Share Service Improvement Plan with the Committee.		
16	Draft Cambridgeshire County Council Statement of Accounts 2020-21	Tom Kelly	This Land accounts to be made available to the Committee at the September meeting and the narrative reviewed.	A more detailed narrative has now been provided on the This Land position. The This Land accounts will	Completed

				be published at Companies House during September.[i]	

Minutes of 13th July 2021

Minute no	Item title	Responsible officer(s)	Action	Comments	Action status
6	Integrated Finance Monitoring Report for the period ending 31/05/21	Stephen Howarth	Simplify future reports, subject to Joint Administration leaders' agreement.	Update to be provided at meeting.	Completed
7	Integrated Finance Monitoring Report for the period ending 31/05/21	Stephen Howarth	Info to be circulated to Committee on capital funding schemes that were not being progressed.		
9	Farm Audit Update	John Nash	County Farms Working Group date not yet agreed.	County Farms Working Group scheduled for 14th September 2021.	Completed
9	Farm Audit Update	Gillian Beasley/ Janet Atkin	Respect at Work and Violence and Aggression at Work policies to be considered by Staffing & Appeals Committee in Sept 2021.	Considered at Staffing & Appeals Committee on 16/09/21 – policies were well received and noted.	Completed

Minutes of 23rd March 2021

Minute no	Item title	Responsible officer(s)	Action	Comments	Action status
318	Internal Audit Progress Report	Richard Lumley	With regard to the Highways Contract open book review, a Member queried size of any future sums to be transferred. It was	Update provided at Committee on 13/07/21	Ongoing

			agreed that this information would be circulated to the Committee Members confidentially.		
Minutes of 26th January 2021					
299	Debt Management Update	Alison Balcombe	Highlighted a problem with the headings in the table at paragraph 2.1 of the report, in relation to the periods covered. Officers agreed to correct this for future reports.	To be addressed in future reports.	*Completed*
299	Debt Management Update	Alison Balcombe	Table entitled “Collection rates – 2019/20”, the title “no. of invoices” had been duplicated in two successive rows – officers agreed to correct this for future reports to “invoices issues” and “invoices closed” respectively.	To be addressed in future reports.	*Completed*
Minutes of 30th October 2020					
273.	Whistleblowing Policy Annual Report a) Suggestions for future reports	Neil Hunter	Providing more detail in terms of the staff survey sample in terms of the number used what percentage this was of the total County Council workforce.	Whistleblowing report was presented to 22/07/21 Committee.	Completed
	a) To show changes to the Policy		Request that changes should be shown using sidebars so that Members could see the changes made to the previous version.	Whistleblowing report was presented to 22/07/21 Committee.	Completed

[i] The This Land accounts will be published at Companies House during September: THIS LAND LIMITED filing history - Find and update company information - GOV.UK (company-information.service.gov.uk).

The September meeting of the Strategy & Resources Committee has received a monitoring update on This Land, Council and committee meetings - Cambridgeshire County Council > Meetings (cmis.uk.com). On the balance sheet, the company has net liabilities of £14m, an increase of £1.4m compared to the position as at 31 December 2019. The company's business plan takes account of this expected position, the future repayment of loans to schedule and interest payments and overall provides a pathway to commercial success. The company has good short term cashflows, the Council has recently appointed an outside company, Avison Young, to undertake a review of the assumptions, risk and strategy for the company in the medium term

Agenda Item No: 5

Consultants and Agency Worker Data – Q4 2020/2021 and Q1 2021/2022

To: Audit and Accounts Committee

Date: 28th September 2021

From: Janet Atkin, Assistant Director, HR Services

Recommendation: The Audit and Accounts Committee is asked to note the current data on the use of consultants and agency workers.

Officer contact:
Name: Janet Atkin
Post: Assistant Director, HR Services
Email: janet.atkin@cambridgeshire.gov.uk
Tel: 07775 024309

1.0 Introduction

1.1 Information covering the Council's usage of consultants is presented to Audit and Accounts Committee on a six-monthly basis. This report outlines information on the use of consultants in Quarter 4 2020-2021 (January 2021 to March 2021) and Quarter 1 2021-2022 (April to June 2021).

2.0 Reporting on Consultants

2.1 OPUS People Solutions provide information on consultants that have been engaged through them. The Finance team have provided details of consultants paid via invoice and coded to the consultancy code (D4100).

3.0 Quarter 4 (January 2021 to March 2021) Consultant Summary

3.1 There were 2 consultants engaged via OPUS in quarter 4. This is the same as the number of consultants engaged via OPUS in quarter 3. Details of each of the consultants that have been engaged via OPUS are given in the table below.

Consultants engaged via OPUS Q4 2020/2021			
Area	**Output engaged to deliver**	**Spend in Q4**	**Ongoing/ended**
P&E	Joint Professional Services Procurement	10,230	Due to end September 2021
P&E	Development Management Officer (Planning)	17,186	Due to end in September 2021

3.3 Information on the spending coded to the consultancy code (D4100) is given in appendix A. In Q4 payments were made by invoice to 30 suppliers providing consultancy services. This is not in itself a significant number considering the size of the Council, its diverse nature of services and the shared working agendas that exist.

4.0 Quarter 1 (April to June 2021) Consultant Summary

4.1 There were again 2 consultants engaged via OPUS in Q1, these are the same consultants that were engaged in Q4. Details are given in the table below.

Consultants engaged via OPUS Q1 2021/2022			
Area	**Output engaged to deliver**	**Spend in Q1**	**Ongoing/ended**
P&E	Joint Professional Services Procurement	4,373	Due to end September 2021
P&E	Development Management Officer (Planning)	16,402	Due to end in September 2021

4.2 Information on the spending coded to the consultancy code (D4100) in Q1 is given in Appendix B. In Q1 there were payments by invoice to 29 suppliers providing consultancy services. As stated above this number is not surprising considering the Council's size, its diverse range of services and the current working agendas.

5.0 Agency worker/interims data in Quarter 4 (2020-2021) and Quarter 1 (2021-22)

5.1 The Audit and Accounts Committee also asked for information on the agency spend on a quarterly basis. This spend relates to agency workers and interims (an interim being an individuals engaged to cover a senior role on a temporary basis). Information on the amount spent on agency workers/interims in quarter 4 and quarter 1 is given in the tables below.

Period	Total spend on agency workers/Interims	Comparison to this quarter in the previous financial year
Q4 of 2020/2021	2.85m	Increase of £0.68m when compared to Q4 of 2019/20
Q1 of 2021/2022	3.06m	Increase of £1.68m when compared to Q1 of 2020/21

5.2 Spending on agency workers/interims should be considered in the context of our overall workforce costs. Spending on agency workers in Q4 represents 7.6% of workforce spending. Spending on agency workers in Q1 represents 8.3% of workforce spending.

5.3 The Covid-19 pandemic has resulted in the need for staff to remain off work self-isolating or unwell. This has resulted in higher spending on agency workers in Q4 and Q1 to cover for absent employees especially in front line social care roles.

5.4 We have recently had a number of senior roles in the Place and Economy directorate that are being temporarily undertaken by interims pending a restructure and recruitment to permanent roles, which also accounts for an increase in higher spending in this area.

5.5 We have also had a significant increase in spend on agency workers engaged by Public Health in Q4 and Q1 (£512,451 in Q4 and £761,245 in Q1). These agency workers were engaged to support the organisations ongoing Covid response.

5.6 The highest level of agency worker use is within services providing social care, particularly children's social care. This is in line with the position in other local authorities. The majority of the quarterly spending is on individuals engaged to undertake qualified social care roles covering front line positions. Proactive work is ongoing to decrease the need for agency social workers.

Area	Spend in Q4 2020-2021	Description	Budget Holder (where recorded)
Flood - Projects	4,500	Granta Catchment Enhanced Natural Recharge Project – catchment water balance modelling	Hilary Ellis
Flood - Projects	7,842	Work undertaken on the Bar Hill surface water alleviation project	Hilary Ellis
Flood - Investigation & Consent	1,122	Boosting action for surface water	Hilary Ellis
County Planning, Minerals & Waste	500	Advice relating to Mepal reservoir extension	
County Planning, Minerals & Waste	300	Undertaking a vibration assessment	
MID - Joint Professional Service contract	19,944	Advice provided on the Joint Professional Services Framework Tender	Alex Deans
Energy Investment Project	140,075	Energy Performance Contracting Work	Jonathan Trayer
Greater Cambridgeshire Partnership - Energy	1,001	External resource engaged to undertake assurance for Energy Work	Niamh Matthews
Greater Cambridgeshire Partnership - Smart Cambr	12,550	Resource engaged to undertake a survey of mobile coverage	Deborah Bondi
GCP - Smart Cambridge	32,480	Programme management services relating to Smart Cambrige and Greater Cambridgeshire Partnership Transport Programmes	Deborah Bondi
Connecting Cambridgeshire	21,138	Connecting Cambridgeshire Technical Assurance Support	Sarah Marsh
Connecting Cambridgeshire	1,150	Initial review and feedback on EU Networks documentation	Sarah Marsh
Primary Core Offer	3,760	Consultancy Management - Primary Core Offer. Monitoring, challenging and support role to local authority maintained Primary schools in the form of either virtual meetings or face to face visits to schools	Rosemarie Sadler
Primary Core Offer	24,120	Consultancy Management - Primary Core Offer. Monitoring, challenging and support role to local authority maintained Primary schools in the form of either virtual meetings or face to face visits to schools	Rosemarie Sadler
Primary Core Offer	1,920	Consultancy Management - Primary Core Offer. Monitoring, challenging and support role to local authority maintained Primary schools in the form of either virtual meetings or face to face visits to schools	Rosemarie Sadler
Local Safeguarding Board	9,330	Payment made to an external provider for authoring an Independant Report (x4 cases)	Sally Giddins
Local Safeguarding Board	2,763	Payment made to an external provider for authoring an Independant Report (x4 cases)	Sally Giddins
Local Safeguarding Board	3,612	Payment of chair person fee - local safeguarding board	Sally Giddins
Local Safeguarding Board	4,300	Payment of chair person fee - local safeguarding board	Sally Giddins
Executive Director - People & Communities	23,750	Work jointly comissioned by CCG, the Office of the Police and Crime Commissioner, Peterborough City and Cambridgeshire County Councils. Independent review of the partnership's approach to supporting children and young people with needs that if not addressed would risk high cost interventions by statutory services including children's social care and youth offending services, or result in an escalation of issues such as self-harm and result in the need for specialist child and mental health intervention	Denise Revens
Community Catalysts Project	6,618	Community Catalysts Project - This is an Adult Social Care pilot which involves recruitment of a community catalyst in East Cambs to support creation and development of Care Micro-Enterprises	Graeme Hodgson
Statutory Assessment Team	1,650	Consultancy Management - joined work in relation to the development of a recovery plan for Education and Health Care Plans	Joanna Hedley
Children Mental Health	10,000	Consultancy Management	
Human Resources	1,000	Consultancy - Equality, Diversity and Inclusion	Janet Atkin
Human Resources	14,950	Media and Communications Coaching	Janet Atkin
B&IP Centre	648	Design Consultancy and advice - reviewing and assessing the submitted bids by potential supplier	Gary Porter
IT Networks	19,200	This consultant has worked with us architecting low-level designs for firewall and network migrations (CPSN to Eastnet) to ensure a successful and secure transition to NCC DR site and then SandMartin House.	Matthew Jones
Property	185	External resource engaged to undertake an asbestos survey	Ruth Lovesy
Shire Hall Relocation	21,378	Project Management Support	
Alconbury Civic Hub and Stanground Site	8,144	Alconbury solar carport and the Stanground closed landfill site energy projects.	Claire Smith
	399,928		

Area	Spend in Q1 2021-2022	Description	Budget Holder (where recorded)
Primary Core Offer and Sensory Impairment Service	8,040	Consultancy Management - Primary Core Offer. Monitoring, challenging and support role to local authority maintained Primary schools in the form of either virtual meetings or face to face visits to schools	Rosemarie Sadler
Primary Core Offer	940	Consultancy Management - Primary Core Offer. Monitoring, challenging and support role to local authority maintained Primary schools in the form of either virtual meetings or face to face visits to schools	Rosemarie Sadler
Energy Investment Project	91,587	Energy Performance Contracting Work - design and build of energy solutions (across 6 projects)	Claire Smith
On Street Parking	1,727	Buchanan Parkmap annual maintenance	Philip Hammer
Asset Planning	12,515	Payment is for work to undertake the annual NHT Public satisfaction Survey 2021/22	Barry Wylie
Capital Receipts Expenses	1,000	Payment for work undertaken on an outline planning application	John MacMillan
Community Catalysts Project	19,853	Community Catalysts Project - This is an Adult Social Care pilot which involves recruitment of a community catalyst in East Cambs to support creation and development of Care Micro-Enterprises	Graeme Hodgson
Executive Director - Place & Economy	18,400	Payment to interim Service Director for Highways and Transport.	Stephen Cox
Shire Hall Relocation	5,095	Work undertaken in relation to office moves	
Local Safeguarding Board	638	Payment made to an external provider for authoring an Independant Report	Sally Giddins
Director of Learning	3,043	Review at Primary School undertaken by an external party	Jonathan Lewis
Networks	19,200	This consultant has worked with us architecting low-level designs for firewall and network migrations (CPSN to Eastnet) to ensure a successful and secure transition to NCC DR site and then SandMartin House.	Matthew Jones
Childrens Vision Screening	8,000	Consultancy Management	
Shire Hall Relocation	1,472	Work undertaken in relation to office moves	
Business & Digital Systems	10,700	It consultant engaged to undertake work in relation to the OCC Service Pack	Christopher Stromberg
Energy Project	27,476	Client Support Agreements - undertaking project work on the Babraham Road Park & Ride and the North Angle solar farm energy projects	Claire Smith
Shire Hall Relocation	1,075	Project Management Support	
Business Systems	1,000	Work undertaken by our system supplier. This relates to our BACS payments and was necessary to facilitiate the move from one bank to another. The work they completed was to update our security certificate to ensure continuity of service. We are not able to do this work in house.	Lewis Smith
GCP - Smart Cambridge	15,120	Programme management services relating to Smart Cambrige and Greater Cambridgeshire Transport Programmes	Deborah Bondi
Statutory Assessment Team	825	Consultancy Management - joined work in relation to the development of a recovery plan for Education and Health Care Plans	Joanna Hedley
Human Resources	7,840	Payment for an external party to undertaking an investigation	Janet Atkin
Local Safeguarding Board	3,087	Payment for an external party to undertake the role of an Independent Scrutineer for local childrens safeguarding board	Sally Giddins
Connecting Cambridgeshire	23,988	Connecting Cambridgeshire Technical Assurance Support	Sarah Marsh
Business & Digital Systems	15,920	Provision of Consultancy for the Mosaic Mobilise mobile solution	Christopher Stromberg
GCP - Energy	693	External resource engaged to undertake assurance for Energy Work	Niamh Matthews
GCP - Energy	2,500	Greater Cambridgeshire Partnership - Energy Planning consultancy	Niamh Matthews
Asset Information Searches	1,500	Payment to an external provider to undertake a Highway Investigation	Camilla Rhodes
Executive Director - Place & Economy	288	Fee for work undertaken to source an interim Director for Highways and Transport	Stephen Cox
Executive Director - Place & Economy	66,308	Consultancy Services - consultant has been engaged to provide advice to Stephen Cox on a restructure	Stephen Cox
	369,828		

Cambridgeshire Pension Fund

Provisional Audit Plan

Year ended 31 March 2021

10 May 2021

Building a better working world

Audit and Accounts Committee and Pension Fund Committee
Shire Hall,
Castle Hill,
Cambridge, CB3 0AP

10 May 2021

Dear Audit and Accounts Committee/ Pension Fund Committee Members,

2020/21 Provisional External Audit Plan – Cambridgeshire Pension Fund

We are pleased to attach our Provisional Audit Plan which sets out how we intend to carry out our responsibilities as your auditor. Its purpose is to provide the Audit and Accounts Committee with a basis to review our proposed audit approach and scope for the 2020/21 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Pension Fund, and outlines our planned audit strategy in response to those risks. Our planning procedures remain ongoing; we will inform the Audit and Accounts Committee if there any significant changes or revisions once we have completed these procedures and will provide an update to the next meeting of the committee.

This report is intended solely for the information and use of the Audit and Accounts Committee, the Pension Fund Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on the 01 June 2021 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

MARK HODGSON

Mark Hodgson
Associate Partner
For and on behalf of Ernst & Young LLP
Enc

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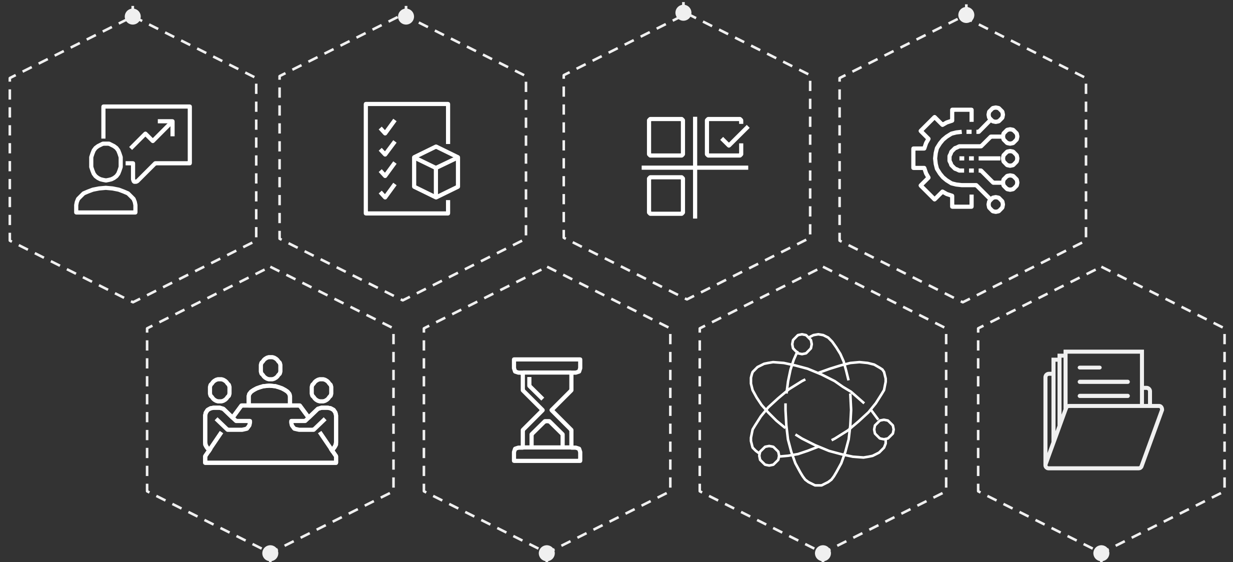


01 Overview of our 2020/21 audit strategy

Overview of our 2020/21 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit and Accounts Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Misstatements due to fraud or error	Fraud risk	No change in risk or focus	As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.
Investment Income and Asset valuation - Investment Journals	Fraud risk	No change in risk or focus	We have considered the key areas where management has the specific opportunity and incentive to override controls. We have identified the main area as being around the Investment Income and Asset valuations being taken from the Custodian reports and incorrectly posted to the general ledger in the year, specifically through journal postings, to secure a more favourable reported financial position.
Unusual Investments – Cambridge and Counties Bank (CCB)	Significant Risk	No change in risk or focus	From a review of the 2019/20 financial statements, the Pension Fund has a £58.0 million investment in CCB Bank. The Pension Fund's investment in CCB is a hard to value Level 3 investment, as there is a lack of observable inputs and prices are not publicly available, and thus requires a specialist valuation model. The Fund transparently discloses in the notes to the accounts surrounding "Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty" that there is a risk that this could be under or over stated in the accounts. We consider this an non-routine investment for a pension fund, which therefore requires specialist valuation. We have not identified any issues in previous years and the Pension Fund continue to use an expert in this area, however this remains a material estimate based on a complex valuation model. On this basis, we have deemed it a significant risk.

Overview of our 2020/21 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit and Accounts Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Valuation of complex investments (Unquoted investments)	Inherent risk	No change in risk or focus	The Fund's investments include unquoted pooled investment vehicles such as private equity and property investments. Key judgements are taken by the Investment Managers to value these investments whose prices are not publically available. The material nature of this type of investment, means that any error in judgement could result in a material valuation error. Market volatility means such judgments can quickly become outdated, especially when there is a significant time period between the latest available audited information and the fund year end. Such variations could therefore have a material impact on the carrying value of the investments within the financial statements. In 2019/20 approximately 20% of the overall fund fell within this investment type, and as these investments are more complex to value, we have identified the Fund's investments in private equity and pooled property investments as a higher risk estimate, as even a small movement in the valuation assumptions could have a material impact on the financial statements.
IAS 26 disclosure - Actuarial Present Value of Promised Retirement Benefits	Area of focus	Updated - from Inherent risk to area of focus.	The Actuarial Present Value of Promised Retirement benefits is an actuarial estimate of the pension fund liability to pay future pensions calculated by an independent firm of actuaries with specialist knowledge and experience. The estimate is based on a roll-forward of data from the previous triennial valuation in 2019/20, updated where necessary, and has regard to local factors such as mortality rates and expected pay rises along with other assumptions around inflation and investment yields when calculating the liability. Within the calculation for the disclosure note, the valuation may use inappropriate assumptions to value the liability as at the 31 March 2021.

Overview of our 2020/21 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit and Accounts Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Going Concern	Area of focus	No change from 2019/20, but re-focused considering ISA570 revised.	There is a presumption that the Fund will continue as a going concern for the foreseeable future. However, the Fund is required to carry our a going concern assessment that is proportionate to the risks it faces. In light of the continued impact of Covid-19 there is a need for the Fund to ensure it's going concern assessment, including its supporting cashflow forecast, is thorough and appropriately comprehensive. The Fund is then required to ensure that its going concern disclosure within the statement of accounts adequately reflects its going concern assessment, and in particular highlights any material uncertainties it has identified. In addition, the auditing standard in relation to going concern (ISA570) has been revised with effect for the 2020/21 accounts audit and we need to ensure we comply fully with the requirements of the revised standard,

Overview of our 2020/21 audit strategy

Materiality

Planning materiality

£30.0m

Materiality has been set at £30.0 million, which represents 1% of the prior year's audited Net Assets of the scheme available to fund benefits. The Pension Fund is a public interest entity and a major local authority based on its size, we have considered the overall risk profile and public interest in comparison to other Pension Funds. As such we have set planning materiality to 1% of net assets.

Performance materiality

£22.5m

Performance materiality has been set at £22.5 million, which represents 75% of materiality. This is the upper end of our range based on a lower level of errors identified in previous periods.

Audit differences

£1.5m

We will report all uncorrected misstatements relating to the primary statements (Net Assets Statement and Pension Fund Accounts) greater than £1.5 million. Other misstatements identified will be communicated to the extent that they merit the attention of the Audit and Accounts Committee.

Accounting estimates

In addition to the above risks and areas of focus, a revised auditing standard has been issued in respect of the audit of accounting estimates. The revised standard requires auditors to consider inherent risks associated with the production of accounting estimates. These could relate, for example, to the complexity of the method applied, subjectivity in the choice of data or assumptions or a high degree of estimation uncertainty. The changes to the standard may affect the nature and extent of information that we may request and will likely increase the level of audit work required. See page 14 for further details of the revised auditing standard.

Overview of our 2020/21 audit strategy

Audit scope

This Audit Plan covers the work that we plan to perform to provide you with:

- Our audit opinion on whether the financial statements of Cambridgeshire Pension Fund (the Pension Fund) give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2021 and the amount and disposition of the Fund's assets and liabilities as at 31 March 2021; and

- Our opinion on the consistency of the Pension Fund financial statements within the Pension Fund Annual Report with the published financial statements of Cambridgeshire County Council.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- Strategic, operational and financial risks relevant to the financial statements;
- Developments in financial reporting and auditing standards;
- The quality of systems and processes;
- Changes in the business and regulatory environment; and,
- Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Pension Fund.

Taking the above into account, and as articulated in this Audit Plan, our professional responsibilities require us to independently assess the risks associated with providing an audit opinion and undertake appropriate procedures in response to that. Our Terms of Appointment with PSAA allow them to vary the fee dependent on "the auditors assessment of risk and the work needed to meet their professional responsibilities". PSAA are aware that the setting of scale fees has not kept pace with the changing requirements of external audit and the increased regulatory focus on audit quality. Therefore, to the extent any of these or any other risks that are relevant in the context of Cambridgeshire Pension Fund's audit, we will discuss these with management as to the impact on the scale fee.

Audit team changes

Jacob McHugh will be taking on the role of Audit Manager for the engagement, having acted as the Lead Senior for this audit in previous years – which demonstrates our succession planning. Similarly, Sapheena Garcha will be taking on the role of Lead Senior for the engagement, having previously been a team member for the engagement.

Mark Hodgson remains in his role as Partner in Charge of the audit.

02 Audit risks

Our response to significant risks

We have set out the significant risks (including fraud risks *) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Misstatements due to fraud or error*

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We identify and respond to this fraud risk on every audit engagement.

As part of our work to identify fraud risks during the planning stages, we have identified those areas of the accounts that involve management estimates and judgements as the key areas at risk of manipulation.

These are set out on the following page.

What will we do?

We will undertake our standard procedures to address fraud risk, which include:

- Identifying fraud risks during the planning stages.
- Inquiring of management about risks of fraud and the controls put in place to address those risks.
- Understanding the oversight given by those charged with governance of management's processes over fraud.
- Considering the effectiveness of management's controls designed to address the risk of fraud.
- Determining an appropriate strategy to address those identified risks of fraud.
- Performing mandatory procedures regardless of specifically identified fraud risks, including;
    - testing of journal entries and other adjustments in the preparation of the financial statements;
    - reviewing accounting estimates for evidence of management bias; and
    - evaluating the business rationale for significant unusual transactions.

We will utilise our data analytics capabilities to assist with our work, including journal entry testing. We will assess journal entries for evidence of management bias and evaluate for business rationale.

Our response to significant risks (continued)

Investment income and asset valuations - Investment Journals*	What is the risk?	What will we do?
	We have considered the key areas where management has the opportunity and incentive to override controls that could affect the Fund Account and the Net Asset Statement. We have identified the main area as being: ▸ Investment Income (£34.4 million in 2019/20) and Asset valuations (£2.979 billion at 31 March 2020) being taken from the Custodian reports and incorrectly posted to the general ledger in the year, specifically through journal postings.	In order to address this risk we will carry out a range of procedures including: ▸ Test journals at year-end to ensure there are no unexpected or unusual postings; ▸ Undertake a review of reconciliations to the fund manager and custodian reports and investigate any reconciling differences; ▸ Re-perform the detailed investment note using the reports we have acquired directly from the custodian or fund managers; ▸ Check the reconciliation of holdings included in the Net Assets Statement back to the source reports; and ▸ For quoted investment income we will agree the reconciliation between fund managers and custodians back to the source reports.

Our response to significant risks (continued)

Unusual Investments – Cambridge and Counties Bank (CCB)	What is the risk?	What will we do?
	The Pension Fund's investment in Cambridge and Counties Bank (CCB) is a hard to value, Level 3 investment. This is because of a lack of observable inputs and prices which are not publicly available. The CCB investment is based on valuations provided by a management specialist – Grant Thornton (GT). GT used a markets multiple approach in the prior year looking at price earnings ratio and price to book ratios, considering current and forecast earnings and ratios. As this investment is not publicly listed and as such there is a degree of judgement in their valuation. From our audit of the 2019/20 financial statements, the Fund had a £58.0 million investment in CCB. The Pension Fund transparently discloses in the notes to the accounts surrounding "Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty" that there is a risk that this could be under or over stated in the accounts.	Our approach will focus on: ▶ Engaging with EY Transaction Valuation team who will undertake a review of the valuation model provided by GT considering the appropriateness of the assumptions and inputs used in determining the valuation; ▶ We will ensure that the CCB investment have been valued in accordance with the relevant accounting policies; and ▶ The audit team will test the accounting entries made in the statement of accounts to ensure they are consistent with the valuation provided by management's expert – GT.

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus?	What will we do?
<u>Valuation of Complex Investments (Unquoted Investments)</u> The Pension Fund's investments include unquoted pooled investment vehicles such as private equity, and property investments. Key judgements are taken by the Investment Managers to value these investments whose prices are not publicly available. The material nature of this type of investment, means that any error in judgement could result in a material valuation error. Market volatility means such judgments can quickly become outdated, especially when there is a significant time period between the latest available audited information and the fund year end. Such variations could therefore have a material impact on the carrying value of the investments within the financial statements. In 2020/21 approximately 20% of the overall fund fell within this investment type, and as these investments are more complex to value, we have identified the Fund's investments in private equity and pooled property investments as a higher risk estimate, as even a small movement in the valuation assumptions could have a material impact on the financial statements.	In order to address this risk we will carry out a range of procedures including: ▸ Assessing the competence of management experts; ▸ Reviewing the basis of valuation for property investments and other unquoted investments and assessing the appropriateness of the valuation methods used; ▸ Where available, reviewing the latest audited accounts for the relevant fund managers and ensuring there are no matters arising that highlight material differences in the reported funds valuation within the financial statements; and ▸ Performing analytical procedures and checking the valuation output for reasonableness against our own expectations.
<u>IAS 26 disclosure - Actuarial Present Value of Promised Retirement Benefits</u> The Pension Fund's IAS 26 calculation shows that the present value of promised retirement benefits amount to £4.305 billion as at 31 March 2020. The figure is material and subject to complex estimation techniques and judgements by the Actuary, Hymans Robertson. The estimate is based on a roll-forward of data from the previous triennial valuation in 2019/20, updated where necessary, and has regard to local factors such as mortality rates and expected pay rises along with other assumptions around inflation and investment yields when calculating the liability. Within the calculation for the disclosure note, the valuation may use inappropriate assumptions to value the liability as at the 31 March 2021.	In order to consider this area of focus we will carry out a range of procedures including: ▸ Assessing the competence of management experts, Hymans Robertson; ▸ Engaging with the NAO's consulting actuary and our EY Pensions Advisory Team to review the IAS26 approach applied by the actuary are reasonable and compliant with IAS26; and ▸ Ensuring that the IAS26 disclosure is in line with the relevant standards and consistent with the valuation provided by the Actuary.

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures.

What is the risk/area of focus?	What will we do?
<u>Going Concern</u> There is a presumption that the Fund will continue as a going concern for the foreseeable future. However, the Fund is required to carry out a going concern assessment that is proportionate to the risks it faces. In light of the continued impact of Covid-19 there is a need for the Fund to ensure it's going concern assessment, including its cashflow forecast, is thorough and appropriately comprehensive. The Fund is required to ensure that its going concern disclosure within the statement of accounts adequately reflects its going concern assessment and in particular highlights any uncertainties it has identified. In addition, the auditing standard in relation to going concern (ISA570) has been revised with effect for the 2020/21 accounts audit.	In order to consider this area of focus we will carry out a range of procedures including: ▸ Challenge management's identification of events or conditions impacting going concern. ▸ Test management's resulting assessment of going concern by evaluating supporting evidence (including consideration of the risk of management bias). ▸ Review the Fund's cashflow forecast covering the foreseeable future, to ensure that it has sufficient liquidity to continue to operate as a going concern. ▸ Undertake a 'stand back' review to consider all of the evidence obtained, whether corroborative or contradictory, when we draw our conclusions on going concern. ▸ Challenge the disclosure made in the accounts in respect of going concern and any material uncertainties.

Other areas of audit focus (Continued)

What is the risk/area of focus?

Auditing accounting estimates

ISA 540 (Revised) - Auditing Accounting Estimates and Related Disclosures applies to audits of all accounting estimates in financial statements for periods beginning on or after December 15, 2019.

This revised ISA responds to changes in financial reporting standards and a more complex business environment which together have increased the importance of accounting estimates to the users of financial statements and introduced new challenges for preparers and auditors.

The revised ISA requires auditors to consider inherent risks associated with the production of accounting estimates. These could relate, for example, to the complexity of the method applied, subjectivity in the choice of data or assumptions or a high degree of estimation uncertainty. As part of this, auditors consider risk on a spectrum (from low to high inherent risk) rather than a simplified classification of whether there is a significant risk or not. At the same time, we expect the number of significant risks we report in respect of accounting estimates to increase as a result of the revised guidance in this area.

The changes to the standard may affect the nature and extent of information that we may request and will likely increase the level of audit work required, particularly in cases where an accounting estimate and related disclosures are higher on the spectrum of inherent risk. For example:

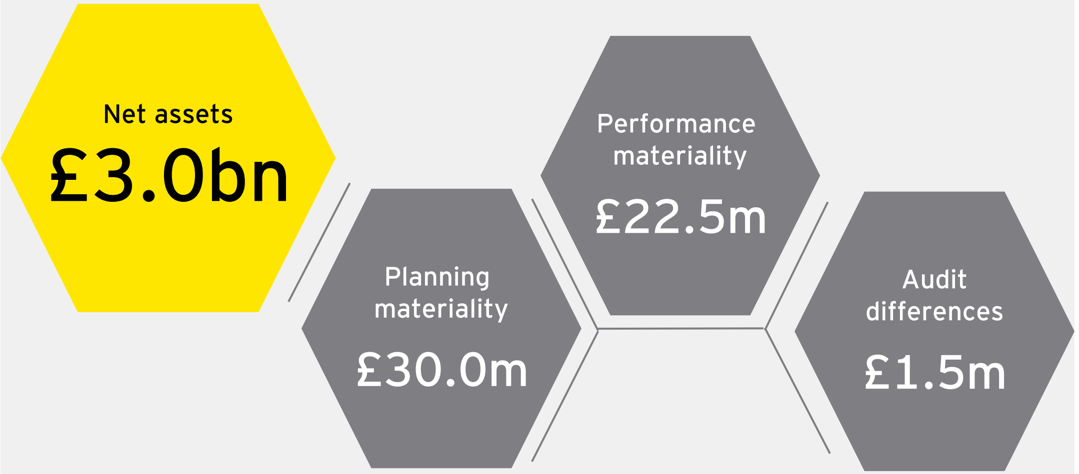
- We may place more emphasis on obtaining an understanding of the nature and extent of your estimation processes and key aspects of related policies and procedures. We will need to review whether controls over these processes have been adequately designed and implemented in a greater number of cases.
- We may provide increased challenge of aspects of how you derive your accounting estimates. For example, as well as undertaking procedures to determine whether there is evidence which supports the judgments made by management, we may also consider whether there is evidence which could contradicts them.
- We may make more focussed requests for evidence or carry out more targeted procedures relating to components of accounting estimates. This might include the methods or models used, assumptions and data chosen or how disclosures (for instance on the level of uncertainty in an estimate) have been made, depending on our assessment of where the inherent risk lies.
- You may wish to consider retaining experts to assist with related work. You may also consider documenting key judgements and decisions in anticipation of auditor requests, to facilitate more efficient and effective discussions with the audit team.
- We may ask for new or changed management representations compared to prior years.

03 Audit materiality

Materiality

Materiality

For planning purposes, materiality for 2020/21 has been set at £30.0 million. This represents 1% of the Pension Fund's prior year audited net assets. It will be reassessed throughout the audit process. In an audit of a pension fund we consider the net assets to be the appropriate basis for setting the materiality as they represent the best measure of the schemes' ability to meet obligations rising from pension liabilities. We have provided supplemental information about audit materiality in Appendix D.



We request that the Audit and Accounts Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

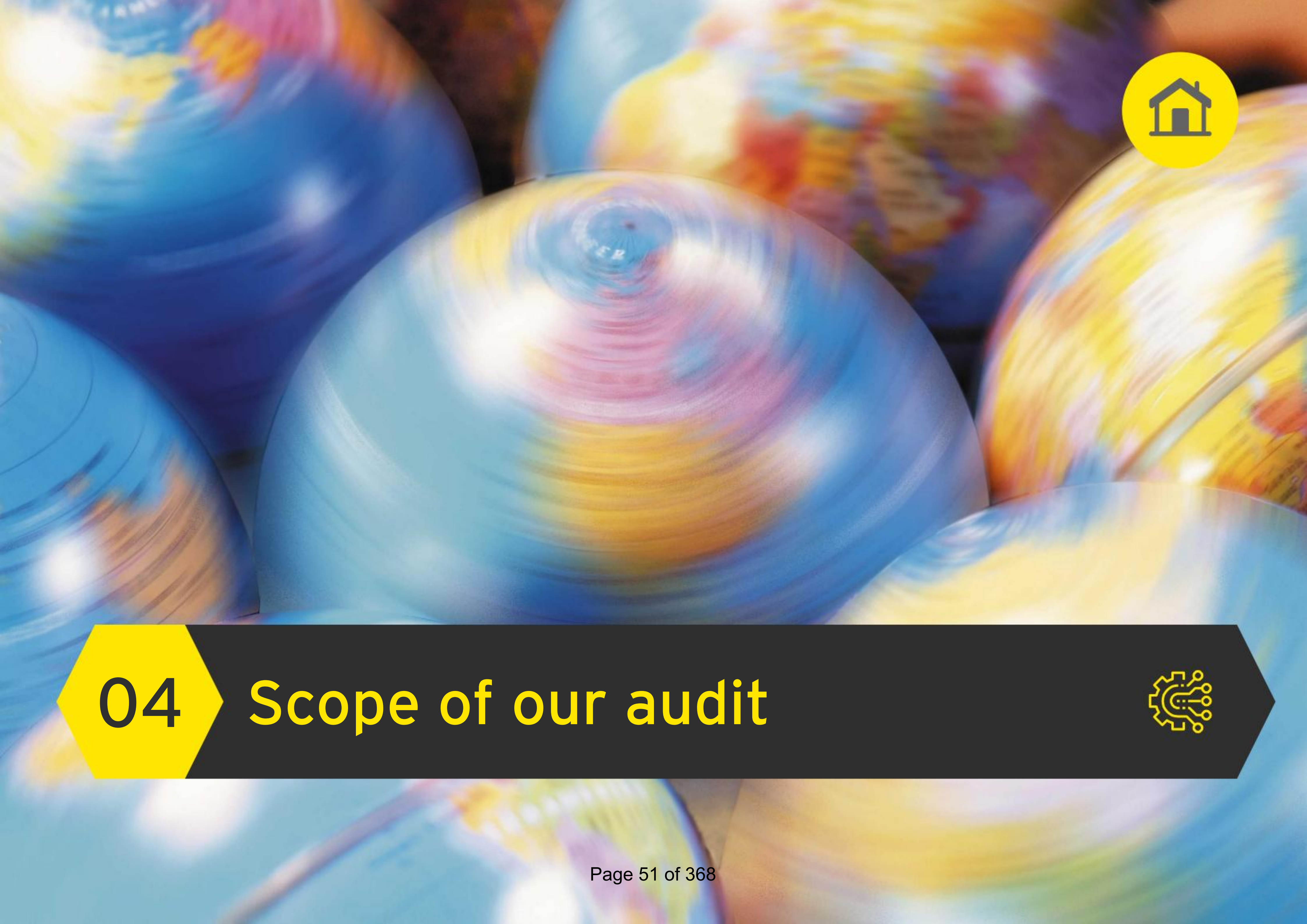
Key definitions

Planning materiality – the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

Performance materiality – the amount we use to determine the extent of our audit procedures. We have set performance materiality at £22.5 million which represents 75% of planning materiality – consistent with the prior year level. We have considered a number of factors such as the number of errors in prior year and any significant changes in 2020/21 when determining the percentage of performance materiality.

Audit difference threshold – we propose that misstatements identified below this threshold are deemed clearly trivial. We will report to you all uncorrected misstatements over this amount relating to the Fund Account and Net Asset Statement.

Other uncorrected misstatements, such as reclassifications, misstatements in disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the Audit and Accounts Committee and Pension Fund Committee, or are important from a qualitative perspective.



04 Scope of our audit

Our Audit Process and Strategy

Objective and Scope of our Audit scoping

Under the Code of Audit Practice our principal objectives are to review and report on the Pension Fund's financial statements and arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers the f**inancial statement audit**

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK), as well as on the consistency of the Pension Fund financial statements within the Pension Fund annual report with the published financial statements of Cambridgeshire County Council.

We also perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Procedures required by standards

- Addressing the risk of fraud and error;
- Significant disclosures included in the financial statements;
- Entity-wide controls;
- Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and
- Auditor independence.

Procedures required by the Code

- Reviewing, and reporting on as appropriate, other information published with the financial statements.

We are also required to discharge our statutory duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

Our Audit Process and Strategy (continued)

Audit Process Overview

Our audit involves:
- Identifying and understanding the key processes and internal controls;
- Substantive tests of detail of transactions and amounts; and
- Reviewing and assessing the work of experts in relation to areas such as valuation of the Pension Fund to establish if reliance can be placed on their work.

For 2020/21 we plan to follow a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

Analytics:

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Audit and Accounts Committee.

Internal audit:

As in the prior year we will review internal audit plans and the results of their work where relevant to this engagement. We consider these when designing our overall audit approach and when developing in our detailed testing strategy. We may also reflect relevant findings from their work in our reporting, where it raises issues that we assess could have a material impact on the year-end financial statements.

05 Audit team

Audit team

The engagement team is led by Mark Hodgson, who has significant experience on Pension Fund audits.

Mark is supported by Jacob McHugh, Assistant Manager, who is responsible for the day-to-day direction of audit work and is the key point of contact for the senior accountant. The audit team will be lead by Sapheena Garcha, Senior.

Use of specialists

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Specialists
Pensions Liability	Hymans Robertson (Cambridgeshire Pension Fund actuary) PwC (Consulting Actuary to the NAO on behalf of audit providers) EY Pensions Advisory Team (if required)
Investment Valuation	The Pension Fund's Custodian and Fund Managers Grant Thornton (Cambridgeshire Pension Fund valuer for Cambridge & Counties Bank valuation) EY Transactions Team (for support on Cambridge & Counties Bank valuation)

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Pension Fund's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- Assess the reasonableness of the assumptions and methods used;
- Consider the appropriateness of the timing of when the specialist carried out the work; and
- Assess whether the substance of the specialist's findings are properly reflected in the financial statements.

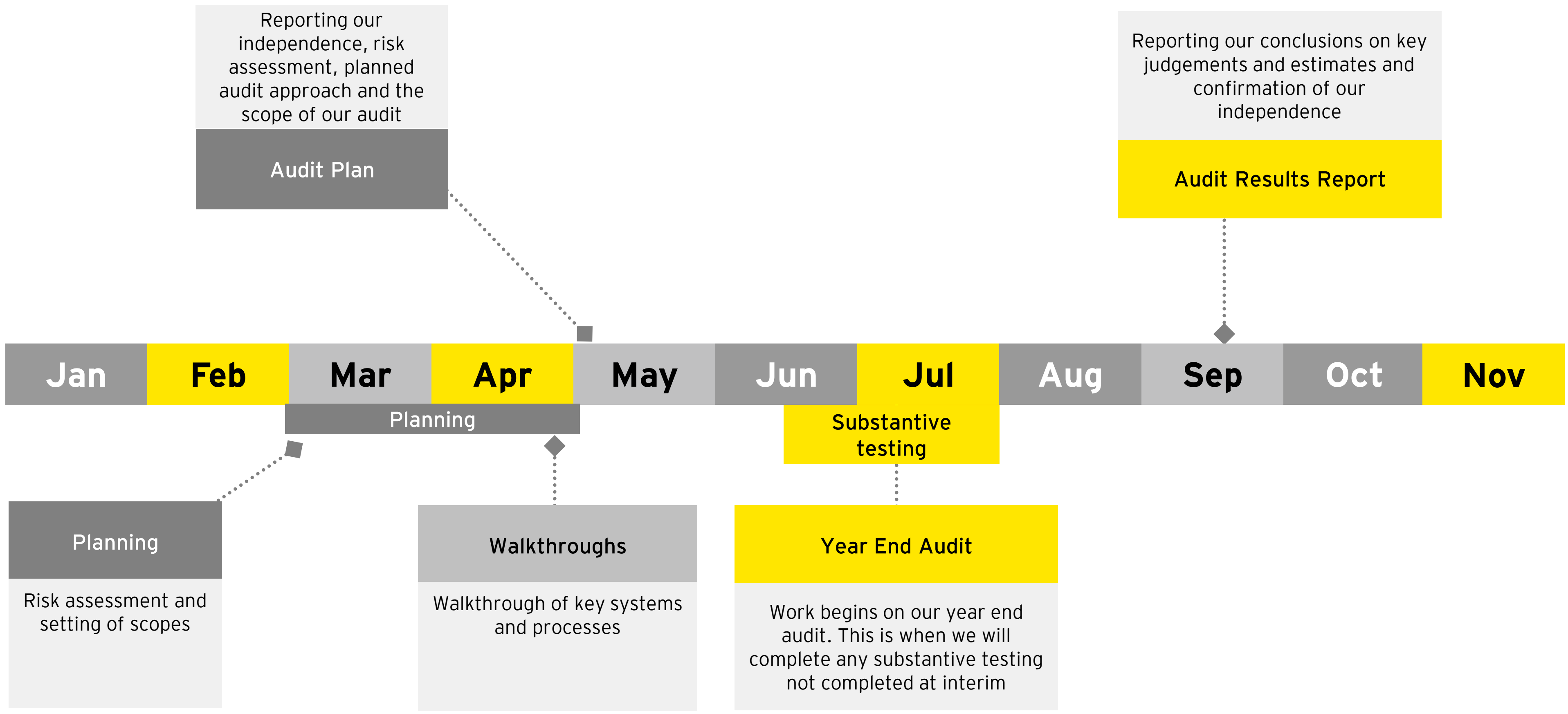
06 Audit timeline

Timetable of communication and deliverables

Timeline

Below is a proposed timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2020/21.

From time to time matters may arise that require immediate communication with the Audit and Accounts Committee and we will discuss them with the Audit and Accounts Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.



07 Independence

Introduction

The FRC Ethical Standard and ISA (UK) 260 "Communication of audit matters with those charged with governance", requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in June 2016, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications	
Planning stage	**Final stage**
▸ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between the you, your affiliates and directors and us; ▸ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review; ▸ The overall assessment of threats and safeguards; ▸ Information about the general policies and process within EY to maintain objectivity and independence. ▸ Where EY has determined it is appropriate to apply more restrictive independence rules than permitted under the Ethical Standard [note: additional wording should be included in the communication reflecting the client specific situation]	▸ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed; ▸ Details of non-audit services provided and the fees charged in relation thereto; ▸ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us; ▸ Written confirmation that all covered persons are independent; ▸ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy; ▸ Details of any contingent fee arrangements for non-audit services provided by us or our network firms; and ▸ An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements , the amounts of any future services that have been contracted, and details of any written proposal to provide non-audit services that has been submitted;

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However, we will only perform non –audit services if the service has been pre-approved in accordance with your policy.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Mark Hodgson, your audit engagement partner and the audit engagement team have not been compromised.

Self interest threats

A self interest threat arises when EY has financial or other interests in the Pension Fund. Examples include where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's ES or the National Audit Office's Auditor Guidance Note 01 and the services have been approved in accordance with your policy on pre-approval. The ratio of non audit fees to audits fees is not permitted to exceed 70%.

At the time of writing, there are no non-audit services provided by us to the Pension Fund.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self interest threats at the date of this report.

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

Relationships, services and related threats and safeguards

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Pension Fund. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

Other communications

EY Transparency Report 2020

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2020: https://assets.ey.com/content/dam/ey-sites/ey-com/en_uk/about-us/transparency-report-2020/ey-uk-2020-transparency-report.pdf

08 Appendices

Appendix A

Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

	Planned fee 2020/21	Scale fee 2020/21	Final Fee 2019/20
	£'s	£'s	£'s
Total Fee – Code work	17,256	17,256	17,256
Changes in work required to address professional and regulatory requirements and scope associated with risk (Note 1)	45,044	-	45,044
Additional work required for Covid-19 considerations (See Note 2)	To be confirmed	-	12,241
Additional work in respect of revised estimates auditing standard (see page 14)	To be confirmed	-	-
Additional Audit Fee in respect of work on behalf of Admitted Body auditors (recharged to the Pension Fund) (Note 3)	8,000	-	11,500
Total fees	**To be confirmed**	**17,256**	**86,041**

In addition, we are driving greater innovation in the audit through the use of technology. The significant investment costs in this global technology continue to rise as we seek to provide enhanced assurance and insight in the audit.

The agreed fee presented is based on the following assumptions:

- Officers meeting the agreed timetable of deliverables;
- Our accounts opinion being unqualified;
- Appropriate quality of documentation is provided by the Pension Fund; and
- The Pension Fund has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Pension Fund in advance.

All fees exclude VAT

Note 1: For 2019/20 and 2020/21 the scale fee has been re-assessed to take into account a number of risk factors as outlined below:

-Procedures performed to address the risk profile of the Pension Fund: £24,316

-Additional work to address increase in Regulatory standards: £19,472

-Client readiness and IT support for Data Analytics: £1,256

Fees (Continued)

Note 2: In 2019/20, we had to perform additional procedures to address the risks resulting from Covid-19. The fee in relation to this is subject to formal approval by PSAA Ltd.

We cannot quantify the impact of any work resulting as a response to Covid-19 risks in 2020/21 at this point. We will provide an update on the additional fee implications at the conclusion of the audit.

Note 3: We anticipate charging an additional fee of £8,000 in 2020/21 to take into account the additional work required to respond to IAS19 assurance requests from admitted bodies and their auditors. For 2019/20 we were also required to perform additional procedures over the 2019 triennial valuation on the Pension Fund on behalf of Admitted body auditors. The Pension Fund can recharge this fee to the relevant Admitted bodies.

Required communications with the Audit and Accounts Committee

We have detailed the communications that we must provide to the Audit and Accounts Committee.

Required communications	What is reported?	Our Reporting to you: When and where
Terms of engagement	Confirmation by the Audit and Accounts Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.	Audit Plan (Provisional) – 10 June 2021 – Audit and Accounts Committee
Significant findings from the audit	▸ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▸ Significant difficulties, if any, encountered during the audit ▸ Significant matters, if any, arising from the audit that were discussed with management ▸ Written representations that we are seeking ▸ Expected modifications to the audit report ▸ Other matters if any, significant to the oversight of the financial reporting process	Audit Results Report – September 2021 – Audit and Accounts Committee

Appendix B

Required communications with the Audit and Accounts Committee (continued)

Required communications	What is reported?	Our Reporting to you When and where
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: ▸ Whether the events or conditions constitute a material uncertainty ▸ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▸ The adequacy of related disclosures in the financial statements	Audit Results Report – September 2021 – Audit and Accounts Committee
Misstatements	▸ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▸ The effect of uncorrected misstatements related to prior periods ▸ A request that any uncorrected misstatement be corrected ▸ Corrected misstatements that are significant ▸ Material misstatements corrected by management	Audit Results Report – September 2021 – Audit and Accounts Committee
Fraud	▸ Enquiries of the Audit and Accounts Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▸ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▸ A discussion of any other matters related to fraud	Audit Results Report – September 2021 – Audit and Accounts Committee
Related parties	▸ Significant matters arising during the audit in connection with the entity's related parties including, when applicable: ▸ Non-disclosure by management ▸ Inappropriate authorisation and approval of transactions ▸ Disagreement over disclosures ▸ Non-compliance with laws and regulations ▸ Difficulty in identifying the party that ultimately controls the entity	Audit Results Report – September 2021 – Audit and Accounts Committee

Appendix B

Required communications with the Audit and Accounts Committee (continued)

Required communications	What is reported?	Our Reporting to you When and where
Independence	Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: ▸ The principal threats ▸ Safeguards adopted and their effectiveness ▸ An overall assessment of threats and safeguards ▸ Information about the general policies and process within the firm to maintain objectivity and independence	Audit Plan (Provisional) – 10 June 2021 – Audit and Accounts Committee Audit Results Report – September 2021 – Audit and Accounts Committee
External confirmations	▸ Management's refusal for us to request confirmations ▸ Inability to obtain relevant and reliable audit evidence from other procedures	Audit Results Report – September 2021 – Audit and Accounts Committee
Consideration of laws and regulations	▸ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off ▸ Enquiry of the Audit and Accounts Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit and Accounts Committee may be aware of	Audit Results Report – September 2021 – Audit and Accounts Committee
Internal controls	▸ Significant deficiencies in internal controls identified during the audit	Audit Results Report – September 2021 – Audit and Accounts Committee

Required communications with the Audit and Accounts Committee (continued)

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Representations	Written representations we are requesting from management and/or those charged with governance	Audit Results Report – September 2021 – Audit and Accounts Committee
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise.	Audit Results Report – September 2021 – Audit and Accounts Committee
Auditors report	▸ Key audit matters that we will include in our auditor's report ▸ Any circumstances identified that affect the form and content of our auditor's report	Audit Results Report – September 2021 – Audit and Accounts Committee
Fee Reporting	▸ Breakdown of fee information when the audit plan is agreed ▸ Breakdown of fee information at the completion of the audit ▸ Any non-audit work	Audit Plan (Provisional) – 10 June 2021 – Audit and Accounts Committee Audit Results Report – September 2021 – Audit and Accounts Committee

Appendix C

Additional audit information

Other required procedures during the course of the audit	
In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.	
Our responsibilities required by auditing standards	▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pension Fund's internal control. ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management. ▶ Concluding on the appropriateness of management's use of the going concern basis of accounting. ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. ▶ Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Pension Fund to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements and reporting whether it is materially inconsistent with our understanding and the financial statements. ▶ Maintaining auditor independence.

Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines:

- The locations at which we conduct audit procedures to support the opinion given on the financial statements; and
- The level of work performed on individual account balances and financial statement disclosures.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

Agenda Item No: 7

Cambridgeshire Pension Fund Annual Report and Statement of Accounts 2020/21

To:	Audit and Accounts Committee
Meeting Date:	28th September 2021
From:	Ben Barlow – Fund Accounting Manager - Pensions
Recommendation:	That the Audit and Accounts Committee:

1. Approves the Final Statement of Accounts and note the Annual Report of the Pension Fund for the 2020/21 financial year.

2. Views the findings of external audit documented in the ISA260.

Officer contact: Ben Barlow
Fund Accounting Manager
Ben.Barlow@westnorthants.gov.uk
Tel:07896 890375

Member contacts: Councillors Graham Wilson and Nick Gay
Committee Chair and Vice Chair
graham.wilson@cambridgeshire.gov.uk nick.gay@cambridgeshire.gov.uk
Tel: 01223 706398

1. Background

1.1. The Pension Fund's Statement of Accounts (SOA) form part of the County Council's Statement of Accounts. These are audited by the County Council's external auditor Ernst and Young LLP (EY). The auditor confirms whether, in their opinion, the SOA reflect a true and fair view of the financial position of the authority (and the Fund within it) for the financial year 1st April 2020 to 31st March 2021 and that the SOA is free from material misstatement.

1.2. The Fund's Annual Report and SOA have been subject to audit fieldwork by the County Council's external auditor. Whilst EY perform a full audit of the SOA, their work on the Annual Report is limited to a review to ensure compliance with guidance and consistency with the SOA. EY's initial findings are noted in Section 3.

1.3. The accounts are based on transactions accounted for within the Fund's financial ledger, information received from Investment Managers and the Fund's Custodian, and assumptions and estimations utilising the professional judgement of officers and Fund professional advisers in order to give a true and fair statement of the Fund's financial position.

1.4. The Chartered Institute of Public Finance and Accountancy (CIPFA) issued the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code), which governs the preparation of the financial statements for Local Government Pension Scheme funds. There were no changes in the Code that impacted on the Funds SOA. The latest CIPFA template is used each year to ensure that the reporting meets the requirements of the Code and is compliant with International Financial Reporting Standards (IFRS).

1.5. The publication of the Accounts is an essential feature of public accountability and stewardship as it provides information on how the Fund has used the members' funds for which it is responsible.

1.6. The structure and content of the Annual Report is governed by guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) in compliance with Regulation 57 of The Local Government Pension Scheme Regulations 2013 (as amended).

2. Highlights

2.1. The Fund Account and the Net Asset Statement provide a summary of the financial activity of the Fund, with the notes to the accounts providing further information. A copy of the Annual Report and Statement of Accounts (SOA) can be found at Appendix 1.

2.2. The net increase for the year was £900.6m, with the Fund's net assets rising to £3,898m.

2.3. Contribution receipts increased from £126.5m to £154.5m. The increase in contributions payments reflects multiple employers paying their 3 year deficits during the first year following the 2019 Valuation.

2.4. Benefit payments have increased from £107.9m to £109.6m. The increase in pension payments reflects the growth in the number of pensioners during the year.

2.5. The one-year investment returns as at 31st March 2021 was a net market gain of £867.7m. The investment return for the Fund over the financial year was 26.5% compared to the Fund's weighted benchmark return of 27.7% reflecting the strong performance of Global Equities.

2.6. Investment Income decreased from £34.4m in 2019/20 to £31.4m in 2020/21 mainly due to large disinvestments in segregated equities in 2019/20. However, there were two large income distributions circa. £7.6m from global equity pooled holdings in February 2021 which were reinvested into the asset pool. Investment income is largely impacted by market performance and returns during the year.

3 Findings and feedback from External Audit fieldwork

3.1. The Pension Fund Statement of Accounts has been subject to external audit fieldwork and EY have offered a separate audit opinion on the Pension Fund's Annual Report and Statement of Accounts within the ISA260 document, this is set out on page 17 of the Audit report.

"In our opinion the pension fund financial statements:

- *Give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2021 and the amount and disposition of the fund's assets and liabilities as at 31 March 2021; and*
- *have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21"*

3.2. The report states that the financial statements are clear of material misstatement, and there are no ongoing concerns that require an individual management response.

3.3. The Final version of the Annual Report and Statement of Accounts will be published on the Fund's website and circulated to members.

Have the resource implications been cleared by Finance? Yes

Name of Financial Officer: Sarah Heywood 13/09/2021

Has the impact on statutory, legal and risk implications been cleared by the Council's

Monitoring Officer or LGSS Law? Yes

Name of Legal Officer: Fiona McMillan 14/09/2021

4 Source documents

4.1. Appendix 1 Annual Report and Statement of Accounts 2020/21

4.2. Appendix A ACCESS Annual Report

4.3. Appendix 2 Auditors ISA260 2020/21 report

4.4. Appendix 3 Letter of Representation 2020/21

Cambridgeshire County Council Pension Fund Annual Report and Statement of Accounts

Year Ended 31 March 2021

Contents

Chair's Foreword

It gives me great pleasure to introduce the Cambridgeshire Pension Fund Annual Report and Statement of Accounts for 2020-21. It has been a year like no other, but that has not stopped the Pension Fund in continuing to deliver its high service.

I would like to thank our previous Chair Councillor Terry Rogers, for his hard work and dedication to the Fund over the last four years, as well as all the current and previous members of the Pension Fund Committee.

I'd also like to take this opportunity to thank the staff of the Cambridgeshire Pension Fund and the Employers within the Fund for their work over the last year which has seen all of them adapt to the new situation of working from home, and despite this they continue to deliver their high service standards to our customers.

The key stakeholders are our scheme members; which has increased to over 89,000 active, pensioner and deferred members of the scheme from the previous year's figure of over 85,000. These members rely on us to look after their valuable pension rights and we have taken steps to ensure that our scheme members continue to receive the same experience as they have in previous years.

Initiatives designed to increase member engagement saw an increase in the number of members registering for their online pension account of 22% from December 2020 (19,740) to June 2021 (24,160), enhancing both the members ability to manage their pension and our ability to communicate with members quicker and more securely through their online account. The transition from annual to monthly data provision by scheme employers , has been a key focus and 99% of employers now provide us with a monthly return improving the timeliness of data provision, allowing members to see more up to date information about their pension through their online account and improving our ability to administer the Fund in an efficient manner.

Following the impact of the Covid-19 pandemic on the 2019-20 financial accounts we have seen a resurgence in valuation of the fund from £3.00bn as at the 31st March 2020 to £3.90bn on 31st March 2021. This figure not only sees growth of 30.0% on the previous year, but also sees growth on our pre-pandemic valuation of £3.19bn on 31st March 2019 of 22.3%.

The Fund continues its commitment to the ACCESS asset pool with 60% of its assets pooled, and this figure will continue to rise in the coming years.

This has been a successful year for the Fund and I would also like to thank the hard work of the Investment Sub-Committee, members of the Local Pension Board, the Chief Finance Officer, the Head of Pensions and all staff involved in the administration and management of the Fund.

Councillor Alison Whelan

Chair of the Cambridgeshire Pension Fund Committee
Dated: XXXXXXX 2021

Statement of Responsibilities

Introduction

This Annual Report and Statement of Accounts sets out the arrangements by which the Local Government Pension Scheme operates, reports changes which have taken place and reviews the investment activity and performance of the Cambridgeshire County Council Pension Fund ("Fund") during the year.

The Statement of Accounts has been prepared in accordance with the CIPFA/LASAAC Code of Practice for Local Authority Accounting in the United Kingdom 2020-21.

The accounts summarise the transactions of the Fund and deal with the net assets at the disposal of the Pension Fund Committee members. The accounts do not take account of the obligation to pay future benefits which fall due after year end. The actuarial position of the Fund which takes into account these obligations is available on the Fund's website, 2019 Valuation Report

The Council's Responsibilities in respect of the Pension Fund

The Cambridgeshire County Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council that officer is the Chief Finance Officer;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts which form part of the Council's Statement of Accounts

The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Council's statement of accounts in accordance with proper practices as set out in the *CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code)*.

In preparing this statement of accounts, the Chief Finance Officer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgments and estimates that were reasonable and prudent; and
- Complied with the Code.

The Chief Finance Officer has also:

- Kept proper accounting records which are up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of Accounts

I certify that this Statement of Accounts presents a true and fair view of the financial position of the Pension Fund at 31 March 2021 and of its income and expenditure for the year 2020-21, and authorise the accounts for issue.

Mr T Kelly

Chief Finance Officer
(Section 151 Officer)
Dated: XXXXXXXXXXX

Scheme Management, Advisors and Partners

Partners

ACCESS (Pension Pool)	Barclays (Bank)	Ernst & Young (Auditors)	Hymans Robertson (Actuary)	**AON (Consultants)**
LGSS Law (Legal Advisors)	Mercer (Investment Consultants)	Northern Trust (Custodian)	Squire Patton Boggs (Legal Advisors)	Sam Gervaise-Jones(Ind. Advisor)

Asset Managers

Adams Street Partners	Allianz Global Investors	AMP Capital	Dodge & Cox Funds *	Equitix Ltd
Foresight Group	HarbourVest Partners (UK)	IFM Investors	JO Hambro *	JP Morgan
Link Fund Solutions (ACCESS)	Longview Partners *	M&G Investments	Partners Group	River & Mercantile
Schroders	UBS Asset Management	BlueBay Asset Management		

*Subfunds managed by Link Fund Solutions in the ACCESS Pool (page 30)

AVC Providers

Prudential	Utmost Life & Pensions

Scheme Management & Key Officers

The Key Officers of the Fund during the year were:

Mark Whitby – Head of Pensions

Ben Barlow – Fund Accounting Manager

Paul Tysoe – Investment Accounting Manager

Richard Sultana – Operations Manager

Cory Blose – Employer and Systems Team Manager

Joanne Walton – Governance and Regulations Manager

Fiona Coates – Pension Services Financial Manager

Richard Perry – Pension Services Financial Manager

Further information regarding the accounts and investments can be obtained from:

Ben Barlow

Fund Accounting Manager, Pension Services

Email: Ben.Barlow@westnorthants.gov.uk

Telephone: 07917 197467

Enquiries relating to management and administration should be directed to:

Mark Whitby

Head of Pensions, Pension Services

Email: Mark.Whitby@westnorthants.gov.uk

Telephone: 07990 556197

Registered Pension Scheme Number: 10038487

Scheme Administration

Introduction

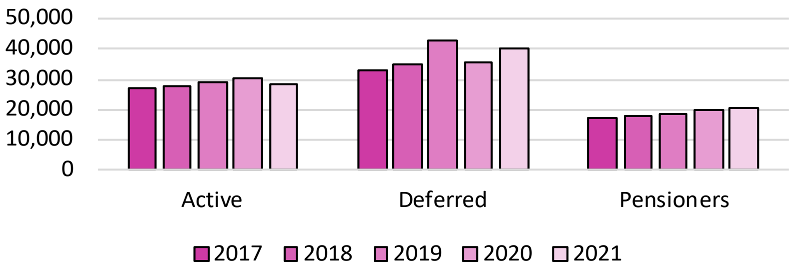
Cambridgeshire County Council is responsible for administering the Cambridgeshire Pension Fund, which is available to employees of the County Council, organisations with a statutory right to be in the scheme (scheduled bodies) and organisations, such as charities, which the County Council has admitted under its discretionary powers (admitted bodies). As well as organisations that can admit their employees to the LGPS by passing their resolution (nominate employees for access to the LGPS).

The Fund is a qualifying scheme under the automatic enrolment regulations and can be used by employers to automatically enrol eligible employees, and every three years re-enrol anyone who opts out of the scheme.

Membership

Membership of the Fund grew by 4.0% from the previous year.

On 31 March 2021 there were 28,711 active, 40,316 deferred and 20,380 pensioner members in the Fund. The deferred figure is inclusive of 9,411 open cases that may change status (undecided leavers).



Pension Fund Administration

A shared service partnership between Cambridgeshire County council and Northamptonshire County Council provides pension administration services to the Cambridgeshire Pension Fund.

There are 77 staff members (74.42 full time equivalent) within the Pensions Team, providing all aspects of service to both the Cambridgeshire and Northamptonshire Funds, with an average staff to member ratio of 1:2,183 (total members for Northamptonshire and Cambridgeshire Pension Funds divided by full time equivalent staff members).

Internal audit perform risk based audit procedures to assess the effectiveness and efficiency of administration services, and the Pensions Team have been awarded the national standard for excellence in customer service (CSE) since 2016.

The requirements of the General Data Protection Regulations (GDPR) are recognised and feature in the design of the Fund's administration processes. The Fund has in place a GDPR compliant privacy notice, conducts privacy impact assessments for all new activities involving personal data and has in place a Register of Processing Activities and Information Asset Register.

Scheme Administration Tools

The Pensions website contains detailed information for all the Fund's stakeholders and has dedicated pages for both members and employers. There is a comprehensive suite of forms and factsheets for members, prospective members and employers.

Support for members and employers can be accessed via the website or by contacting the Helpline on 01604 366537.

Member Self Service is an online platform which allows members to securely access their records, amend their personal information, perform benefit projections and view their annual benefits statement.

Employer Self Service is available to all employers in the scheme and gives access to the pension database remotely and securely, allowing them to view, create and amend their employees' data, run reports and perform benefit calculations.

i-Connect is a system used which allows employers to securely upload monthly payroll data into the pension database, improving efficiency and accuracy of data and ensuring timely record maintenance.

Scheme Administration (continued)

Scheme Framework

The Local Government Pension Scheme is a statutory funded pension scheme. The operation of the Cambridgeshire County Council Pension Fund is principally governed by the Local Government Pension Scheme Regulations 2013 (as amended) and the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended) which have been made within the context of the primary legislation of the Public Service Pensions Act 2013.

The Scheme covers eligible employees of the County Council, the Police Authority, Police and Crime Commissioner, Unitary, District and Borough Councils and Academies within the county area other than teaching staff, police officers and fire-fighters for whom separate statutory arrangements exist. A number of other bodies are also members of the scheme.

Employers' contribution rates are set by the Fund's Actuary every three years following the valuation of the Fund, in order to maintain the solvency of the Fund. The last valuation took place as at 31 March 2019. The results of the valuation were a funding level of 100% and an average primary employer contribution rate of 18.4% (31 March 2016: 18.1%). The primary rate includes an allowance of 0.6% (31 March 2016: 0.6%) of the pensionable pay for the Fund's expenses. The average employee contribution rate is 6.3% (31 March 2016: 6.3%) of pensionable pay.

On 1 April 2014, the new Local Government Pension Scheme 2014 came into effect, allowing more flexibility around paying into the scheme and drawing benefits in comparison to the 2008 scheme. Normal pension age is linked to the state pension age but benefits can be drawn earlier or later, between age 55 and 75. The normal retirement age is the age a member can access their pension in full; if it is accessed before that date benefits will usually be reduced and if accessed after normal retirement age benefits may increase. All service built up to 31 March 2014 in the LGPS is fully protected and will continue to be based on a member's final year annual pay when the individual leaves the LGPS (2008 scheme).

Benefits built up before April 2014 also retain their protected Normal Pension Age, which for most members is 65, although certain members have a retirement age of 60 for all or part of their membership. There is an additional protection known as the 'underpin' for members who were active on 31 March 2012 and were within ten years of their Protected Normal Pension Age on 1 April 2012. These members will get a pension at least equal to the pension they would have received in the LGPS had it not changed on 1 April 2014, subject to meeting certain criteria.

In December 2018 the Court of Appeal ruled against the Government in the two linked cases of Sargeant and McCloud (which for the purposes of the LGPS has generally been shortened to "McCloud"), relating to the Firefighter unfunded pension schemes and the Judicial pension arrangements.

In essence, the Court held that the transitional protections, which were afforded to older members when the reformed schemes were introduced in 2015, constituted unlawful age discrimination. It was announced on the 27th June 2019 that the Government has been denied the right to appeal.

It was subsequently announced that any remedy resulting from the McCloud case would also apply to the LGPS in the form of a small increase in benefits for some members. A MHCLG consultation on the required amendments to the LGPS regulations was issued on 16th July 2020 for a period of 12 weeks. It is anticipated that amendments to members benefits will not commence until the earliest of 1 April 2021.

Scheme Administration (continued)

The below table compares the 2008 and the 2014 schemes.

	LGPS 2008	LGPS 2014
Basis of Pension	Final Salary	Career Average Revaluated Earnings (CARE)
Accrual Rate	1/60th	1/49th
Revaluation Rate	Based on Final Salary	Consumer Prices Index (CPI)
Pensionable Pay	Pay excluding non contractual overtime and non pensionable additional hours	Pay including non-contractual overtime and additional hours
Employee Contribution Rates	Between 5.5% and 7.5%	Between 5.5% and 12.5%
Contribution Flexibility	No	Option to pay 50% contributions for 50% of pension benefit
Normal Pension Age	65	Equal to individuals state pension age
Lump Sum Trade Off	Trade £1 of pension for £12 lump sum	Trade £1 of pension for £12 lump sum
Death in Service Lump Sum	3 x Pensionable Pay	3 x Pensionable Pay
Death in Service Survivor Benefits	1/160th accrual based on Tier 1 ill health pension enhancement	1/160th accrual based on Tier 1 ill health pension enhancement
Ill Health Provision	Tier 1 – Immediate payment with service enhanced to Normal Pension Age (65) Tier 2 – Immediate payment with 25% service enhancement to Normal Pension Age (65) Tier 3 – Temporary payment of pension for up to 3 years	Tier 1 – Immediate payment with service enhanced to Normal Pension Age Tier 2 – Immediate payment with 25% service enhancement to Normal Pension Age Tier 3 – Temporary payment of pension for up to 3 years
Indexation of Pension in Payment	CPI (RPI for pre-2011 increases)	CPI
Vesting Period	3 months	2 years

Scheme Administration (continued)

Pension Fund Committee and Local Pension Board membership

The following table shows the attendance of Committee and Board members at applicable Pension Fund Committee, Investment Sub-Committee and Local Pension Board meetings during 2020-21, training undertaken in year, including; Training days, Conferences and Strategic Workshops.

Councillor/Member Name	Committee/Board	Meetings Attended	Training Undertaken (Virtual)
Councillor Terry Rogers - Chairman	• Pensions Fund Committee • Investment Sub-Committee	5 meetings of 5 4 meetings of 4	4 Sessions
Councillor Ian Gardener – vice Chairman	• Pensions Fund Committee • Investment Sub-Committee	5 meetings of 5 4 meetings of 4	4 Sessions
Councillor Mike Shellens	• Pensions Fund Committee • Investment Sub-Committee	5 meetings of 5 3 meetings of 4	4 Sessions
John Walker	• Pensions Fund Committee • Investment Sub-Committee	5 meetings of 5 4 meetings of 4	8 Sessions
Councillor David Seaton	• Pensions Fund Committee • Investment Sub-Committee	2 meetings of 5 3 meetings of 4	2 Sessions
Lee Phanco (Appointed to ISC August 2020)	• Pensions Fund Committee • Investment Sub-Committee	5 meetings of 5 1 meeting of 3	1 Sessions
Councillor Peter Downes	• Pensions Fund Committee	5 meetings of 5	2 Sessions
Councillor Anne Hay	• Pensions Fund Committee	4 meetings of 5	3 Sessions
Councillor Richard Robertson	• Pensions Fund Committee	5 meetings of 5	3 Sessions
Matthew Pink	• Pensions Fund Committee	4 meetings of 5	2 Sessions
Councillor David Jenkins (Appointed December 2020)	• Pensions Fund Committee	0 meetings of 2	0 Sessions
Liz Brennan (Substitute)	• Pensions Fund Committee	0 meetings of 5	0 Sessions
Councillor Simon King - Chairman	• Local Pension Board	3 meetings of 3*	12 Sessions
David Brooks (Retired November 2020)	• Local Pension Board	2 meetings of 3*	1 Sessions
Councillor Elisa Meschini	• Local Pension Board	3 meetings of 3*	3 Sessions
Councillor Denis Payne	• Local Pension Board	3 meetings of 3*	12 Sessions
Barry O'Sullivan	• Local Pension Board	3 meetings of 3*	5 Sessions
John Stokes	• Local Pension Board	3 meetings of 3*	3 Sessions
Val Limb	• Local Pension Board	1 meeting of 3*	7 Sessions

* The meeting scheduled for April 2020 was cancelled

Scheme Administration (continued)

Policies and Strategy Statements
Information about the Fund's policies and procedures can be found on the Fund's website:
[Key Documents]

The following policies were in place during the financial year

- Administering Authority Discretions
- Administration Strategy
- Admitted Bodies Scheme Employers and Bulk Transfers Policy
- Annual Business Plan & Medium Term Strategy 2020-21
- Anti-Fraud and Corruption Policy
- Cambridgeshire Pension Fund Training Strategy
- Cash Management Strategy
- Communications Plan
- Communications Strategy
- Conflict of Interest Policy for Cambridgeshire Pension Fund Board
- Data Improvement Policy
- Funding Strategy
- Governance Policy and Compliance Statement
- Investment Strategy Statement
- Overpayment of Pension Policy
- Payment of Pension Contributions Policy
- Pension Fund Objectives
- Reporting Breaches of the Law to the Pensions Regulator Policy
- Risk Register
- Risk Strategy

Statement/Policy Changes in 2020-21

The following strategies and policies have been reviewed in 2020-21:
- Business Plan and Medium Term Strategy 2020-21
- Communications Strategy
- Administration Strategy
- Data Improvement Policy
- Investment Strategy Statement

Management and Financial Performance

The Team

The Pensions Service is based in Northampton and consists of the following teams:

- **Operations** – maintain member records, calculate benefits and pensions payable.
 Contact: Pensions@westnorthants.gov.uk
- **Employers** – contact point for employers of the scheme and those wanting to join. Deliver training sessions to employers and payroll providers covering the systems available to assist them in efficiently participating in the Fund.
 Contact: PenEmployers@westnorthants.gov.uk
- **Systems** – ensure internal systems are operating efficiently and provide support to maintaining accurate member records.
 Contact: PenSystems@westnorthants.gov.uk
- **Investments** – oversee the governance of Fund assets and support the Investment Sub-Committee.
 Contact: PenInvestments@westnorthants.gov.uk
- **Governance** – support all Committees in governing the Fund effectively, develop and monitor policies and practices to improve data quality and ensure regulatory compliance.
 Contact: Pensions@westnorthants.gov.uk
- **Accounting** – record and reconcile contributions paid into the Fund and accounts for fund expenses. Provide financial monitoring and reporting of functions such as debt management and cash requirements and investment accounting.
 Contact: PenContributions@westnorthants.gov.uk

Complaints

Should you have a complaint about the service, we will do our best to put things right. To access support, please contact Pensions@westnorthants.gov.uk , telephone 01604 366537, or write to:

Pensions Service – Governance Team
One Angel Square,
Angel Street
Northampton
NN1 1ED

Appeals

The LGPS regulations provide Internal Dispute Resolution Procedures (IDRP), details of which can be accessed via the website.

Stage 1 disputes are heard by the Employer if the complaint concerns an Employer decision or Head of Pensions if an administering authority decision. At Stage 2, the complaint is considered by Cambridgeshire County Council's Monitoring Officer, and if the complainant is still unhappy with the decision they may refer the case to The Pensions Ombudsman. At any stage a scheme member has the right to direct their complaint to The Pensions Ombudsman. More information can be found on the Pensions Ombudsman website.

The following formal disputes have arisen and/or been resolved during the year:

Nature of dispute	Stage 1	Stage 2
Delay in payment of refund and final value	Not upheld (July 2020)	N/A
Transferred out to an occupational pension scheme in 2012 and wanted benefits reinstating	Not upheld (September 2020)	Not upheld (December 2020)
Actual tier 1 ill health pension lower than estimate provided	Partially upheld (September 2020)	Not upheld (December 2020)
Delay in providing payment of LGPS benefits and AVCs	Partially upheld (January 2021)	N/A
Seeking reinstatement/compensation for deferred pension being transferred to a Qualifying Recognised Overseas Pension Scheme in 2015	Not upheld (March 2021)	N/A

Management and Financial Performance (continued)

Managing Decision Making

Cambridgeshire County Council has established a Pension Fund Committee (PFC) and Investment Sub-Committee (ISC) having strategic and operational investment decision making powers, respectively.

Membership of both bodies consist of elected members, and non-elected employer and scheme member representatives. All members of the ISC sit on the PFC.

The PFC's business covers all Fund matters with the exception of non-strategic investment issues, which are delegated to the ISC. Officers across the operations, investment, transactions, corporate and governance functions support the PFC and ISC as required. All meetings of the PFC and ISC are duly minuted.

PFC members and ISC members are required to attain a desired level of skills and knowledge, to ensure decisions being made on behalf of Cambridgeshire County Council Pension Fund are made with full understanding of the impact and therefore mitigating the risk of unfounded decisions.

The Committee members must at all times be conscious of their accountability to stakeholders. The PFC is responsible for determining the nature and extent of any significant risks taken on by the Administering Authority in the pursuit of its strategic objectives. Risk management should be dynamic and comprehensive, considering operational, reputational and environmental, social and governance (ESG) risks in addition to financial risks.

The Cambridgeshire Full Council has acknowledged the establishment of the ACCESS Joint Committee (AJC) delegating powers to this body in response to the Government's pooling agenda. The Chair of the PFC represent the Fund on the AJC, supported by Fund officers working in the ACCESS Officers Working Group (OWG).

The Local Pension Board (LPB) was established on 1 April 2015, providing an additional layer of governance for the Fund. The LPB is non-decision making but has the responsibility of assisting the Administering Authority to:

- Secure compliance with the Local Government Pension Scheme (LGPS) regulations and other legislation relating to the governance and administration of the LGPS and also the requirements imposed by the Pensions Regulator in relation to the LGPS; and
- Ensure the effective and efficient governance and administration of the LGPS.

The LPB has provided a separate annual report of its activities to Council for this financial year.

Risk Management

The Cambridgeshire Pension Fund has both a risk strategy and a risk register in place to identify, evaluate, mitigate and monitor risks associated with the activities that the Fund carries out. Risk is managed through regular reporting to both the Pension Fund Committee and Local Pension Board. Identified risks are recorded in the Risk Register, a copy of which can be found at: [Risk Register]

The aim of the Risk Register is to ensure that an informed decision can be made on whether a risk can, or should be accepted. Risk appetite is informed by an understanding of any existing controls and will also be influenced by the expected reward or outcome. Once risks have been identified the Fund assesses the impact and likelihood of a risk to enable effective decision making.

Risks recorded in the Risk Register are linked and managed in line with the Pension Fund objectives to ensure relevance and are reviewed by the Pension Fund Committee twice a year and the Local Pension Board quarterly. New risks are therefore identified promptly and current risks are monitored on a regular basis, with risk ratings revised where necessary. The accompanying Risk Strategy is reviewed on an annual basis to ensure it remains relevant to support the Risk Register.

Third party risks are managed through the Risk Register and associated policies, such as the Payment of Pension Contributions Policy. Mitigations are put in place to minimise third party risks and, in particular, the risks associated with Scheme Employers and effective covenant monitoring.

Investment Risk

The Fund's Investment Strategy Statement, which is reviewed annually, sets out the Fund's investment strategy which incorporates evaluation of key investment risks.

In addition the Statement of Accounts section of this document, provides further information about Investment risks and how they apply to the Investment Assets held by the Fund.
There are many risks inherent in investments. The Fund addresses these in the following ways:

Market Risk – investments will reduce in value due to fluctuations in prices, interest rates, exchange rates and credit spreads.	The Fund invests in different markets across the world and in different types of investment to reduce the risk of the portfolio reducing in value due to adverse market conditions and to smooth returns.
Price Risk – investments may be incorrectly valued due to price fluctuations or estimates used in pricing.	Investments are valued at published prices, where available. Investments that are not sold on a market are valued by specialist Investment Managers. Notes 16, 17 and 18 in the Statement of Accounts give information about how investments are valued and give an indication of the value of investments subject to an element of estimation.

At year end all Investment Managers, including Link Fund Solutions who are the Operator of the ACCESS pool (page 30), are required to provide ISAE 3402 Service Organisation Control Reports which are made available to external audit.

Risk Assurance

The objective of an internal audit is to educate management and employees about how they can improve business operations and efficiencies while giving reliability and credibility to the financial reports that go to Pension Fund Committee and the Local Pension Board. Internal audit awarded the Fund substantial assurance following its testing within the year.

Management and Financial Performance (continued)

Financial Performance

The financial performance of the Fund is monitored against budgeted performance on a regular basis throughout the year by the Pension Fund Committee.

Performance Indicators	2020-21 Forecast £000	2020-21 Actual £000
Contributions	130,000	154,534
Transfers in from other funds	5,200	22,232
Total Income	**135,200**	**176,766**
Benefits payable	-114,000	-109,596
Payments to and for leavers	-10,200	-11,632
Total Benefits	**-124,200**	**-121,228**
Surplus of contributions over benefits	**11,000**	**55,538**
Management Expenses		
Administrative Costs	-2,644	-2,726
Investment Management Expenses	-1,721	-19,230
Oversight and Governance Costs	-784	-734
Total Management Expenses	**-5,149**	**-22,690**
Total Income less Expenses	**5,851**	**32,848**
Investment Income	40,000	31,406
Taxes on Income	0	0
Profit/(loss) on disposal and changes in market value of investments	69,000	836,312
Net return on investments	**109,000**	**867,718**
Net increase/(decrease) in assets during the year	**114,851**	**900,566**

Management expenses per active member are shown below:

	2019-20	2020-21
Active Members	30,422	28,711
Administrative Cost	£112.25	£94.95
Investment Management Expenses	£482.32	£669.78
Oversight and Governance Costs	£30.11	£25.57

Variance Analysis

- Contribution differences reflects employers paying their three year deficit in the first year following the 2019 Valuation.
- Investment Management expenses forecast is understated as this does not include pooled fees deducted from market value.
- The 2020-21 forecast for profit/loss on disposal and changes in market value of investments assumed the actuarial target would be achieved. The actual market experience is explained in the investments consultant's review on page 36.

Details of non-investment assets and liabilities of the Fund can be found in the Statement of Accounts in Notes 21 to 22.

Management and Financial Performance (continued)

Performance Indicators

The Fund has developed a number of Key Performance Indicators (KPIs) to monitor service delivery, these KPIs are reviewed internally on a monthly basis to monitor and inform where delivery is met or remedial action is required. The Pension Fund Committee receives quarterly performance updates within a Business Plan update.

The below table shows the number and trend of the top 7 types of scheme administration cases demonstrating both workload and efficiency in meeting internal KPI and external legal requirements.

	Cases completed in the year	Cases completed within KPI target	% of Cases completed within KPI target
Deaths – initial letter acknowledging death of member *KPI: 5 working days, Legal requirement: 2 months*	754	751	99%
Deaths – letter notifying amount of dependant's pension *KPI: 5 working days, Legal requirement: 2 months*	375	366	98%
Estimates – letter notifying estimate of retirement benefits to employee *KPI: 10 working days, Legal requirement: 2 months*	572	542	95%
Retirements – process and pay pension benefits on time *KPI: 5 working days, Legal requirement: 2 months*	447	423	95%
Deferment – calculate and notify deferred benefits *KPI: 15 working days, Legal requirement: N/A*	2249	2078	92%
Transfers in – Letter detailing transfer in *KPI: 10 working days, Legal requirement: 2 months*	314	299	95%
Transfers out – letter detailing transfer out *KPI: 10 working days, Legal requirement: 3 months*	427	402	94%

Contributions

The Fund works closely with employers to collect contributions on time. The following table shows the amount of regular employee and employer contributions paid during the year and the value and percentage of which were paid both on time and after the deadline of the 19th day of the month following deduction.

Contributions	Total Paid in 2020-21 £000	Total Paid On Time £000	% Paid On Time	Total Paid Late £000	% Paid Late
Employer	125,453	125,219	99.81	235	0.19
Employee	29,081	29,017	99.78	64	0.22
Total	154,534	154,236	99.81	299	0.19

The Fund did not apply any additional charges or levies in respect of contributions received late, and no reports were made to The Pensions Regulator in respect of late contributions during the year.

Recovery of Overpayments of Pension

The Fund participates in the National Fraud Initiative which is a biennial process undertaken in conjunction with the Audit Commission. The necessary recoveries arising from identified overpayments are being pursued.

Annual Pensioner Payroll[1]	£82,090,418
Total write off amount	£14,951
Write off amount as % of payroll	0.02%

[1]*Excludes additional pension awarded by the employer.*

The following tables show the analysis of pension overpayments that occurred during the last five years:

Year	Overpayment	Recovered/in progress	Written Off
2016-17	£81,468	£29,552	£26,072
2017-18	£68,606	£34,448	£18,498
2018-19[2]	£344,153	£282,908	£61,245
2019-20	£97,143	£36,137	£61,006
2020-21	£19,846	£4,895	£14,951

[2]*Overpayments in 2018-19 and 2019-20 appear particularly high, as in addition to usual activity, the Fund undertook a significant reconciliation project during the year in which a number of overpayments were identified.*

Overpayments identified from 2018-19 with a value of under £250 are automatically written off, in line with the Fund's Overpayments Policy.

Management and Financial Performance (continued)

Contributors to the Fund

Active Employers as at 31st March 2021

Type Of Body	Number of Active Employers
Administering (AA)	**1**
Scheduled (S)*	**389**
Admitted (Ad)	**111**
Total	**501**

The table, left, shows employers in the fund as at the 31st March 2021, the breakdown of contributions by employer shown below will have different numbers of employers to the statement of accounts, as employers joined and left the fund throughout the year, an active or ceased column has been added to show this movement. Where contributions exist for ceased employers, this will be where prior year adjustments have been made within 2020-21, or contribution receipts recorded within the period.

LEA schools are included within Scheduled Bodies, and in table below are shown in Body column as S

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
(NHS) Cambridgeshire & Pboro CCG	10,803	48,810	59,612		Ad
Abbey College Academy	55,274	186,093	241,367		S
Abbotts Ripton School (CCC)	5,436	21,297	26,733		S*
ABM Catering (Eynesbury Primary School)	1,585	9,867	11,452		Ad
ABM Catering (Holywell CofE Primary School)	852	3,407	4,259		Ad
ABM Catering (Oakdale Primary School)	872	3,458	4,330		Ad
ABM Catering (Priory Junior School)	465	1,860	2,325		Ad
ABM Catering (Werrington Primary)	4,742	19,985	24,727		Ad
ABM Catering Limited (Abbots Ripton CE Primary)	405	1,620	2,025	Y	Ad
ABM Catering Limited (Alderman Jacobs)	1,662	5,617	7,280		Ad
ABM Catering Limited (Brewsters Avenue Infant School)	2,819	16,555	19,374		Ad
ABM Catering Limited (Bushmead Primary and Elsworth Primary)	1,271	4,908	6,179		Ad
ABM Catering Limited (Heltwate Primary and Marshfields Primary School)	186	799	985		Ad
ABM Catering Limited (St John's CE Primary School (Huntingdon))	1,297	5,741	7,037		Ad
ABM Catering Limited (The Beeches Primary and Hampton Hargate Primary)	2,338	9,946	12,283		Ad
ABM Catering Ltd (Great Paxton Primary School, Newton Community Primary School, Offord Primary School and Samuel Pepys School)	1,647	6,246	7,893		Ad
ABM Catering Solutions (Middleton Primary School)	1,041	4,165	5,206		Ad
Action for Children	1,075	-	1,075	Y	Ad
Active Learning Trust (HQ)	77,133	159,146	236,279		S
ADeC	-	- 14,000	- 14,000	Y	Ad
Advanced Cleaning Services (Burwell & Netherhall)	554	2,216	2,770		Ad
Alconbury C of E Primary (CCC)	15,110	58,955	74,065		S*
Alderman Jacobs Academy	34,563	115,747	150,310		S
Alderman Payne Primary (CCC)	6,170	24,679	30,848		S*
All Saints Inter Church Academy	14,919	60,664	75,582		S
All Saints' Primary School (PCC)	26,692	110,223	136,916		S*

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Alliance in Partnership	1,069	4,276	5,345		Ad
Aramark (Cambridge Regional College)	12,238	87,783	100,021		Ad
Arbury Primary School (CCC)	20,769	79,883	100,652		S*
Arthur Mellows VC Academy	87,676	273,547	361,224		S
Ashbeach Primary School (CCC)	10,703	42,072	52,775		S*
Aspens (Brampton Village Primary School)	221	1,112	1,333	Y	Ad
Aspens (Hemingford Grey)	666	2,646	3,312		Ad
Aspens (The Harbour School)	852	3,407	4,258		Ad
Aspens Services Ltd (Cottenham VC)	1,487	4,950	6,437		Ad
Babraham CE Primary Academy	4,891	20,444	25,335		S
Balfour Beatty	2,478	-	2,478		Ad
Balsham Parish Council	728	4,249	4,978		S
Bar Hill Community Primary School	15,534	60,099	75,633		S
Bar Hill Parish Council	2,202	11,912	14,114		S
Barnabas Oley CE Primary (CCC)	7,161	28,453	35,614		S*
Barnack CE Primary School (PCC)	10,483	42,627	53,111		S*
Barrington CE Primary (CCC)	7,620	30,290	37,910		S*
Barton Primary School (CCC)	7,612	29,509	37,121		S*
Bassingbourn Primary (CCC)	17,685	70,417	88,102		S*
Bassingbourn V C Academy	21,765	71,428	93,193		S
Beaupre CP School (CCC)	14,571	56,971	71,542		S*
Bellbird School (CCC)	24,140	95,149	119,288		S*
Benwick Primary School (CCC)	8,750	34,308	43,058		S*
Bewick Bridge C P Sch (CCC)	13,957	53,797	67,754		S*
Bishop Creighton Academy	14,295	46,267	60,562		S
Bottisham Community Primary Academy	14,296	61,942	76,238		S
Bottisham VC Academy	87,990	254,572	342,562		S
Bourn Primary Sch-Academy	13,324	43,922	57,246		S
Brampton Village School (CCC)	30,093	118,515	148,608		S*
Braybrook Primary School Academy	16,387	71,615	88,002		S

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Bretton Parish Council	1,405	4,648	6,054		S
Brewster Avenue School (PCC)	16,471	71,833	88,304		S*
Brington CE Primary School (CCC)	5,185	20,993	26,178		S*
Brunswick Nursery School (CCC)	12,462	47,641	60,103		S*
Buckden CE Primary Sch-Academy	22,463	72,843	95,306		S
Burnt Fen I D B	3,347	11,070	14,416		S
Burrough Green Primary (CCC)	5,750	22,753	28,503		S*
Burrowmoor Primary Acad.	34,855	121,157	156,011		S
Burwell Parish Council	1,734	5,737	7,472		S
Burwell VC Primary (CCC)	19,601	75,427	95,029		S*
Bury CE Primary Sch (MAT)	6,266	25,564	31,830		S
Bushmead Primary School (CCC)	23,397	91,524	114,921		S*
Busy Bee Cleaning Services Ltd (St Bede's Inter-Church School)	242	1,054	1,296		Ad
Caldecote Parish Council	324	1,266	1,590		S
Caldecote Primary School (CCC)	10,588	40,848	51,436		S*
Cambourne Parish Council	19,214	62,347	81,561		S
Cambourne Village Coll. Acad. (MAT)	72,034	224,587	296,621		S
Cambridge & Peterborough NHS Foundation Trust	16,220	78,352	94,572		Ad
Cambridge Academic Partnership	123,673	487,904	611,577		S
Cambridge AP Academy (TBAP)	8,090	29,634	37,724		S
Cambridge City Council	1,657,487	13,234,778	14,892,265		S
Cambridge Meridian Academy Trust (HQ staff)	112,635	314,810	427,446		S
Cambridge Regional College	533,797	2,113,294	2,647,090		S
Cambridgeshire and Peterborough Combined Authority	318,132	663,800	981,932		S
Cambridgeshire County Council	6,589,411	21,537,837	28,127,248		AA
Cambridgeshire PCT	-	12,139,000	12,139,000	Y	S
Cambs & P'boro Fire Authority	386,140	1,438,000	1,824,139		S
Cambs Chief Constable	1,771,661	6,269,385	8,041,046		S

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Cambs Police & Crime Commis'er	53,414	149,774	203,188		S
Care Quality Commisson	4,703	3,096	7,798		Ad
Carers Trust	281	1,064	1,345	Y	Ad
Castle Camps Primary (CCC)	6,423	25,488	31,911		S*
Castle School (CCC)	86,441	335,736	422,177		S*
Castor CE Primary School (PCC)	10,606	44,697	55,304		S*
Cater Link Ltd	4,135	15,642	19,778		Ad
Caterlink (Active Learning Trust: Chesterton, Earith, Highfield Ely, Grove, Isle of Ely, Kingsfield, Pakefield, Red Oak, Reydon, Littleport & East Cambridge Academy, Cromwell Community College)	32,213	130,394	162,607		Ad
Caterlink (Anglian Learning)	1,796	7,169	8,965		Ad
CaterLink (Diamond Learning Partnership Trust)	3,632	15,186	18,818		Ad
Caterlink (Priory Park Infant School)	199	797	996		Ad
Caterlink (The Diamond Learning Partnership: Glebelands Primary School, Leverington Primary Academy, Murrow Primary Academy and Thomas Eaton Primary Academy)	3,336	22,549	25,885		Ad
Caterlink (Witchford VC Academy)	2,787	9,000	11,787		Ad
Caterlink Uk Ltd (Ernulf Academy)	357	1,818	2,175	Y	Ad
Caterlink UK Ltd (The Vine Inter-Church School)	1,148	4,519	5,667		Ad
Cavalry Primary Academy	34,548	134,491	169,039		S
Caverstede Nursey School	20,804	88,943	109,747		S*
Centre 33	161	440	600	Y	Ad
Chartwells Catering (Netherhall)	2,334	13,843	16,176		Ad
Chatteris Town Council	2,394	8,408	10,802		S
Cherry Hinton Primary (CCC)	16,696	64,844	81,540		S*
Chesterton Academy	75,314	223,922	299,236		S
Chesterton Primary Acad. (MAT)	11,594	39,507	51,101		S

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Cheveley Primary School (CCC)	5,856	23,423	29,279		S*
Churchill Contract Services	12,337	62,809	75,146		Ad
City College Peterborough (was PCAE) (PCC)	166,741	607,725	774,466		S
City of Ely Council	23,863	83,455	107,319		S
City of Peterborough Academy (MAT)	48,872	154,877	203,749		S
Clarkson Infants School (CCC)	18,165	69,730	87,894		S*
CleanTec Services (Cromwell Academy)	342	1,370	1,713		Ad
CMAT Educational Services Limited	1,282	3,768	5,050		Ad
Coates Primary School (CCC)	11,522	44,417	55,938		S*
Collections Trust	2,322	24,001	26,323		Ad
Colleges Nursery School (CCC)	13,539	53,897	67,436		S*
Colville Primary School (CCC)	18,136	70,260	88,396		S*
Comberton Academy Trust (HQ)	33,232	83,179	116,411		S
Comberton VC Academy	146,070	471,276	617,346		S
Compass Contract Services	5,342	7,187	12,529		Ad
Compass Contract Services (Staploe Education Trust)	9,762	33,592	43,354		Ad
Conservators of the River Cam	4,264	12,752	17,016		Ad
Coton C of E Primary School (CCC)	8,086	31,902	39,989		S*
Cottenham Primary School (CCC)	31,187	120,570	151,757		S*
Cottenham VC Academy	51,933	169,299	221,232		S
CRCC - Cambridge Rape Crisis Centre	2,372	8,029	10,402		Ad
Cromwell Academy	10,616	42,821	53,437		S
Cromwell Comm College (Academy)	62,114	249,038	311,151		S
Cross Keys Homes Ltd	22,338	320,659	342,996		Ad
Crosshall Infants Academy	37,014	123,618	160,632		S
Crosshall Juniors Academy	30,915	103,626	134,541		S
Cucina Ltd (Arthur Mellows)	1,103	3,731	4,834		Ad
Diocese of Ely Multi Academy Trust (DEMAT) HQ Staff	15,568	53,354	68,922		S

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Discovery Primary Academy	36,816	126,665	163,481		S
Ditton Lodge Primary School	13,362	50,283	63,645		S
Dogsthorpe Academy	23,548	106,431	129,979		S
Dogsthorpe Infant School	6,744	26,281	33,025		S
Downham Feoffees Primary Academy	8,165	32,274	40,439		S
Dry Drayton Primary (CCC)	3,879	14,850	18,729		S*
Duke of Bedford School (PCC)	17,637	75,020	92,656		S*
Duxford Primary School (CCC)	16,407	63,994	80,402		S*
Earith Primary Academy	6,535	27,864	34,399		S
East Cambs District Council	338,151	1,604,688	1,942,839		S
East of England Local Government Association (EEDA/EERA)	64,697	218,913	283,610		Ad
Eastfield Inf and Nursery (CCC)	17,383	68,634	86,017		S*
Easy Clean (Arbury Primary School)	241	964	1,205		Ad
Easy Clean (Godmanchester)	1,007	3,662	4,669		Ad
Easy Clean (Greater Peterborough UTC)	1,048	3,471	4,519		Ad
Easy Clean (Kings Hedges)	17	71	88	Y	Ad
Easy Clean (Little Paxton)	168	671	839		Ad
Easy Clean (The Phoenix School - Phase 1 Juniors)	97	414	511	Y	Ad
Easy Clean (The Phoenix School - Phase 2 Secondary)	907	3,893	4,801		Ad
Easy Clean (Upwood Primary School)	331	1,442	1,772		Ad
Easy Clean Contractors (Milton Primary School)	264	1,055	1,319		Ad
Easy Clean Contractors Ltd (Brampton Village Primary School)	78	313	391	Y	Ad
Ecovert FM Ltd	1,515	131	1,645		Ad
Edmund Trust	62	20,550	20,612		Ad
Edwards & Blake Limited (Spring Common Academy)	187	782	968		Ad
Edwards & Blake Ltd (Coates Primary School)	335	1,341	1,676		Ad
Edwards and Blake (Cottenham)	251	968	1,219		Ad

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Edwards and Blake (Godmanchester Community Education Trust)	327	1,188	1,514		Ad
Edwards and Blake (Little Paxton Primary)	396	1,598	1,994		Ad
Edwards and Blake (Stukeley Meadows)	587	2,350	2,937		Ad
Edwards and Blake Ltd (Bassingbourn Primary)	632	2,530	3,162		Ad
Elior UK	1,124	-	1,124		Ad
Elm Cof E Primary Academy	16,958	72,227	89,185		S
Elm Road Primary Sch. Academy	12,398	47,758	60,155		Ad
Elsworth CE (A) Primary School (CCC)	6,034	23,950	29,984		S*
Elton Church School (CCC)	8,642	34,741	43,382		S*
Ely (City of) College - Academy	56,264	183,455	239,719		S
Ely St John Primary (CCC)	21,629	84,198	105,827		S*
Ermine Street Church Academy	11,947	70,353	82,300		S
Ernulf Academy	41,796	136,293	178,089		S
Eye C of E Primary School (PCC)	31,296	125,808	157,105		S*
Eye Parish Council	554	2,054	2,608		S
Eynesbury CE School (CCC)	14,222	56,409	70,630		S*
Eyrescroft Primary Sch. Academy	30,767	123,750	154,517		S
Family Psychology Mutual	11,399	39,680	51,079		Ad
Farcet CE Primary Academy	9,395	36,414	45,809		S
Farcet Parish Council	677	3,423	4,100		S
Fawcett Primary School (CCC)	33,846	129,443	163,289		S*
Fen Ditton Primary Academy	10,053	38,727	48,780		S
Fen Drayton Primary (CCC)	6,457	25,497	31,954		S*
Fenland District Council	564,500	4,116,983	4,681,484		S
Fenstanton Primary School (CCC)	15,698	60,807	76,505		S*
Fields Early Years Centre (CCC)	17,467	72,142	89,609		S*
Folksworth CE Primary (CCC)	4,054	16,216	20,270		S*

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Fordham Primary School (CCC)	12,522	49,634	62,156		S*
Fourfields Primary School (CCC)	33,111	128,154	161,265		S*
Fowlmere Primary School (CCC)	4,721	18,883	23,603		S*
Foxton Primary School (CCC)	6,341	25,147	31,488		S*
Freedom Leisure (Fenland DC)	39,836	128,403	168,239		Ad
Friday Bridge Primary (CCC)	10,223	40,755	50,977		S*
Friends Therapeutic Community	53,136	319,404	372,539		Ad
Fulbourn Primary School (CCC)	19,031	72,885	91,917		S*
Fulbridge Academy	91,201	304,147	395,348		S
Fusion	822	2,614	3,436		Ad
Gamlingay First School Academy	19,164	81,839	101,002		S
Gamlingay Parish Council	4,435	15,430	19,865		S
Girton Glebe Primary	6,143	24,083	30,226		S
Girton Glebe Primary (CCC)	2,990	11,707	14,697	Y	S*
Gladstone Primary Academy	37,742	142,192	179,934		S
Glebelands Primary Academy	24,902	99,385	124,288		S
GLL - Greenwich Leisure Ltd	6,035	27,650	33,686		Ad
Godmanchester Community Academy	34,586	123,105	157,691		S
Gorefield Primary Academy	9,573	37,615	47,188		S
Granta School (CCC)	76,747	276,836	353,583		S*
Great Abington Primary (CCC)	6,531	25,688	32,220		S*
Great and LT Shelford (CCC)	13,378	53,963	67,341		S*
Great Gidding CE Primary (CCC)	4,495	17,557	22,052		S*
Great Paxton C of E Primary (CCC)	9,690	37,166	46,857		S*
Great Staughton Academy (MAT)	5,270	22,538	27,809		S
Great Wilbraham Primary (CCC)	6,107	23,137	29,244		S*
Greater Peterborough UTC	16,805	49,037	65,842		S

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Guilden Morden Academy	6,367	23,318	29,685		S
Gunthorpe CP School (CCC)	25,862	106,059	131,922	Y	S*
Guyhirn C of E Primary Academy (CCC)	7,145	30,005	37,150		S
Haddenham Level Drainage Commissioners	1,803	5,963	7,766		S
Haddenham Parish Council	1,758	6,680	8,439		S
Hampton College Academy	104,989	325,751	430,741		S
Hampton Gardens Academy	30,901	94,397	125,298		S
Hampton Hargate Primary (PCC)	41,231	170,679	211,910		S*
Hampton Lakes Academy	4,282	14,771	19,054		S
Hampton Vale Primary Academy	44,721	148,415	193,135		S
Hardwick Primary (CCC)	35,900	139,324	175,224		S*
Harston and Newton P Sch (CCC)	10,956	43,404	54,361		S*
Hartford Infant School	10,559	40,510	51,069		S
Hartford Junior School	17,484	66,646	84,130		S
Haslingfield Primary (CCC)	10,045	39,738	49,783		S*
Hatton Park School (MAT)	14,381	56,537	70,918		S
Hauxton Primary School (CCC)	6,450	25,695	32,145		S*
HCL (Hartford Infants, Hartford Junior and Gamlingay First School Academy)	1,453	5,762	7,215		Ad
Heltwate School (PCC)	73,923	304,563	378,486		S*
Hemingford Grey Primary School	12,755	50,307	63,062		S*
Heritage Park School (PCC)	14,680	61,309	75,989		S*
Hertfordshire Cleaning Limited (Thongsley Fields Primary)	2,420	14,557	16,977		Ad
Highfield Ely Academy	81,646	315,160	396,806		S
Highfield Littleport Academy	40,507	135,742	176,249		S
Highlees Primary Academy	29,217	130,524	159,741		S
Hills Road Sixth Form College	167,777	580,296	748,073		S
Hinchingbrooke School	110,457	334,498	444,955		S

Management and Financial Performance (continued)

Employer	Employee Contributions	Employer Contributions	Grand Total	Ceased	Body
	£	£	£		
Histon and Imp. Infants (MAT)	16,214	64,340	80,555		S
Histon and Imp. Junior (MAT)	24,565	92,587	117,152		S
Histon and Impington Parish Council	5,615	19,324	24,940		S
Histon Early Years Centre (previously known as Histon Nursery School)	20,136	78,256	98,392		S*
Holme Church of England Primary Academy	8,247	35,358	43,605		S
Holywell CE(C)School (CCC)	11,017	43,319	54,336		S*
Home Close Ltd	279	1,313	1,592	Y	Ad
Homerton College	204,677	571,287	775,964		Ad
Homerton Early Years Centre (Nursey School) (CCC)	17,431	68,306	85,737		S*
Houghton Primary School (CCC)	19,107	75,090	94,197		S*
Huntingdon Nursey School (CCC)	20,325	77,098	97,424		S*
Huntingdon Primary School (CCC)	37,222	145,581	182,803		S*
Huntingdon Town Council	42,841	137,885	180,726		S
Huntingdonshire District Council	1,092,870	4,459,138	5,552,009		S
Icknield Primary School (CCC)	12,069	47,288	59,357		S*
Impington VC - Academy	117,948	323,757	441,705		S
Inspire Education Group	106,955	383,590	490,545		S
Isle of Ely Academy	22,882	71,641	94,523		S
Isleham Primary School (CCC)	11,775	46,154	57,930		S*
Jeavons Wood Primary Academy	31,934	107,759	139,692		S
John Clare Primary School	7,987	33,739	41,726	Y	S*
Kelsey Kerridge S H	15,404	108,500	123,905		Ad
Ken Stimpson Community School (PCC)	59,424	230,673	290,098		S*
Kennett Community School (Academy)	5,431	21,973	27,405		S
Kettlefields Primary (CCC)	6,997	27,217	34,214		S*
Kimbolton Primary Acad (MAT)	6,406	22,115	28,521		S
Kimbolton School (Independent School)	45,375	200,920	246,296		Ad

Employer	Employee Contributions	Employer Contributions	Grand Total	Ceased	Body
	£	£	£		
Kinderley Primary School (CCC)	7,118	28,091	35,208		S*
Kings Hedges Primary (CCC)	42,312	155,012	197,324		S*
Kingsfield Primary School Academy	34,176	113,800	147,976		S
Lantern CP School Academy	25,049	91,762	116,811		S
Leverington Primary Academy	16,835	56,555	73,390		S
LGSS Law Ltd (CCC)	146,500	459,587	606,087		S
Lime Academy Orton (Phoenix School)	72,013	302,010	374,022		S
Linton Heights Junior Academy	13,392	48,342	61,734		S
Linton Infants School (CCC)	15,205	59,293	74,499		S*
Linton Parish Council	1,339	7,605	8,944		S
Linton VC Academy	45,818	149,176	194,994		S
Lionel Walden School (CCC)	15,343	61,655	76,998		S*
Little Downham Parish Council	1,675	5,539	7,214		S
Little Paxton Parish Council	3,414	11,724	15,138		S
Little Paxton School (CCC)	21,463	84,564	106,027		S*
Little Thetford Primary (CCC)	7,400	28,396	35,796		S*
Littleport & East Cambridgeshire Academy	22,503	70,957	93,460		S
Littleport and Downham I D B	9,069	29,998	39,068		S
Littleport CP School (CCC)	31,742	123,833	155,575		S*
Long Road Sixth Form College	93,734	339,052	432,786		S
Longsands Academy	76,612	242,704	319,316		S
Luminus Group Limited	57,872	617,406	675,278		Ad
Lunchtime Company (CPET)	5,995	27,661	33,657		Ad
Lunchtime Company Ltd	1,374	5,495	6,869	Y	Ad
Lunchtime Company Ltd (Abbey Meadows)	473	1,547	2,020	Y	Ad
Lunchtime Company Ltd (Friday Bridge Primary)	445	1,778	2,223	Y	S
Lunchtime Company Ltd (Fulbourn Primary)	830	3,320	4,149	Y	Ad

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Lunchtime Company Ltd (Grove Primary)	303	1,210	1,513		Ad
Lunchtime Company Ltd (Houghton Primary School)	437	1,748	2,185	Y	Ad
Lunchtime Company Ltd (St Laurence's Catholic Primary School)	216	862	1,078		Ad
Lunchtime Company Ltd (St Matthews)	313	1,250	1,563		Ad
Lunchtime Company Ltd (The Ashbeach Primary School)	638	2,551	3,189	Y	Ad
Lunchtime Company Ltd (Waterbeach)	422	1,688	2,110	Y	Ad
Malco Services Limited (Newton Comm Primary & Homerton Early Years Centre)	305	1,218	1,523		Ad
Manea Primary School (CCC)	16,902	66,625	83,527		S*
Martin Bacon Academy	25,110	103,559	128,669		S
Mayfield Primary School (CCC)	28,447	109,836	138,284		S*
Meadow Primary School	12,852	43,814	56,665		S
Meadowgate Academy (CCC)	69,349	270,105	339,454		S
Mears Ltd	40,310	2,429	42,739		Ad
Mears Ltd (SCDC)	10,250	-	10,250		Ad
Medeshamsted Academy (MAT)	38,892	118,991	157,882		S
Melbourn Primary School (CCC)	24,739	95,842	120,582		S*
Melbourn VC Academy	40,961	134,024	174,985		S
Meldreth Primary School (CCC)	17,311	69,578	86,890		S*
Mepal & Wicham CofE Primary Academy	6,105	21,535	27,640		S
Meridian School (CCC)	10,134	39,784	49,918		S*
Middle Fen and Mere I D B	21,617	59,718	81,335		S
Middle Level Commissioners	82,560	202,728	285,288		S
Middlefield CP School (Academy)	12,010	45,713	57,723		S
Millfield Primary School Academy	21,309	82,489	103,798		S
Milton Primary Academy	14,181	58,262	72,444		S
Milton Road Primary Sch (CCC)	20,467	78,808	99,275		S*
Mitie PFI Limited	1,170	465	1,635		Ad

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Monkfield Park School (CCC)	28,685	100,502	129,187		S*
Morley Memorial School (CCC)	34,635	92,339	126,974		S*
Mountain Healthcare Ltd	1,844	6,459	8,302		Ad
Murrow Primary School Academy	8,947	29,677	38,624		S
Neale Wade Academy	86,399	342,771	429,170		S
Nene Infants Acad (MAT)	34,272	123,114	157,386		S
Nene Park Academy (MAT)	46,713	145,522	192,235		S
Netherhall School Academy	46,150	177,058	223,208		S
New Road Primary School (MAT)	14,213	55,121	69,334		S
Newark Hill Primary Acad (MAT)	22,866	97,675	120,541		S
Newborough Parish Council	799	3,122	3,921		S
Newborough Primary (PCC)	10,743	45,557	56,299		S*
Newham Croft Primary (CCC)	13,604	53,917	67,521		S*
Nightingale Cleaning Limited - CMAT Schools	16,023	131,328	147,351		Ad
Nightingale Cleaning Limited - CPET Schools	641	2,543	3,184		Ad
North Cambridge Acad (MAT)	25,258	77,678	102,936		S
North Level IDB	42,349	127,486	169,835		S
Northborough Primary (PCC)	8,533	53,757	62,289	Y	S*
Northstowe Secondary School	11,042	40,217	51,259		S*
Norwood Primary School (PCC)	14,922	59,706	74,627		S*
Nourish (All Saints Inter-Church Academy - Catering Service)	1,134	4,926	6,061		Ad
Nourish (Girton Glebe, Park Street, St Lukes and St Philips School - Catering Service)	1,903	7,611	9,514		Ad
NPS Peterborough Ltd	2,361	-	2,361		Ad
Oakington CofE Primary School Academy	7,109	28,207	35,316		S
Octavia AP Academy (TBAP)	8,447	29,324	37,771		S
Offord Primary School Academy	6,953	29,973	36,925		S
Old Fletton Primary School (PCC)	33,088	135,863	168,950		S*

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Orchard Park Comm School (CCC)	13,271	50,860	64,131		S*
Orchards CoE Primary Academy	37,174	139,406	176,579		S
Ormiston Bushfield Academy	66,643	196,708	263,351		S
Ormiston Meadows Acad (MAT)	22,898	93,101	115,999		S
Orton Waterville Parish Council	808	3,745	4,554		S
Over Primary School (CCC)	12,268	48,730	60,999		S*
OWN Academy Trust	90,641	340,487	431,128		S
Oxford Archaeology	57,322	124,444	181,766		Ad
Pabulum (CPET: Hatton Park, Histon Infants, Histon Junior, Somersham and Trumpington Park)	25	105	130	Y	Ad
Pabulum (Morley Memorial Primary School)	1,550	6,025	7,575		Ad
Pabulum (St Bede's Inter-Church School)	2,218	9,394	11,612		Ad
Pabulum Ltd (Hardwick & Cambourne Community Primary School)	1,787	7,190	8,977		Ad
Park Lane Primary & Nursey School	29,861	112,765	142,626		S
Park Street CE (A) Primary (CCC)	7,241	28,087	35,328		S*
Paston Ridings Primary (PCC)	39,067	164,419	203,486		S*
Peakirk Cum Glinton Primary School (PCC)	18,979	78,777	97,755		S*
Peckover Primary Academy	31,565	110,051	141,616		S
Pendragon CP School (CCC)	28,278	91,923	120,201		S*
Peterborough City Council	2,448,881	9,458,286	11,907,167		S
Peterborough Keys Academies Trust (comprising of Ravensthorpe Primary, Thorpe Primary, Jack Hunt, Longthorpe Primary, Middleton Primary)	269,698	997,054	1,266,751		S
Peterborough Ltd t/a Aragon Direct Services	140,140	381,617	521,757		S
Peterborough Regional College	313,884	1,268,329	1,582,213		S
Petersfield Primary School (CCC)	6,119	24,119	30,239		S*
Phoenix School (PCC)	15,309	63,071	78,380	Y	S*
Priory Junior School (CCC)	12,677	49,462	62,139		S*
Priory Park Infants School (CCC)	24,243	95,253	119,496		S*
Pupil Referral Service PCC	5,711	22,330	28,041	Y	S

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Queen Edith School (CCC)	32,540	125,736	158,276		S*
Queen Emma Primary School (CCC)	35,131	137,681	172,812		S*
Queen Katharine Academy (Previously known as The Voyager Academy)	86,398	299,823	386,220		S
Queens Drive Infant School	20,828	85,725	106,553		S*
Rackham CE School (CCC)	19,469	76,978	96,447		S*
Radis Community Care	12,978	12,548	25,526		Ad
Radis Community Care	19,485	53,441	72,926		Ad
Ramnoth Primary Acad (MAT)	18,615	67,488	86,103		S
Ramsey Community Junior Academy	12,865	51,374	64,239		S
Ramsey Spinning Infant Academy	14,669	62,558	77,227		S
Richard Barnes Academy	56,031	222,964	278,995		S
Ridgefield Junior (CCC)	15,972	61,825	77,797		S*
Robert Arkenstall Primary (CCC)	16,495	66,640	83,136		S*
Roddons Housing Association	32,957	328,373	361,330		Ad
Romsey Mill Trust (Cambridge City Council)	347	1,097	1,444		S
Round House C. P. Sch (MAT)	26,559	84,098	110,657		S
Sacred Heart Catholic Primary School	14,096	56,510	70,606		S
Samuel Pepys School (CCC)	57,345	219,971	277,315		S*
Sanctuary Group	33,444	576,521	609,965		S
Sawston Parish Council	4,742	16,063	20,805		S
Sawston VC Academy	70,050	222,968	293,018		S
Sawtry Infants School (CCC)	10,166	40,186	50,353		S*
Sawtry Junior Academy	9,963	40,609	50,572		S
Sawtry Parish Council	4,027	13,646	17,674		S
Sawtry Village Academy	35,373	114,613	149,986		S
Serco (PCC IT)	17,057	-	17,057	Y	Ad
Serco Limited (PCC)	175,850	-	175,850		Ad

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Shade Primary School (MAT)	17,199	55,037	72,236		S
Shirley Community Primary School and Pre-School (CCC)	40,149	152,792	192,941		S*
Sir Harry Smith Comm Coll (Academy)	67,020	264,005	331,024		S
Skanska	14,070	28,038	42,108		Ad
Soham Town Council	4,848	19,121	23,969		S
Soham VC Academy	84,149	267,163	351,312		S
Soke Education Trust	1,040	3,775	4,815		S
Solutions 4 Health	867	4,421	5,288	Y	Ad
Somersham Parish Council	1,061	5,173	6,234		S
Somersham Primary School	15,275	64,208	79,483		S
South Cambridgeshire District Council	1,376,813	4,316,020	5,692,833		S
Southfields Primary School (PCC) (Was Southfields Junior School)	51,086	208,471	259,557		S*
Spaldwick Primary School (CCC)	8,822	34,904	43,726		S*
Spinney Primary School (CCC)	10,612	41,751	52,363		S*
Spring Common Academy	78,932	315,408	394,339		S
Spring Meadow Infants (CCC)	25,861	99,861	125,722		S*
Spurgeons	2,221	-	2,221	Y	Ad
St Albans RC Primary (CCC)	11,063	42,801	53,864		S*
St Andrews CofE Academy (Soham, Ely)	26,373	113,091	139,464		S
St Anne's CE Primary (CCC)	13,500	53,685	67,184		S*
St Augustines CE Junior School (PCC)	16,618	69,242	85,861		S*
St Bedes Inter Church School (Academy)	36,266	143,373	179,639		S
St Botolphs CE Primary Academy	30,622	113,336	143,958		S
St Helen's Primary Shcool (CCC)	7,586	29,890	37,476		S*
St Ives Town Council	19,217	63,302	82,519		S
St Ivo School Academy	77,656	250,222	327,878		S
St John Fisher	48,100	187,241	235,340		S*

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
St John's Academy (Stanground)	12,255	51,660	63,915		S
St John's CoE Primary Academy (Huntingdon)	27,553	113,327	140,879		S
St Laurence Catholic Primary School	14,220	57,996	72,216		S
St Luke's C of E Primary School Academy	11,946	61,048	72,994		S
St Mary's CofE Junior Ely	24,514	135,579	160,094		S
St Marys St Neots Academy	11,181	41,018	52,199		S
St Matthew's Primary Sch (CCC)	34,770	134,497	169,267		S*
St Michaels CE Prim Sch (PCC)	34,861	143,996	178,857		S*
St Neots Town Council	39,597	136,074	175,670		S
St Pauls CE Primary (CCC)	9,608	37,197	46,805		S*
St Peters CofE Academy (Wisbech)	21,399	89,066	110,466		S
St Peter's School HD Academy	73,226	225,841	299,067		S
St Philips C OF E Primary (CCC)	20,048	78,194	98,242		S*
St Thomas More Catholic Primary School	39,011	107,416	146,427		S
Stanground Academy (MAT)	66,597	268,901	335,498		S
Stapleford Primary Academy	13,395	48,859	62,254		S
Steeple Morden C OF E (CCC)	9,773	39,330	49,104		S*
Stephen Perse Foundation	19,325	107,986	127,311		S
Stevenage Leisure Limited (CMAT)	2,649	5,359	8,008	Y	Ad
Stilton Church of England Primary School	10,445	45,156	55,601		S
Stretham Primary School (CCC)	10,638	42,306	52,944		S*
Stukeley Meadows School (CCC)	25,843	100,985	126,828		S*
Sutton CE Primary School (CCC)	14,636	58,166	72,802		S*
Sutton Parish Council	2,258	7,466	9,724		S
Swaffham Bulbeck CE Prim Academy	5,377	21,631	27,008		S
Swaffham Internal Drainage Board	1,951	6,454	8,405		S
Swaffham Prior CE Prim Academy	12,323	43,970	56,293		S

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Swavesey Parish Council	1,455	5,393	6,848		S
Swavesey Primary School (CCC)	24,318	92,778	117,096		S*
Swavesey VC Academy (MAT)	57,356	189,767	247,124		S
Taylor Shaw (CMAT)	16,356	104,994	121,350		Ad
Taylor Shaw Limited (The Elliot Foundation)	16,694	91,534	108,229		Ad
Taylor Shaw Ltd (Abbey College Academy)	3,760	14,027	17,786		Ad
Teversham C of E Primary (CCC)	17,684	69,141	86,825		S*
The Beeches Primary School (PCC)	29,247	118,513	147,760		S*
The Centre School Academy	7,215	21,394	28,609		S
The Galfrid Primary School	14,383	58,950	73,333	Y	S
The Grove Primary School (CCC)	23,306	89,503	112,810		S*
The Harbour School (CCC)	26,885	103,469	130,354		S*
The Kings School Academy	69,185	221,433	290,618		S
The Lime Academy - Abbotsmede	25,786	106,260	132,046		S
The Lime Academy - Parnwell	20,104	80,768	100,872		S
The Lime Academy - Watergall	25,892	95,265	121,157		S
The Newton Community Primary School (CCC)	4,127	16,509	20,637		S*
The Pathfinder CofE Primary School	23,772	91,724	115,496		S*
The Weatheralls Primary School (Academy)	31,423	132,433	163,856		S
Thomas Clarkson C C Academy	62,030	241,315	303,345		S
Thomas Deacon Academy	189,894	594,963	784,857		S
Thomas Eaton Primary Academy	12,171	50,059	62,230		S
Thongsley Fields Primary and Nursery School	20,866	80,955	101,821		S
Thorndown Community Pri (CCC)	38,626	152,618	191,244		S*
Thorney Parish Council	993	3,682	4,675		S
Thriplow CE Primary Academy	6,056	26,872	32,929		S
TNS Catering (Linton Cluster)	1,137	4,548	5,685		Ad

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
TNS Catering (WASP Cluster 2)	782	3,151	3,933		Ad
Townley Primary School (CCC)	11,038	43,525	54,562		S*
Trumpington Meadows P. S. (CCC)	13,988	55,148	69,136		S*
Trumpington Park Primary Academy	14,261	48,288	62,548		S
TSG Building Services Ltd	8,088	-	8,088		Ad
Unity Academy (TBAP)	24,652	93,656	118,309		S
University of Cambridge Primary School	23,409	76,224	99,633		S
Upwood Primary Academy	8,532	36,755	45,286		S
VEROHR LTd	1,781	6,468	8,249		Ad
VHS Cleaning (Stapleford Community Primary School)	300	1,135	1,435		Ad
VHS Cleaning Service Ltd (The Netherhall School)	174	729	903		Ad
VHS Cleaning Services (Bassingbourn VC and Sawston VC)	2,115	7,193	9,308		Ad
VHS Cleaning Services (Bewick Bridge Community Primary School)	209	837	1,046		Ad
Vine Inter Church School (CCC)	29,397	109,977	139,373		S*
VISIT Cambridge and Beyond	2,377	132,118	134,495	Y	Ad
Vivacity Culture and Leisure	19,538	48,258	67,796	Y	Ad
Warboys Primary Academy	18,059	77,568	95,627		S
Waterbeach CP School (CCC)	20,443	80,400	100,844		S*
Waterbeach Level Internal Drainage Board	2,014	6,664	8,678		S
Waterbeach Parish Council	3,399	11,243	14,642		S
Welbourne Primary Academy	19,928	82,937	102,865		S
Welland Primary School (MAT)	26,614	98,789	125,402		S
Werrington Primary Sch (PCC)	20,349	85,401	105,750	Y	S*
West Town Primary (MAT)	20,001	82,969	102,970		S
Westfield Junior School (CCC)	21,919	86,824	108,743		S*
Westwood Primary Sch Academy	63,407	218,566	281,973		S
Wheatfields Primary School (CCC)	26,097	103,199	129,296		S*

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Whittlesey Internal Drainage Board	2,221	7,347	9,568	Y	S
Whittlesey Town Council	1,950	6,382	8,331		S
Wilburton CE Primary (CCC)	8,992	35,230	44,222		S*
William De Yaxley CofE Academy	10,540	42,241	52,782		S
William Law CE Primary Academy	44,398	178,855	223,253		S
William Westley CE (CCC)	11,803	46,366	58,169		S*
Willingham Primary School (CCC)	23,193	88,951	112,144		S*
Wimblington Parish Council	636	2,488	3,124		S
Winhills Primary School (Academy)	40,666	142,585	183,251		S
Wintringham Primary Academy	1,344	4,578	5,923		S
Wisbech and Fenland Museum	2,107	14,893	17,000		Ad
Wisbech St Marys CE Primary Academy	15,359	59,789	75,148		S
Wisbech Town Council	4,452	14,969	19,421		S
Witcham Parish Council	236	921	1,157		S
Witchford VC - Academy	47,549	163,317	210,867		S
Wittering Primary School	21,944	91,951	113,895	Y	S*
Wyton Primary School (CCC)	13,410	51,268	64,678		S*
Yaxley Infants School (CCC)	13,974	55,723	69,697		S*
Yaxley Parish Council	9,024	38,491	47,515		S
YTKO Limited	198	667	866		Ad
Grand Total	**29,081,005**	**125,453,367**	**154,534,373**		

Investment Policy and Performance

Introduction

The Fund's approach to its investment arrangements is set out in its Investment Strategy Statement, (ISS) as required by Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 ("the Regulations") that requires the Fund to create and maintain an approach to investments that includes, amongst other things:

a) a requirement to invest fund money in a wide variety of investments;

b) the Fund's assessment of the suitability of different types of investments;

c) the Fund's approach to risk, including the ways in which risks are assessed and managed;

d) the Fund's approach to pooling investments;

e) the Fund's policy on how social, environmental and corporate governance considerations are taken into account; and

f) the Fund's policy on the exercise of the rights (including voting rights) attaching to investments.

The Pension Fund Committee (PFC) approves investment policies and strategy and an Investment Sub-Committee (ISC), which is supported by the Fund's Advisors, to implement these investment policies and strategy, which includes the appointment and dismissal of Investment Managers and monitoring of performance.

The Fund adopts a long-term perspective, focussing its investment strategy to generate sustainable returns on a risk adjusted basis to grow the Fund's assets to reflect its equally long-term future liabilities. Over the last year the Pension Fund Committee, Local Pensions Board, Fund officers and professional advisors have worked together to carry out a review of the Fund's existing ISS. As part of this wide-ranging review, a specific focus was placed on the topic of responsible investment, Including the responsible investment beliefs of the Pension Fund Committee and Local Pension Board members and the opportunity has been taken to propose a strengthening of the Fund's responsible investment beliefs and policies with respect to Climate change. The review led to the development of an enhanced and expanded Responsible Investment Policy, which has been included in the new draft ISS. The Fund is running a consultation with relevant stakeholders regarding the revised ISS and expect the final version to be approved and published later in 2021.

The Fund is a member of the Local Authority Pension Fund Forum (LAPFF), which is a voluntary association of LGPS funds that seeks to protect and enhance the value of its members' shareholdings by way of shareholder engagement, by action on corporate governance issues and by seeking to promote the highest standards of corporate social responsibility at the companies in which LAPFF members invest. Through LAPFF, the Fund exercises its belief that engagement with company management to promote improvements in SRI practices is more powerful than divesting from the company's shares.

The Fund supports the principles of the UK Stewardship Code (the "Stewardship Code") and will be working with the Fund's Advisors to assess the impact of the "apply and explain" Principles of the revised 2020 UK Stewardship Code.

Information about Investment Manager voting is available at [Cambridgeshire Pension Fund Key Documents]

Role of Investment Managers

Each Investment Manager relationship is governed by an Investment Management Agreement, which sets out how much they can invest, the asset class in which the Fund has employed them to invest, the expected target return and how much the Fund will pay for this service.

Investment Policy and Performance (continued)

Active focus

The Fund with the exception of the passive Global Equity mandate and passive index-linked bonds, favours "active" briefs to outperform agreed specific benchmarks.

Custodian

The Fund's Custodian is Northern Trust. The Custodian is responsible for ensuring that the Fund has good title to all investments, that all trades instructed by Investment Managers are settled on time and that all income due to the Fund is received and recorded accurately. Northern Trust also maintain the investment accounting records for the Fund.

Asset Pooling

The Fund is working with ten like-minded LGPS funds to implement the ACCESS asset pool in response to the Government's LGPS reform agenda. The main aim is to encouraged LGPS Funds to work together to form asset pools to "pool investments to significantly reduce costs, while maintaining investment performance." Individually, the participating funds have a strong performance history and potential for substantial benefits for a group of successful, like-minded authorities collaborating and sharing their collective expertise. Collectively as at 31st March 2021, the ACCESS Pool has significant scale with assets of £56bn (of which 57% has been pooled) serving 3,400 employers with 1.1 million members including 300,000 pensioners.

The roles and decision-making relationship between the eleven funds is informed by an Inter Authority Agreement. The ACCESS pool is governed by the ACCESS Joint Committee (AJC) comprising the Chair of the eleven constituent funds. The AJC have appointed Link Fund Solutions Ltd (Link) as operator of the pool and the LF ACCESS Authorised Contractual Scheme (ACS).

The Fund's passive equity investments are invested with UBS Asset Management under a collaborative arrangement with fellow ACCESS funds, which has generated significant fee savings for the Fund.

At 31 March 2021, the Cambridgeshire Fund had invested £1,358m in sub-funds of the ACCESS Authorised Contractual Scheme and £957m in the UBS passive arrangement resulting in £2,315m of assets under pool management representing 59.9% of the Fund's assets.

During 2021-22 the Fund expects to invest in fixed income sub-funds of the ACS when they become available. The focus for ACCESS in 2021-22 is to continue work performed in 2020-21 to develop a pooled solution for Alternative asset classes.

The ACCESS Support Unit (ASU) has been created to manage the Operator contract against specified KPIs and provide technical and secretariat support services to the AJC and Officer Working Group (OWG).

In addition to the savings in Investment Management fees due to the reduction in manager numbers and an increase in mandate size, there are other tangible benefits from pooling including a governance dividend (potential for reduced risk due to manager diversification achieved at pool level) and tax savings for funds moving from pooled funds to segregated mandates in the pool's tax transparent ACS. For some asset classes such as global equities tax savings alone are material relative to additional costs of implementing pooling.

More information about the ACCESS asset pool can be found on their website: ACCESS Pool. The ACCESS Annual Report can be found at Appendix A to the Annual Report.

The Costs of Pooling

The costs of setting up the ACCESS pool and the operating costs of the pool are collected by a nominated ACCESS authority and re-charged in equal shares to the eleven ACCESS funds. Cambridgeshire's share of costs is reported within Other Costs in Note 12 Investment Management Expenses to the Statement of Accounts and comprises the following:

Operational Costs	2020-21 £000	2015-16 to 2020-21 Cumulative £000
Strategic & Technical	26.4	129.0
Legal	13.4	97.0
Project Management	0.0	81.1
ACCESS Support Unit	34.7	115.6
Other	3.9	26.7
Total Set Up Costs	**78.4**	**449.4**

Cost Savings

The fee savings for the 2020-21 financial year resulting from the asset pooling agenda exceed £2.8m.

Cost Transparency

The analysis below shows the investment expenses incurred during financial year 2020-21 between expenses incurred in respect of Pooled Assets held in the ACCESS Pool and those assets held outside of the pool. Direct costs include: invoiced costs and costs deducted from the value of fund, or from income generated, in accordance with the fee agreement in place with each manager and explicit transaction costs. Indirect costs include: implicit costs and third party fees and charges. These are indicative estimates provided by Investment Managers as the reporting practices for the Cost of Transparency are still evolving.

Cost Transparency - Continued

	Asset Pool			Non- Asset Pool			Fund Total
	Direct £000	Indirect £000	Total £000	Direct £000	Indirect £000	Total £000	£000
Investment Management Fee	6,584	21	6,605	7,174	2,208	9,382	15,987
Performance Fee	0	8,465	8,465	3,092	598	3,690	12,155
Broker commissions	0	218	218	15	0	15	233
Other explicit costs	0	97	97	262	267	529	626
Implicit/indirect transaction costs	0	3,067	3,067	0	1,113	1,113	4,180
Administration	141	111	252	886	320	1,206	1,458
Governance and Compliance	0	15	15	442	349	791	806
Other	139	-128	11	495	981	1,476	1,487
Total	**6,864**	**11,866**	**18,730**	**12,366**	**5,836**	**18,202**	**36,932**

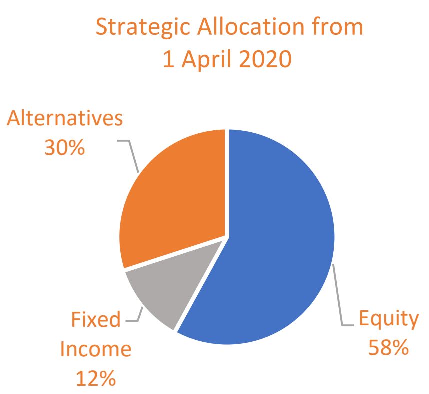
Investment Allocation and Performance

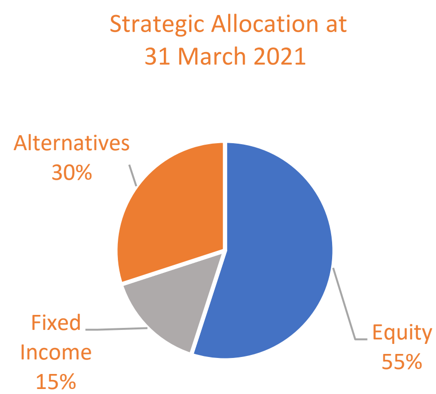
The Pension Fund Committee is responsible for approving the Strategic Asset Allocation proposed by the Investment Sub-Committee (ISC). The ISC performed a full review of the Strategic Asset Allocation during 2018-19 in conjunction with the Fund's Investment Consultants, Mercer Ltd. The review assessed the appropriateness of the current strategy and any changes necessary to increase the likelihood of meeting the Fund's objectives, namely:

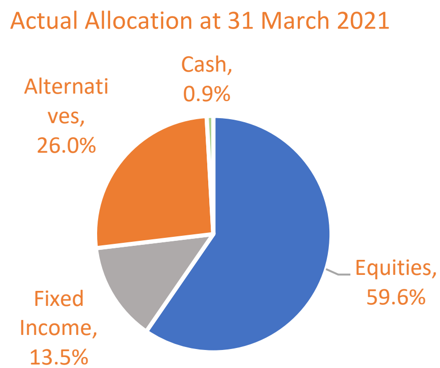
- To reach full funding and be in a position to pay benefits as they fall due; and
- To ensure contributions remain affordable to employers

The strategy approved by the Pension Fund Committee in March 2019 aimed to reduce the Fund's reliance upon, and the associated risks, of a large allocation to equities whilst retaining sufficient exposure to growth assets. The strategy focused on a reduction in equities and an increase in Alternative assets (such as Private equity and Infrastructure) and a flexible allocation to fixed income. The ISC subsequently reviewed the regional mix within the equity allocation and as a result reduced the exposure to UK Equities in conjunction with the roll-out of sub-funds offered by the ACCESS pool ACS. The Fund also implemented a risk management strategy managed by River & Mercantile with the objective of reducing equity risk. During 2020-21, following a review of the Fund's fixed income mandates, the allocation to fixed income was increased from 12% to 15% and within this allocation, 10% was used to implement Multi Asset Credit mandates with 2 managers in order to diversify the sources of return. The allocation to equities was reduced from 58% to 55%.

The charts below show the Strategic Asset Allocation at the start and close of the financial year compared to the actual allocation of assets at 31 March 2021.







Investment Policy and Performance (continued)

The value of the investments held by each of the Fund's Investment Managers on 31 March 2020 and 31 March 2021 is shown in the following table.

Value of investments at the balance sheet date

Manager	31 March 2020		31 March 2021	
	£m	% of Total	£m	% of Total
UBS Passive UK Equity	73.1	2.5	85.0	2.2
Link Fund Solutions – ACCESS Global Equity (JO Hambro)	386.3	13.0	509.5	13.2
Link Fund Solutions - ACCESS Global Stock	316.6	10.6	486.7	12.6
Link Fund Solutions – ACCESS Global Equity (Longview)	266.4	8.9	362.1	9.4
River & Mercantile	36.9	1.2	-15.3	-0.4
UBS Passive Global Equity	780.4	26.2	872.0	22.6
BlueBay Asset Management	0.0	0.0	183.4	4.7
M&G Investments	0.0	0.0	182.5	4.7
River & Mercantile	155.4	5.2	157.0	4.1
Schroders Bonds	148.6	5.0	0.0	0.0
Schroders Property	225.0	7.6	252.7	6.5
Adams Street	86.9	3.0	131.9	3.4
Allianz	19.2	0.6	19.7	0.5
AMP debt	41.0	1.4	45.5	1.2
Cambridge and Counties Bank	58.0	1.9	76.0	2.0
Cambridge Building Society	15.0	0.5	15.0	0.4
Foresight	4.9	0.2	15.2	0.4
Equitix	37.2	1.2	32.2	0.8
HarbourVest	69.4	2.3	123.9	3.2
IFM Infrastructure	60.9	2.0	62.8	1.6
JP Morgan	0.0	0.0	59.2	1.5
M&G	110.4	3.7	119.0	3.1
Partners Group	39.3	1.3	41.8	1.1
UBS Infrastructure	14.0	0.5	10.7	0.3
Cash	34.7	1.2	36.4	0.9
TOTAL	2,979.6	100.0	3,864.9	100.0

Investment Policy and Performance (continued)

Total Fund Performance

The total investment return for the Fund over the financial year was 26.5% net of fees compared with a weighted benchmark return of 27.7%. In the previous year the total investment return was -5.7% compared with a weighted benchmark of -3.3%. The Fund's total investment return was 8.6% p.a over the three years to 31 March 2021, 10.4% p.a over the five years to 31 March 2021, and 8.3% p.a over the ten years to 31 March 2021.

Performance of Managers

The ISC continue to monitor the Investment Managers' performance against their benchmark at their quarterly meetings. All managers are measured against market-based performance benchmarks with bespoke outperformance targets set for active managers which are expected to be met over a three to five year period. Net of fees performance of each manager compared to benchmark over one, three and ten years is shown in the table below.

Asset Class /Manager	1 year (% p.a)			3 year (% p.a)			10 year (% p.a)		
	Return	Benchmark	Variance	Return	Benchmark	Variance	Return	Benchmark	Variance
UBS Passive	41.5	41.4	0.1	13.2	13.2	0	n/a	n/a	n/a
J O Hambro	50.2	38.9	11.3	17.0	12.7	4.3	n/a	n/a	n/a
Dodge & Cox	53.7	38.4	15.3	9.7	13.4	-3.7	n/a	n/a	n/a
Longview	35.9	38.9	-3.0	n/a	n/a	n/a	n/a	n/a	n/a
River & Mercantile	0.9	0.9	0.0	n/a	n/a	n/a	n/a	n/a	n/a
Adams Street	40.0	39.1	0.9	22.1	14.1	8.0	n/a	n/a	n/a
Allianz	12.8	4.0	8.8	n/a	n/a	n/a	n/a	n/a	n/a
AMP debt	-0.1	10.0	-10.1	1.3	10.0	-8.7	n/a	n/a	n/a
Equitix	-10.6	10.0	-20.6	3.1	10.0	-6.9	n/a	n/a	n/a
HarbourVest	17.4	39.1	-21.7	15.4	14.1	-1.3	n/a	n/a	n/a
Foresight	-4.8	39.1	-43.9	n/a	n/a	n/a	n/a	n/a	n/a
IFM Infrastructure	3.0	10.0	-7.0	n/a	n/a	n/a	n/a	n/a	n/a
M&G Residential Property	0.3	6.0	-5.7	n/a	n/a	n/a	n/a	n/a	n/a
M&G Secured Loans	15.4	4.4	11.0	2.7	4.7	-2.0	n/a	n/a	n/a
Partners Group	15.2	10.0	5.2	8.6	10.0	-1.4	n/a	n/a	n/a
UBS Infrastructure	-19.1	10.0	-29.1	0.5	10.0	-9.5	n/a	n/a	n/a
Schroders Property	3.2	2.5	0.7	3.1	2.4	0.7	5.8	6.4	-0.6

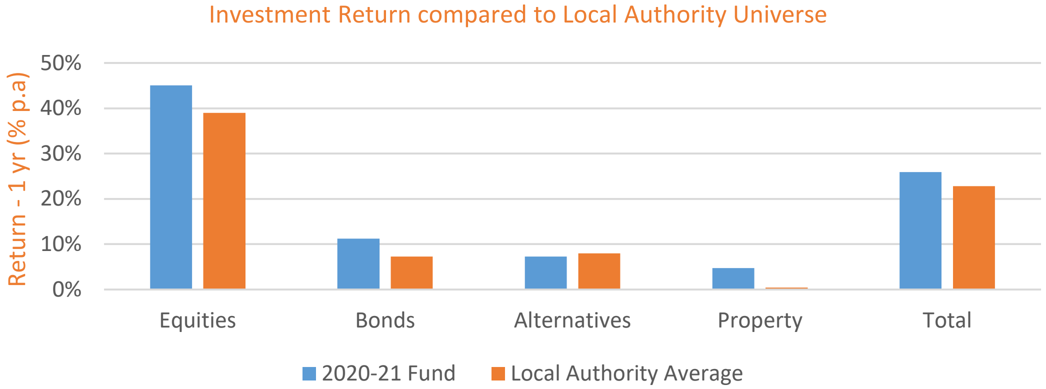
n/a = Not invested for the full period therefore no meaningful performance measure is available

Investment Policy and Performance (continued)

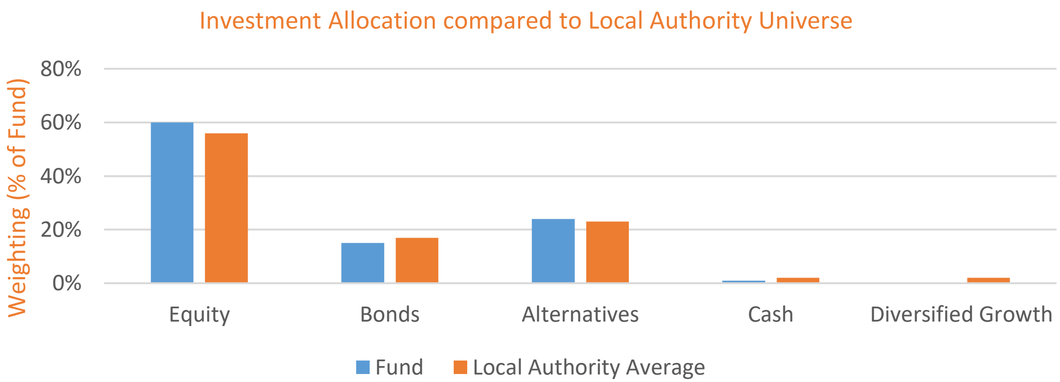
Performance in Comparison with Local Authority Universe

The Local Authority Universe is a national scheme consisting of 64 pension funds collated by PIRC Ltd that provides benchmarking of local authority pension funds investment performance.

In 2020-21 the Fund's performance of 26.5% net of fees over the financial year was ranked 38th percentile out of the 64 Funds participating in the Universe. The investment return achieved was influenced by the Fund's holding of a higher proportion of Global Equities.



The Fund's current strategy has a slightly higher allocation to Equities and Alternatives and a lower allocation to Bonds when compared to the Local Authority Universe.



Investment Policy and Performance (continued)

Independent Adviser's annual review – Twelve months to 31st March 2021

May 2021

I am delighted to have been appointed as independent adviser to the Cambridgeshire Pension Fund in November 2020 and to have the opportunity to provide this investment review covering the financial year 2020-21.

Of course, 2020 will forever be inextricably linked to the global COVID-19 pandemic. Immense human cost has been, and continues to be, borne; social upheaval threats gain credence as inequality becomes more visible; economic shocks have impacted almost all regions of the world and financial uncertainty was rife.

In addition to this unprecedented and unexpected challenge, investors have had to contend with many seemingly more mundane geo-political events. Joe Biden becoming US President, Brexit implementation, the rising assertiveness of China, continuing climate disruptions and the killing of George Floyd and reinvigoration of the Black Lives Matter movement to name but a few.

It all made for a bumpy ride across markets, and a test for the Cambridgeshire Pension Fund's resilience.

Market Activity - Equities

Equity markets rebounded strongly in Q2 2020, recouping much of their COVID-related Q1 decline. While data early in in the quarter highlighted the severe economic impact of measures to combat the spread of COVID, markets were buoyed by the widespread loosening of monetary policy and gradual easing of lockdown measures.

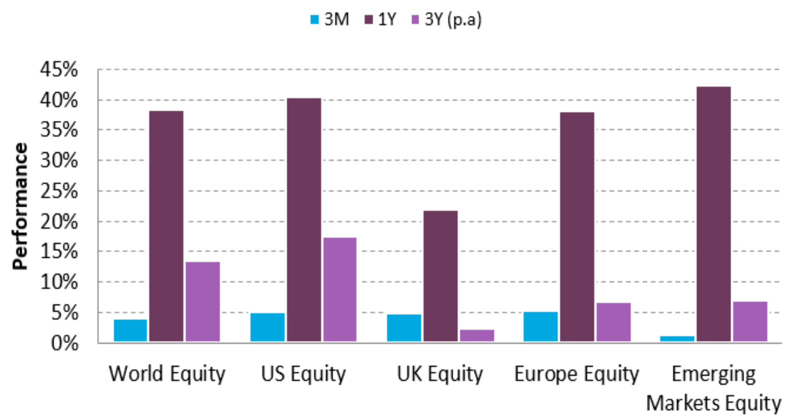
The surge was spearheaded by US equities, which posted their best quarterly returns in more than 20 years. European equities followed a similar path and emerging market equities rallied, recording their strongest quarterly return in over a decade, with US dollar weakness amplifying returns.

Rises continued into Q3 despite a weak September. Abundant central bank liquidity and sustained progress in terms of reopening economies underpinned the continuing rally in July and August, but a resurgence of COVID-19 cases and uncertainty surrounding the US election saw the market fall in September. US equities rose as the economy continued to recover and monetary policy remained highly accommodative. The unemployment rate fell to 7.9% in September – a noticeable improvement from the historic high of 14.7% it hit at the end of April.

Emerging market equities also continued to rise in Q3, gaining 9.6% in USD terms despite a further acceleration in COVID-19 cases in certain countries and an escalation in US-China tensions.

Europe diverged from this trend, ending the quarter largely flat in EUR terms after sharply rising COVID-19 infection rates led to new local restrictions in some European countries.

Performance of Equity Markets to 31st March 2021



Source: bfinance

Indices Used
World Equity: MSCI World NR (GBP),US Equity: S&P 500 TR (GBP), UK Equity: FTSE 100 TR (GBP), Europe Equity: Euro STOXX 50 NR (GBP), Emerging Markets Equity: MSCI EM NR (GBP)

Investment Policy and Performance (continued)

Q4 again saw global equity markets rising with the MSCI World returning +7.8% in GBP terms to end a tumultuous 2020 with double-digit returns of +12.3% over the calendar year. News of viable COVID-19 vaccines and swift government approvals drove market activity, particularly in more economically exposed sectors, prompting a brief value style reversal.

Although many countries tightened travel restrictions and imposed new lockdowns as coronavirus infection rates climbed, governments remained committed to extending financial aid – and that assurance underpinned positive market sentiment. Support measures included ground-breaking stimulus and aid packages worth US$900 billion apiece agreed by the EU and US in December.

Politically, Q4 was particularly eventful: the US election and the last-minute Brexit deal between the UK and EU both helped to resolve long-running market uncertainty.

2021 brought further global equity market gains with the MSCI World Index gaining 4.0% in GBP terms amid a quickening global economic recovery. Against a backdrop of rising growth and inflation expectations, ever-increasing vaccine uptake in developed markets, and the probability of additional US fiscal stimulus, all stocks performed strongly; value and small-cap stocks did particularly well.

US equities, which suffered a huge decline a year ago in March 2020, rose 5.2% in Q1 – a recovery of more than 40% in 12 months. US President Joe Biden, who was sworn in on 20 January, pushed through a $1.9 trillion fiscal stimulus package and announced an additional spending plan worth $2 trillion for infrastructure investment.

European equities also advanced during Q1 despite renewed lockdown restrictions in many countries across the EU and COVID-19 vaccine supply issues and rising infection rates in some countries casting doubt on the recovery of European services, especially tourism.

Remarkably, we complete the financial year with stock markets, for the most part, having rebounded close to their pre-COVID levels; indeed, the FTSE 100 Index is currently sitting at just less than 10% off its highest level of pre-COVID 2020, and the US market not only recovered, but set new highs in 2020.

Market Activity - Bonds

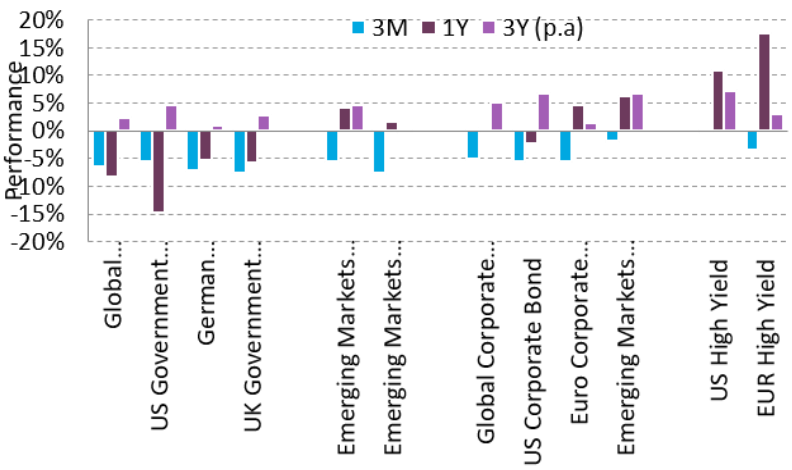
Fixed Income markets told a similar story to equities in Q2 2020, with US investment grade bonds rebounding. Risk sentiment improved as COVID-19 infection rates declined, while monetary and fiscal easing provided additional fuel to markets. European investment grade followed suit and aggregate spreads tightened significantly. US Treasury (UST) yields fell over the period, particularly at the short end of the curve, while Bund yields remained broadly flat.

US high yield bonds performed well, making up much (but not all) of Q1 losses. Although sentiment improved through May and June on the back of better macro data, investors remained cautious over the risks faced by stressed/ distressed issuers in the US.

Hard Currency Emerging Market Debt was the strongest performer over the quarter, gaining 123% (in USD terms), aided strongly by commodity exporting countries in Africa which were buoyed by an improving oil price.

Investment Policy and Performance (continued)

Performance of Bond Markets to 31st March 2021



Source: bfinance

Indices Used
World Equity: Barclays GlobalAgg Treasury TR (GBP Unhedged), ICE BofA ML US Treasury (GBP Unhedged), ICE BofA ML German Government (GBP Unhedged), ICE BofA ML UK Gilt (GBP Unhedged), JPM EMBI GLOBAL DIVERSIFIED TR (GBP Unhedged), JPM GBI-EM Global Div TR (GBP Unhedged), Barclays Global Agg Corporate TR (GBP Unhedged), Barclays US Agg Corporate TR (GBP Unhedged), Barclays Euro Agg Corporate TR (GBP Unhedged), JPM CEMBI BROAD DIVERSIFIED TR (GBP Unhedged), ICE BofA ML US High Yield (GBP Unhedged), ICE BofA ML Euro High Yield (GBP Unhedged)

In Q3, UST yields remained essentially flat over the period, rallying in July before retreating in August. The change in the Fed's inflation policy was well received by markets, causing a small rise in inflation expectations. US investment-grade credit rose by 1.7% overall, bringing its YTD gains to 6.6%. European investment-grade bonds performed similarly, rising by 2.0%. After a strong July following the ECB's agreement of a €750bn recovery fund, performance in August and September was muted.

US investment grade bonds experienced a slow start to Q4 with AAA-A-rated debt pulling back as investors positioned themselves for the presidential election. Positive Covid-19 vaccine news helped to drive a risk-asset rally, but the quarter also brought a somewhat unexpected swathe of downgrades, with 18 issuers falling to high-yield status (versus just one in Europe). European investment grade began in a similar fashion with modest returns in October followed by a mild uptick in November. All areas of the HY spectrum rallied with low-quality CCC bonds posting the highest gains (+12.19%). Positive vaccine news provided a particular boost to Airlines, while rebounding oil prices supported Oil & Gas and energy-related sectors.

Coming into 2021, as yields steepened in line with continued US economic growth and fiscal stimulus, the 10-year US Treasury price fell as the yield rose from 0.91% to 1.74%. In Europe, the German 10-year bund yield increased from -0.57% to -0.33%. The government bond sell-off continued into March, driven by higher growth and inflation expectations in the US. The shift proved to be positive for riskier assets, but less so for investment grade-rated securities.

High Yield bonds made gains, with lower quality credits outperforming in line with an improving outlook on default rates. EM debt spreads remained stable but could not avoid the damage associated with the US yield curve moves and saw negative returns.

Once again, the range of returns seen across geographies and sectors over the year highlighted the potential benefits of investing in a diversified multi-asset approach.

Investment Policy and Performance (continued)

Fund Activity

Responsible Investment

'ESG' – Environmental, Social and Governance – factors have continued to rise in prominence in the minds of institutional investors in the last year.

Since June 2020 Fund Officers and professional advisors have surveyed the responsible investment beliefs of the Pension Fund Committee and Local Pension Board Members and from this developed a significantly enhanced Responsible Investment Policy (RI Policy).

I believe this RI Policy puts the fund in a strong position to not only meet its evolving regulatory obligations but also to benefit from opportunities arising from the broader shift to recognising the impact ESG factors have on long-term investment returns and I welcome the progress being made.

The new RI policy is currently out for consultation, along with a revised Investment Strategy Statement, and will be submitted for approval by the Pension Fund Committee later in 2021.

Fund Performance

Despite the challenges of the past year the fund has performed well. Active equity management has added significant value, fixed income investments are performing to expectations and the alternatives allocations are developing well.

The Fund has seen significant asset allocation change over the past couple of years with a substantial uplift in the target allocation to alternatives, funded by a reduction in equity investments.

These alternative investments, particularly those focused on infrastructure, are designed to enhance portfolio diversification – providing a return stream meaningfully different to that provided by the equity investments) such that we can lower the overall risk in the portfolio without sacrificing too much in expected returns. These investments take time to build up, committing to managers who then go out and source appropriate assets over an investment period that can run to several years.

Newly invested assets typically take some time to start realising value and so often appear as a drag on performance, the benefits only becoming clear as the investments mature. The Investment Sub-committee and the fund's advisers are monitoring these investments closely and remain confident they are on track.

Taking all this into account, together with a fall in the estimated net value of pension liabilities, a robust improvement in funding level has been seen.

Outlook

Equity market performance has been strong, economic forecasts are pointing to a return of significant growth and the promise of widespread vaccination programmes suggests "normality" is on the horizon.

Ranged against these positive sentiments we cannot ignore the unprecedented levels of stimulus that has continued to be pumped into economies, the continued rise in government borrowing around the world and the prospect of a return of inflationary pressures.

Furthermore, continued megatrends such as the decarbonisation and digitisation of our economies may be joined by deglobalisation given momentum by the covid crisis. How these trends interact with social challenges associated with the increasingly visible gap between the "haves" and "have nots" will undoubtedly bring new uncertainty and new challenges.

It is fantastic to be joining the advisory team with the fund in good health. It is however safe to say the fund will continue to need to exhibit resilience and look to make the most of the wide range of investment tools available to it to navigate future uncertainty successfully.

Sam Gervaise-Jones, CFA

Actuarial Information

Cambridgeshire Pension Fund ("the Fund") Actuarial Statement for 2020-21

This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2013. It has been prepared at the request of the Administering Authority of the Fund for the purpose of complying with the aforementioned regulation.

Description of Funding Policy

The funding policy is set out in the Administering Authority's Funding Strategy Statement (FSS), dated March 2020. In summary, the key funding principles are as follows:

- to ensure the long-term solvency of the Fund using a prudent long-term view. This will ensure that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment;
- to ensure that employer contribution rates are reasonably stable where appropriate;
- to minimise the long-term cash contributions which employers need to pay to the Fund, by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return (this will also minimise the costs to be borne by Council Tax payers);
- to reflect the different characteristics of different employers in determining contribution rates. This involves the Fund having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years; and
- to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations.

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable.

For employers whose covenant was considered by the Administering Authority to be sufficiently strong, contributions have been stabilised to have a sufficiently high likelihood of achieving the funding target over 20 years.

Asset-liability modelling has been carried out which demonstrate that if these contribution rates are paid and future contribution changes are constrained as set out in the FSS, there is at least a 70% likelihood that the Fund will achieve the funding target over 20 years.

Funding Position as at the last formal funding valuation

The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was as at 31 March 2019. This valuation revealed that the Fund's assets, which at 31 March 2019 were valued at £3,193 million, were sufficient to meet 100% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting deficit at the 2019 valuation was £11 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving full funding within a time horizon and probability measure as per the FSS. Individual employers' contributions for the period 1 April 2020 to 31 March 2023 were set in accordance with the Fund's funding policy as set out in its FSS.

Principal Actuarial Assumptions and Method used to value the liabilities

Full details of the methods and assumptions used are described in the 2019 valuation report.

Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date; and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

Actuarial Information (continued)

Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value. The key financial assumptions adopted for the 2019 valuation were as follows:

Financial assumptions	31 March 2019
Discount rate	4.1%
Salary increase assumption	2.8%
Benefit increase assumption (CPI)	2.3%

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's Vita Curves with improvements in line with the CMI 2018 model, an allowance for smoothing of recent mortality experience and a long-term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	22.0 years	24.0 years
Future Pensioners*	22.7 years	25.5 years

*Aged 45 at the 2019 Valuation.

Copies of the 2019 valuation report and Funding Strategy Statement are available on request from the Administering Authority to the Fund.

Experience over the period since 31 March 2019

Markets were severely disrupted by COVID 19 in March 2020, but in the 2020-21 year they recovered strongly . As a result, the funding level of the Fund as at 31 March 2021 is likely to be slightly above that reported at the previous formal valuation.

The next actuarial valuation will be carried out as at 31 March 2022. The Funding Strategy Statement will also be reviewed at that time.

Douglas Green FFA
01 June 2021
For and on behalf of Hymans Robertson LLP

Actuarial Information (continued)

Extract from the Actuarial Valuation Report

Executive Summary

We have carried out an actuarial valuation of the Cambridgeshire Pension Fund ("the Fund") as at 31 March 2019. The results are presented in this report and are briefly summarized below.

Funding Position

The table below summarizes the financial position of the Fund at 31 March 2019 in respect of benefits earned by members up to this date (along with a comparison at the last formal valuation at 31 March 2016).

Valuation Date	31 March 2016 (£m)	31 March 2019 (£m)
Past Service Liabilities	2,902	3,204
Market Value of Assets	2,277	3,193
Surplus/(Deficit)	(625)	(11)
Funding Level	78%	100%

The improvement in funding position between 2016 and 2019 is mainly due to strong investment performance over the inter-valuation period, coupled with the positive impact on the liabilities of actual pay and benefit growth being lower than expected.

Contribution Rates

The table below summarizes the whole fund Primary and Secondary Contribution rates at this triennial valuation. 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 (before any pre-payment or capitalization of future contributions), calculated in accordance with the Regulations and CIPFA guidance.

Primary Rate (% of pay)	Secondary Rate (£)		
1 April 20 – 31 March 23	2020-21	2021-22	2022-23
18.4%	£19,425,000	£19,061,000	£19,082,000

The Primary rate also includes an allowance of 0.6% of pensionable pay for the Fund's expenses. The average employee contribution rate is 6.3% of pensionable pay.

The minimum contributions to be paid by each employer from 1 April 2020 to 31 March 2023 are shown in the Rates and Adjustment Certificate.

Douglas Green FFA

Robert McInroy FFA

15 March 2020

For and on behalf of Hymans Robertson LLP

Audit Opinion

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Audit Opinion (continued)

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Audit Opinion (continued)

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Fund Account

31-Mar-20 £000		Notes	31-Mar-21 £000
	Dealings with members, employers and others directly involved in the fund:		
126,471	Contributions	Note 7	154,534
6,704	Transfers in from other pension funds	Note 8	22,232
133,175			**176,766**
-107,863	Benefits	Note 9	-109,596
-10,119	Payments to and on account of leavers	Note 10	-11,632
-117,982			**-121,228**
15,193	**Net additions/(withdrawals) from dealing with members**		**55,538**
-19,004	Management expenses	Note 11	-22,690
-3,811	**Net additions/(withdrawals) including fund management expenses**		**32,848**
	Returns on investments:		
34,447	Investment income	Note 13	31,406
-2	Taxes on income		0
-225,559	Profit and (losses) on disposal of investments and changes in the value of investments	Notes 14a and 17b	836,312
-191,114	**Net return on investments**		**867,718**
-194,925	**Net increase/(decrease) in the net assets available for benefits during the year**		**900,566**
3,192,594	Opening net assets of the scheme		2,997,669
2,997,669	**Closing net assets of the scheme**		**3,898,235**

Notes on pages 48 to 78 form part of the financial statements.

Net Asset Statement

31-Mar-20 £000		Notes	31-Mar-21 £000
3,081,595	Investment assets		3,913,043
-101,964	Investment liabilities		-48,160
2,979,631	**Total net investments**	Note 14	**3,864,883**
27,209	Current assets	Note 21	39,679
-9,171	Current liabilities	Note 22	-6,327
18,038	**Net Current Assets**		**33,352**
2,997,669	**Closing net assets of the scheme**	Note 17a	**3,898,235**

Notes on pages 48 to 78 form part of the financial statements.

Note: The Fund's financial statements do not take account of the liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed at Note 20.

Notes to the Pension Fund Accounts

1. DESCRIPTION OF THE FUND

The Cambridgeshire County Council Fund is part of the Local Government Pension Scheme (LGPS) and is administered by Cambridgeshire County Council. The County Council is the reporting entity for this Pension Fund. The following description of the Fund is a summary only. For more detail, reference should be made to the Annual Report 2020-21 on pages 1 to 43 and the underlying statutory powers underpinning the scheme.

General

The Fund is governed by the Public Services Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

- the LGPS Regulations 2013 (as amended);
- the LGPS (Transitional Provisions, Savings and Amendments) Regulations 2014 (as amended);
- the LGPS (Management and Investment of Funds) Regulations 2016.

The Fund is a contributory defined benefit pension scheme administered by Cambridgeshire County Council to provide pensions and other benefits for pensionable employees of Cambridgeshire County Council, the district councils in Cambridgeshire, and a range of other scheduled and admitted bodies within the county area. Teachers, Police Officers and Firefighters are not included as they come within other national pension schemes. The Fund is overseen by the Cambridgeshire Pension Fund Committee, which is a committee of Cambridgeshire County Council.

Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme. Organisations participating in the Cambridgeshire Pension Fund include:

- Scheduled Bodies - local authorities and similar bodies whose staff are automatically entitled to be members of the Fund;
- Admitted Bodies - other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.
- Resolution/Designated bodies – These are organisations that can admit their employees to the LGPS by passing their resolution (nominate employees for access to the LGPS) Parish/Town Council are under this category.

As at 31 March 2021 there was 217 (2020: 197) active employers within the Cambridgeshire Pension Fund, including the County Council itself.

	31-Mar-20	31-Mar-21
Number of employers with active members	197	217

The Fund has over 89,000 individual members, as detailed below:

Number of employees in scheme:	**31-Mar-20**	**31-Mar-21**
County council	10,550	9,483
Other employers	19,872	19,228
Total	**30,422**	**28,711**
Number of Pensioners:		
County council	8,724	8,861
Other employers	10,916	11,519
Total	**19,640**	**20,380**
Deferred pensioners:		
County council	13,473	13,793
Other employers	15,986	17,112
Total	**29,459**	**30,905**
Undecided Leavers:		
County council	2,400	4,072
Other employers	3,844	5,339
Total	**6,244**	**9,411**
Total members	**85,765**	**89,407**

Notes to the Pension Fund Accounts (continued)

Funding

Benefits are funded by contributions and investment earnings. Currently the level of contribution income is sufficient to fund regular benefit payments. Contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ended 31 March 2020. Employers' contributions are set as part of the triennial actuarial funding valuation. The last such valuation was at 31 March 2019. Employers' contributions comprise a percentage rate on active payroll between 5.7% and 31.7% and deficit payments of fixed cash amounts set for each employer as part of the triennial funding valuation.

Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service, summarised below:

	Service pre 1 April 2008	Service 1 April 2008 to 31 March 2014
Pension	Each year worked is worth 1/80 x final pensionable salary.	Each year worked is worth 1/60 x final pensionable salary.
Lump Sum	Automatic lump sum of 3 x pension. In addition, part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

Career Average Revalued Earnings (CARE)

From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based upon their pensionable pay in that year at an accrual rate of 1/49th or 1/98th for those members who have taken up the 50/50 option and pay proportionately lower contributions.

Accrued pension is updated annually in line with the Consumer Price Index.

There are a range of other benefits provided under the scheme including early retirement, ill health pensions and death benefits. For more details, please refer to the Full Guide which can be found in the member section on the Pension's Fund website. [Member - Pension Details]

2. BASIS OF PREPARATION

The statement of accounts summarises the Fund's transactions for the 2020-21 financial year and its financial position at 31 March 2021. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on a going concern basis.

Paragraph 3.3.1.2 of the Code requires disclosure of any accounting standards issued but not yet adopted. IFRS 16, introduced on 1 January 2019, is due to be adopted by the Code for accounting periods commencing on or after 1 April 2022. This new accounting standard largely removes the distinction between operating and finance leases by introducing an accounting model that requires lessees to recognise assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value. This will bring assets formerly off-Balance Sheet onto the Balance Sheet of lessees. Implementation of IFRS 16 is not expected to have a material impact on the pension fund because it does not hold any assets as a lessee.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits that fall due after the end of the financial year nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the net assets statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The pension fund has opted to disclose this information in Note 20.

Notes to the Pension Fund Accounts (continued)

Going Concern

The Funding Level as per the recent triennial valuation exercise (March 2019) was 99.7%. The Funding Level at year ending March 2021 was 108%.

The investment return target as per the Funding Valuation Statement is 4.1%. The actual annual investment return for March 2021 was 26.5% and the Fund value had increased to £3.868 billion, meaning the fund has increase by £900.6 million during the year.

There are 501 individual active employers as at March 2021. All employers are paying their contributions as per the rates and adjustment certificate. No employer has deferred their payments.

At 31 March 2021 the Pension Fund has 59.6% of its investments allocated to equities and 13.5% allocated to Bonds, with £90.8 million in cash, which are all assets that could be liquidated quickly to pay benefits should the need arise.

The Pension Fund is satisfied that it is sufficiently liquid to conclude that it is a going concern, since the value of pension fund assets that can be liquidated at short notice if needed is £2.9 billion which significantly exceeds the annual expenditure of the fund.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Account – Revenue Recognition

Contribution Income

Normal contributions, both from the members and from the employer, are accounted for on an accruals basis at the percentage rate recommended by the actuary in the payroll period to which they relate.

Employer deficit funding contributions are accounted for on the due date on which they are payable under the schedule of contributions set by the scheme actuary or on receipt if earlier than the due date.

Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in the year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

Transfers to and from Other Schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations (see Notes 8 and 10).

Individual transfers in/out are accounted for on a cash basis.

Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on an accruals basis and are included in Transfers In (see Note 8). Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

Investment Income

i) Interest income

Interest income is recognised in the Fund Account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination. Income includes the amortisation of any discount or premium, transaction costs (where material) or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.

ii) Dividend income

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a current financial asset.

iii) Distributions from pooled funds

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a current financial asset.

Investment Income (continued)

iv) Movement in the net market value of investments

Changes in the net market value of investments are recognised as income or expense and comprise all realised and unrealised profits/losses during the year.

Stock lending

Stock lending income is recognised in the Fund Account as it accrues. Stock lending income represents the transfer of securities by the Pension Fund to an approved counterparty ("Borrower"), against a receipt of collateral (non-cash), for a fee, subject to the obligation by that same counterparty to redeliver the same or similar securities back to the Lender at a future date. Securities on loan remain assets of the Fund and are recorded in the net assets statement at fair value.

Fund Account – Expense Items

Benefits Payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the Net Assets Statement as current liabilities and paid in the following month.

Taxation

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a Fund expense as it arises.

Management Expenses

The Code does not require any breakdown of pension fund administrative expenses. However, in the interests of greater transparency, the Fund discloses its pension fund management expenses in accordance with CIPFA's Accounting for Local Government Pension Scheme Management Expenses (2016).

Administrative Expenses

All administrative expenses are accounted for on an accruals basis. All staff costs of the pension's administration team are charged to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund in accordance with Council policy.

Oversight and Governance Costs

All oversight and governance expenses are accounted for on an accruals basis.

All staff costs associated with governance and oversight are charged direct to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund in accordance with Council policy.

Investment Management Expenses

Investment Management expenses are accounted for on an accruals basis.

Fees of external Investment Managers and the Custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

Where an Investment Manager's fee note has not been received by the year end date, an estimate based upon the market value of their mandate as at the end of the year is used for inclusion in the Fund Account. In 2020-21, £226k of fees are based upon such estimates (2019-20: £406K). In addition, manager fees deducted from pooled funds of £16.8m (2019-20: £10.6m) are estimated based upon information received from fund managers.

The cost of obtaining investment advice from external consultants is charged direct to the Fund. All staff costs associated with investment activity are charged direct to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged to the Fund.

Net Assets Statement

Financial Assets

Financial assets are included in the Net Assets Statement on a fair value basis, except for loans and receivables.

Loans and receivables are assets for which the amounts receivable are fixed and determinable and where the Fund has not designated the asset at fair value through profit and loss. This includes contributions owing from employers and cash deposits. Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost. A financial asset is recognised in the Net Assets Statement on the date the Fund becomes party to the contractual acquisition of the asset.

Investment assets, other than cash held by Investment Managers on the Fund's behalf, are initially recognised at fair value and are subsequently measured at fair value with gains and losses recognised in the Fund Account. The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see Note 16). For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

Foreign Currency Transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

Derivatives

The Fund uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. The Fund does not hold derivatives for speculative purposes (see Note 15).

Cash and Cash Equivalents

Cash comprises cash in hand and demand deposits and includes amounts held by the Fund's external managers.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

Financial Liabilities

The Fund initially recognises financial liabilities at fair value and subsequently measure them at amortised cost. A financial liability is recognised in the net assets statement on the date the Fund becomes party to the liability.

Actuarial Present Value of Promised Retirement Benefits

The actuarial present value of promised retirement benefits is assessed on an annual basis by the scheme actuary in accordance with the requirements of IAS19 and relevant actuarial standards. As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the net assets statement (see Note 20).

Additional Voluntary Contributions

The Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from those of the Pension Fund. The Fund's AVC providers are Prudential and Utmost Life. AVCs are deducted from the individual member's pay and paid to the AVC provider by employers and are specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year.

AVCs are not included in the accounts, in accordance with section 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, but are disclosed as a note only (see Note 23).

Contingent Assets and Liabilities

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by the occurrence of future events.

A contingent liability arises where an event has taken place prior to the year-end giving rise to a possible financial obligation whose existence will only be confirmed or otherwise by the occurrence of future events. Contingent liabilities can also arise in circumstances where a provision would be made, except that it is not possible at the balance sheet date to measure the value of the financial obligation reliably.

Contingent assets and liabilities are not recognised in the net assets statement but are disclosed by way of a narrative in the notes.

Accounting Standards Issued, not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2020-21 requires the disclosure of information relating to the expected impact of changes that will be required by a new standard that has been introduced but not yet adopted. There are no such standards which would materially impact the Fund.

4. CRITICAL JUDGEMENT IN APPLYING ACCOUNTING POLICIES

Pension Fund Liability

The net Pension Fund liability is recalculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines.

The estimated liability is subject to significant variances based on changes to the underlying assumptions which are agreed with the actuary and have been summarised in Note 19.

Actuarial revaluations are used to set future contribution rates and underpin the Fund’s most significant Investment Management policies, for example in terms of the balance struck between longer term investment growth and short-term investment yield/return.

5. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the Balance Sheet date and the amounts reported for the revenues and expenses during the year.

Estimates and assumptions are made taking into account historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual outcomes could differ from the assumptions and estimates.

The items in the Net Assets Statement as 31 March 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

- **Actuarial Present Value of Promised Retirement Benefits Uncertainties**:

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rates at which salaries and pensions are projected to increase, changes in retirement ages, mortality rates and expected returns on Pension Fund assets. An independent firm of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied.

Effect if Actual Results Differ from Assumptions:

The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £614m. A 0.5% increase in assumed earnings inflation would increase the value of liabilities by approximately £43m, and a 1 year increase in assumed life expectancy would increase the liability by approximately 3-5%. Although the example above is based on an increase, a decrease to discount rate and assumed life expectancy could also occur.

Notes to the Pension Fund Accounts (continued)

- **Cambridge and Counties Bank**

Uncertainties: Cambridge and Counties Bank is not publicly listed and as such there is a degree of estimation involved in the valuation. The Pension Fund has appointed an independent, professional valuer to advise a suitable valuation. The Fund's investment is valued on a market based approach with reference to price/earnings and price to book of comparable public companies.

Effect if actual results differ from assumptions: The investment in the financial statements is £76.0m. There is a risk that this investment may be under or overstated in the accounts. As set out in the independent, professional valuation report, the valuation of the Cambridge and Counties Bank is in the range of £72.8m to £79.3m. The mid-point of this valuation range has been applied within the Fund's accounts.

- **Other Private Equity and Infrastructure**

Uncertainties: All other private equity and infrastructure investments are valued at fair value. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation. See Note 16a.

Effect if actual results differ from assumptions: Total private equity and infrastructure investments (excluding Cambridge and Counties Bank – see above) at fair value in the financial statements are £612.3m. There is a risk that this investment may be under or overstated in the accounts. Note 18 gives a price sensitivity of Alternative investments of 23.5%, which indicates that Other private equity and infrastructure values may range from £756.2m to £468.4m.

6. EVENTS AFTER THE BALANCE SHEET DATE

There have been no events since 31 March 2021, and up to the date when these accounts were authorised that require any adjustments to these accounts.

7. CONTRIBUTIONS RECEIVABLE

By Category:

31-Mar-20 £000		31-Mar-21 £000
27,710	**Employees' contributions**	**29,081**
	Employers' contributions:	
86,404	Normal contributions	89,914
12,357	Deficit recovery contributions	35,539
98,761	**Total employers' contributions**	**125,453**
126,471		**154,534**

By Authority:

31-Mar-20 £000		31-Mar-21 £000
27,237	Administering authority	28,127
92,321	Scheduled bodies	120,606
6,913	Admitted bodies	5,801
126,471		**154,534**

8. TRANSFERS IN FROM OTHER PENSION FUNDS

31-Mar-20 £000		31-Mar-21 £000
6,704	Individual transfers	6,750
0	Group transfers	15,482
6,704		**22,232**

Notes to the Pension Fund Accounts (continued)

9. BENEFITS PAYABLE

By category:

31-Mar-20 £000		31-Mar-21 £000
88,520	Pensions	92,311
16,162	Commutation and lump sum retirement benefits	14,081
3,181	Lump sum death benefits	3,204
107,863		**109,596**

By authority:

31-Mar-20 £000		31-Mar-21 £000
35,395	Administering authority	35,867
63,221	Scheduled bodies	64,819
9,247	Admitted bodies	8,910
107,863		**109,596**

10. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

31-Mar-20 £000		31-Mar-21 £000
248	Refunds to members leaving service	998
0	Group transfers	5,113
9,871	Individual transfers	5,521
10,119		**11,632**

11. MANAGEMENT EXPENSES

31-Mar-20 £000		31-Mar-21 £000
3,415	Administrative costs	2,726
14,673	Investment management expenses	19,230
916	Oversight and governance costs*	734
19,004		**22,690**

*Fees payable to External Auditors, included within Oversight and Governance costs were £17k during the year (2019-20 £17k).

Notes to the Pension Fund Accounts (continued)

12. INVESTMENT MANAGEMENT EXPENSES

2020/21	Management fees £000	Performance related fees £000	Transaction costs £000	Other costs £000	Total £000
Bonds	175	0	0	0	175
Equities	0	0	0	0	0
Pooled investments	7,930	0	16	338	8,284
Pooled property investments	632	0	261	3	896
Private Equity	5,021	3,092	0	1,762	9,875
Custody Fees	0	0	0	0	0
Total	**13,758**	**3,092**	**277**	**2,103**	**19,230**

2019/20	Management fees £000	Performance related fees £000	Transaction costs £000	Other costs £000	Total £000
Bonds	207	0	0	0	207
Equities	757	0	122	0	879
Pooled Investments	7,200	0	0	440	7,640
Pooled property investments	508	0	334	15	857
Private equity	3,527	1,175	0	371	5,073
Custody fees	0	0	0	17	17
Total	**12,199**	**1,175**	**456**	**843**	**14,673**

13. INVESTMENT INCOME

31-Mar-20 £000		31-Mar-21 £000
494	Income from bonds	526
14,865	Income from equities	3
4,807	Pooled investments – unit trusts and other managed funds	11,975
8,000	Pooled Property Investments	7,859
5,649	Private equity/infrastructure income	10,524
561	Interest on cash deposits	519
71	Other – securities lending income	0
34,447		**31,406**

Notes to the Pension Fund Accounts (continued)

14. INVESTMENTS

31-Mar-20 £000		31-Mar-21 £000
	Investment assets	
155,686	Bonds	156,972
1	Equities	0
2,029,182	Pooled investments	2,761,795
225,063	Pooled property investments	237,190
500,810	Private equity/infrastructure	688,334
31,585	Cash deposits	66,353
138,546	Derivatives contracts: Options	2,152
722	Investment income due	247
3,081,595	**Total investment assets**	**3,913,043**
	Investment liabilities	
-101,964	Derivatives contracts: Options	-48,160
-101,964	**Total investment liabilities**	**-48,160**
2,979,631	**Net investment assets**	**3,864,883**

Notes to the Pension Fund Accounts (continued)

14(a). RECONCILIATION OF MOVEMENTS IN INVESTMENTS AND DERIVATIVES

	Market value 01-Apr-20 £000	Purchases during the year and derivative payments £000	Sales during the year and derivative receipts £000	Change in market value during the year £000	Market value 31-Mar-21 £000
Bonds	155,686	0	0	1,286	**156,972**
Equities	1	0	-1	0	**0**
Pooled investments	2,029,182	420,916	-499,538	811,235	**2,761,795**
Pooled property investments	225,063	15,821	-4,215	521	**237,190**
Private equity/infrastructure	500,810	137,005	-55,395	105,914	**688,334**
	2,910,742	**573,742**	**-559,149**	**918,956**	**3,844,291**
Derivative contracts:					
• Purchased/written options	36,582	0	0	-82,590	-46,008
	2,947,324	**573,742**	**-559,149**	**836,366**	**3,798,283**
Other investment balances:					
· Cash deposits	31,585				**66,353**
· Investment income due	722				**247**
Net investment assets	**2,979,631**				**3,864,883**

Notes to the Pension Fund Accounts (continued)

14(a) Reconciliation of movements in investments and derivatives

	Market value 01-Apr-19 £000	Purchases during the year and derivative payments £000	Sales during the year and derivative receipts £000	Change in market value during the year £000	Market value 31-Mar-20 £000
Bonds	79,206	76,002	-1,127	1,605	**155,686**
Equities	377,322	589,073	-928,370	-38,024	**1**
Pooled investments	2,086,961	521,533	-353,894	-225,418	**2,029,182**
Pooled property investments	236,858	11,362	-16,219	-6,938	**225,063**
Private equity/infrastructure	363,874	175,160	-43,927	5,703	**500,810**
	3,144,221	**1,373,130**	**-1,343,537**	**-263,072**	**2,910,742**
Derivative contracts:					
• Forward currency contracts	0	3,846	-316	-3,530	**0**
• Purchased/written options	0	-	0	36,582	**36,582**
	3,144,221	**1,376,976**	**-1,343,853**	**-230,020**	**2,947,324**
Other investment balances:*					
· Cash deposits	27,593			4,301	**31,585**
· Investment income due	3,992			0	**722**
· Amount receivable for sales	1,910			0	**0**
· Spot FX contracts	0			160	**0**
· Amounts payable for purchases of investments	-345			0	**0**
Net investment assets*	**3,177,371**			**-225,559**	**2,979,631**

* Other investment balances and Net investment assets do not add across as purchases, sales and other movements (£0.8m) are not disclosed here, in accordance with CIPFA guidance

Notes to the Pension Fund Accounts (continued)

14(b). Investments analysed by fund manager

Market value 31-Mar-20 £000	% of net investment assets		Market value 31-Mar-21 £000	% of net investment assets
Investments managed under Pool Governance:				
969,299	32.50%	Link Fund Solutions	1,358,174	35.1%
853,507	28.60%	UBS Global Asset Management	957,079	24.8%
1,822,806	**61.10%**	**Total Investments managed under Pool Governance**	**2,315,253**	**59.9%**
Investments managed outside Pool Governance:				
86,935	2.9%	Adams Street Partners	131,898	3.4%
19,193	0.6%	Allianz Global Investors	19,736	0.5%
40,979	1.4%	AMP Capital	45,488	1.2%
0	0.0%	BlueBay Asset Management	183,388	4.7%
58,000	2.0%	Cambridge and Counties Bank	76,000	2.0%
15,000	0.5%	Cambridge Building Society	15,000	0.4%
37,172	1.2%	Equitix Investment Management	32,176	0.8%
4,928	0.2%	Foresight Group	15,225	0.4%
69,438	2.3%	HarbourVest Partners (UK)	123,900	3.2%
60,937	2.0%	IFM Infrastructure	62,786	1.6%
0	0.0%	JP Morgan	59,218	1.5%
55,411	1.9%	M&G Investments	247,048	6.4%
55,022	1.9%	M&G Real Estate	54,400	1.5%
39,246	1.3%	Partners Group (UK)	41,798	1.1%
192,269	6.5%	River and Mercantile Group	141,770	3.7%
373,605	12.5%	Schroders Investment Management	252,654	6.5%
13,958	0.5%	UBS Infrastructure	10,710	0.3%
34,732	1.2%	Cash with custodian	36,435	0.9%
1,156,825	**38.9%**	**Total Investments managed outside Pool Governance**	**1,549,630**	**40.1%**
2,979,631	**100.0%**	**Net investment assets**	**3,864,883**	**100.0%**

All the above companies are registered in the United Kingdom.

The following investments represent more than 5% of the net assets of the scheme.

Security	31-Mar-20	% of total fund	31-Mar-21	% of total fund
	£000	%	£000	%
LF ACCESS Global Stock - Dodge and Cox	316,598	10.6%	**486,668**	**12.5%**
LF ACCESS Global Equity - J O Hambro	386,254	12.9%	**509,482**	**13.1%**
LF ACCESS Global Equity - Longview	266,447	8.9%	**362,023**	**9.3%**
UBS Asset Management Life USA Equity Tracker Hedged	186,591	6.2%	**209,901**	**5.4%**
	1,155,890		**1,568,074**	

15. ANALYSIS OF DERIVATIVES

Objectives and policies for holding derivatives

Most of the holding in derivatives is to hedge liabilities or hedge exposures to reduce risk in the Fund. Derivatives may be used to gain exposure to an asset more efficiently than holding the underlying asset. The use of derivatives is managed in line with the investment management agreement agreed between the Fund and the various investment managers.

• Futures

There were no outstanding exchange traded future contracts at 31 March 2021 or 31 March 2020.

• Forward foreign currency

The Fund's Investment Managers may enter into forward foreign currency contracts to secure current exchange rates in order to reduce the volatility associated with fluctuating currency rates.

There were no open forward currency contracts at 31 March 2021 or 31 March 2020. There is no specified requirement to use currency hedging within the Fund's Investment Management Agreements. Instead, the Fund managers use their discretion as to whether or not any currency hedging should be used to mitigate any potential risk.

Notes to the Pension Fund Accounts (continued)

•Options

In order to minimise the risk of loss of value through adverse equity price movements, equity option contracts can protect the Fund from falls in value in its main investment markets, principally the UK, USA and Europe.

Investment underlying option contract	Expires	Put/Call	Notional Holdings	31-Mar-20	Notional Holdings	31-Mar-21
Assets				**£000**		**£000**
Equity purchased	Over three months	Put	172,896	138,545	158,099	2,152
Total assets				**138,545**		**2,152**
Liabilities						
Equity written	One to three months	Put	0	0	-203,057	-285
Equity written	Over three months	Put	-222,053	-98,506	0	0
Equity written	One to three months	Call	0	0	-154,327	-47,875
Equity written	Over three months	Call	-168,826	-3,457	0	0
Total liabilities				-101,963		-48,160
Net purchased/written options				**36,582**		**-46,008**

16. FAIR VALUE

Valuation of Financial Instruments Carried At Fair Value

Asset and liability valuations have been classified into three levels, according to the quality and reliability of information used to determine fair values.

Transfers between levels are recognised in the year in which they occur. The Fund has adopted the classification guidelines recommended in the Practical Guidelines on Investment Disclosures (PRAG/Investment Association, 2016).

Level 1 Assets and liabilities at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index-linked securities and unit trusts.

Level 2 Assets and liabilities at Level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value. The price used is based upon inputs from observable market data.

Level 3 Assets and liabilities at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

The values of the investment in private equity are based on valuations provided by the general partners to the private equity funds in which the Cambridgeshire Fund has invested. These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines 2015, which follow the valuation principles of IFRS and US GAAP. Valuations are usually undertaken annually at the end of December. Cash flow adjustments are used to roll forward the valuations to 31 March as appropriate.

16a. Fair value hierarchy

The following tables provides an analysis of the financial assets at fair value through profit and loss of the Pension Fund grouped into levels 1 to 3, based on the level at which the fair value is observable:

Value at March 2021	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	£000	£000	£000	£000
Bonds	156,972	0	0	**156,972**
Equities	0	0	0	**0**
Pooled Investments	16,106	2,745,689	0	**2,761,795**
Pooled Property Investments	0	0	237,190	**237,190**
Private Equity/Infrastructure	0	0	688,334	**688,334**
Derivatives	0	2,152	0	**2,152**
Net Investment Assets	**173,078**	**2,747,841**	**925,524**	**3,846,443**

Value at March 2020	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	£000	£000	£000	£000
Bonds	0	155,686	0	**155,686**
Equities	1	0	0	**1**
Pooled Investments	2,422	2,026,760	0	**2,029,182**
Pooled Property Investments	0	0	225,063	**225,063**
Private Equity/Infrastructure	0	55,023	445,787	**500,810**
Derivatives	0	138,546	0	**138,546**
Net Investment Assets	**2,423**	**2,376,015**	**670,850**	**3,049,288**

Notes to the Pension Fund Accounts (continued)

All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date.
The fair valuation of each class of investment asset is set out below.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted investments	Level 1	Published bid market price ruling on the final day of the account period	Not required	Not required
Quoted bonds	Level1	Fixed interest securities valued at a market value based on current yields	Not required	Not required
Exchange traded pooled investments	Level 1	Closing bid value on published exchanges	Not required	Not required
Pooled investments – not exchange traded open ended funds	Level 2	Closing bid and offer prices are published. Closing single price where a single price is published	NAV based pricing set on a forward pricing basis.	Not required
Unquoted bonds and unit trusts	Level 2	Average of broker prices	Evaluated price feeds.	Not required
Pooled investments – not exchange traded closed ended funds	Level 3	Closing bid and offer prices are published. Closing single price where a single price is published	NAV based pricing set on a forward pricing basis.	Valuations could be affected by material events occurring between the date of the financial statements provided and the Fund's own reporting date and lack of liquidity.
Private equity and infrastructure- equity	Level 3	Comparable valuation of similar companies	Price/Earnings or EBITDA multiple	Valuations could be affected by material events occurring between the date of the financial statements provided and the Fund's own reporting date.
Private equity and infrastructure - other	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines (2012)	Share of net assets	Valuations could be affected by material events occurring between the date of the financial statements provided and the Fund's own reporting date, and by any differences between audited and unaudited accounts.

Notes to the Pension Fund Accounts (continued)

Sensitivity of assets valued at Level 3

Having analysed historical data and current market trends, and consulted with independent investment advisers, the Fund has determined that the valuation methods described above are likely to be accurate within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2021.

Asset Type	Market Value as at 31-Mar-21 £000	Assessed valuation range (+/-)	Value on Increase £000	Value on Decrease £000
Private Equity	688,334	23.5%	850,092	526,576
Property	237,190	14.2%	270,871	203,509
Total Assets	**925,524**		**1,120,963**	**730,085**

16(b) Reconciliation of fair value measurements within Level 3

Period 2020-21	Market value 01-Apr-20 £000	Transfers in/out of Level 3 £000	Purchases during the year and derivative payments £000	Sales during the year and derivative receipts £000	Unrealised gains/(losses) £000	Realised gains/(losses) £000	Market value 31-Mar-21 £000
Pooled property investments	225,063	0	15,821	-4,215	1,812	-1,291	237,190
Private equity and infrastructure - equity	58,000	0	0	0	18,000	0	76,000
Private equity and infrastructure - other	387,787	55,000	137,005	-55,395	64,974	22,963	612,334
Total	**670,850**	**55,000**	**152,826**	**-59,610**	**84,786**	**21,672**	**925,524**

Notes to the Pension Fund Accounts (continued)

17. FINANCIAL INSTRUMENTS

17a. Classification of financial instruments

The following table analyses the carrying amounts of financial assets and liabilities by category and net assets statement heading.
No financial assets were reclassified during the year.

31-Mar-20				31-Mar-21		
Fair value through profit and loss £000	Assets at amortised cost £000	Liabilities at amortised cost £000		Fair value through profit and loss £000	Assets at amortised cost £000	Liabilities at amortised cost £000
			Financial assets			
155,686	0	0	Bonds	156,972	0	0
1	0	0	Equities	0	0	0
2,029,182	0	0	Pooled investments	2,761,795	0	0
225,063	0	0	Pooled property investments	237,190	0	0
500,810	0	0	Private equity/Infrastructure	688,334	0	0
138,546	0	0	Derivative contracts	2,152	0	0
0	40,661	0	Cash	0	90,818	0
0	722	0	Other investment balances	0	247	0
0	18,133	0	Debtors	0	15,214	0
3,049,288	**59,516**	**0**		**3,846,443**	**106,279**	**0**
			Financial liabilities			
0	0	-101,964	Derivative contracts	0	0	-48,160
0	0	0	Other investment balances	0	0	0
0	0	-9,171	Creditors	0	0	-6,327
0	**0**	**-111,135**		**0**	**0**	**-54,487**
3,049,288	**59,516**	**-111,135**		**3,846,443**	**106,279**	**-54,487**
		2,997,669	**Total**			**3,898,235**

17b. Net Gains and Losses on Financial Instruments

31-Mar-20 £000		31-Mar-21 £000
	Financial assets:	
-263,072	Fair value through profit and loss	918,956
4,461	Amortised cost – realised gains on de-recognition of assets	5
	Financial liabilities:	
33,052	Fair value through profit and loss	-82,590
0	Amortised cost – realised losses on de-recognition of assets	-59
-225,559	**Total gains/(losses)**	**836,312**

18. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Risk and risk management

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Fund manages these investment risks as part of its overall Pension Fund Risk Management Programme.

Responsibility for the Fund's Risk Management Strategy rests with the Pension Fund Committee. Risk Management policies are established to identify and analyse the risks faced by the Council's pensions operations. Policies are reviewed regularly to reflect changes in activity and in market conditions. Risk Strategy Statement

a) Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the Fund's Risk Management Strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Council and its investment advisers undertake appropriate monitoring of market conditions and benchmark analysis.

The Fund manages these risks in two ways:

•the exposure of the Fund to market risk is monitored through a factor risk analysis, to ensure that risk remains within tolerable levels

•specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments.

Equity futures contracts and exchange traded option contracts on individual securities may also be used to manage market risk on equity investments. The Fund entered into derivative contracts to manage the overweight in equities compared to the strategic allocation.

Notes to the Pension Fund Accounts (continued)

Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund is exposed to share and derivative price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Fund’s investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored by the Council to ensure it is within limits specified in the Fund Investment Strategy.

Other price risk – sensitivity analysis

Following analysis of historical data and expected investment return movement during the financial year, in consultation with the Fund’s investment advisers, the Council has determined that the following movements in market price risk would have reasonably been possible for the 2020-21 reporting period.

The sensitivities are consistent with the assumptions contained in the investment adviser’s most recent review. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

Asset Type	Potential Market Movement +/- (%p.a.)
UK equities	16.7%
Global equities	17.4%
Index linked bonds	7.5%
Pooled fixed interest bonds	8.0%
Multi asset credit	6.2%
Property	14.2%
Alternatives	23.5%
Cash and other investment balances	0.3%

Notes to the Pension Fund Accounts (continued)

Had the market price of the fund investments increased/decreased in line with the above, the change in the net assets available to pay benefits would have been as follows:

31-Mar-21 Asset Type	Value as at 31-Mar-21 £000	% (rounded) Change	Value on Increase £000	Value on Decrease £000
UK equities	**85,032**	16.7%	99,232	70,832
Global equities	**2,230,221**	17.4%	2,618,279	1,842,163
Index linked bonds	**156,972**	7.5%	168,745	145,199
Pooled fixed interest bonds	**64,500**	8.0%	69,660	59,340
Multi asset credit	**365,936**	6.2%	388,624	343,248
Property	**237,190**	14.2%	270,871	203,509
Alternatives	**688,334**	23.5%	850,092	526,576
Cash and other investment balances	**36,698**	0.3%	36,808	36,588
Total Assets	**3,864,883**		**4,502,312**	**3,227,454**

31-Mar-20 Asset Type	Value as at 43,921 £000	% (rounded) Change	Value on Increase £000	Value on Decrease £000
UK equities	**73,091**	27.5%	93,191	52,991
Global pooled equities	**1,749,717**	28.0%	2,239,637	1,259,796
Index linked bonds	**155,686**	7.4%	167,207	144,165
Pooled fixed interest bonds	**203,953**	9.8%	223,941	183,966
Property	**225,063**	14.2%	257,022	193,104
Alternatives	**500,810**	23.2%	616,998	384,622
Cash and Other investment balances	**71,311**	0.3%	71,525	71,097
Total Assets	**2,979,631**		**3,669,521**	**2,289,741**

Notes to the Pension Fund Accounts (continued)

Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's interest rate risk is routinely monitored by the Council and its investment consultant in accordance with the Fund's risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks. The Fund's direct exposure to interest rate movements as at 31 March 2021 and 31 March 2020 is set out to the right. These disclosures present interest rate risk based on the underlying financial assets at fair value.

Interest rate risk sensitivity analysis

The Council recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits. An 80 basis point (BPS) (i.e. 0.80%) movement in interest rates is consistent with the level of sensitivity applied as part of the Fund's risk management strategy. The Fund's investment consultant has advised that long-term average rates are expected to move less than 80 basis points from one year to the next and experience suggests that such movements are likely. The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 100 BPS (1.0%) change in interest rates:

31-Mar-20 £000	Asset Type	31-Mar-21 £000
31,585	Cash and cash equivalents	66,353
9,076	Cash balances	24,465
155,686	Index-linked securities	156,972
203,953	Fixed interest securities	430,436
400,300	**Total**	**678,226**

Exposure to interest rate risk	Asset values 31-Mar-21 £000	Impact of 1% decrease £000	Impact of 1% increase £000
Cash and cash equivalents	**66,353**	66,353	66,353
Cash balances	**24,465**	24,465	24,465
Index-linked securities	**156,972**	158,542	155,402
Fixed interest securities	**430,436**	434,740	426,132
Total change in assets available	**678,226**	**684,101**	**672,351**

Exposure to interest rate risk	Asset values 31-Mar-20 £000	Impact of 1% decrease £000	Impact of 1% increase £000
Cash and cash equivalents	**31,585**	31,585	31,585
Cash balances	**9,076**	9,076	9,076
Index-linked securities	**155,686**	157,243	154,129
Fixed interest securities	**203,953**	205,993	201,913
Total change in assets available	**400,300**	**403,897**	**396,703**

Notes to the Pension Fund Accounts (continued)

Exposure to interest rate risk	Interest receivable 2020-21 £000	Value on 1% increase £000	Value on 1% decrease £000
Cash deposits, cash and cash equivalents	**519**	524	514
Index-linked securities	**526**	531	521
Fixed interest securities	**1,989**	2,009	1,969
Total	**3,034**	**3,064**	**3,004**

Exposure to interest rate risk	Interest receivable 2019-20 £000	Value on 1% increase £000	Value on 1% decrease £000
Cash deposits, cash and cash equivalents	**561**	567	555
Index-linked securities	**494**	499	489
Fixed interest securities	**2,026**	2,046	2,006
Total	**3,081**	**3,112**	**3,050**

This analysis demonstrates that a 1% increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value, and vice versa. Changes in interest rates do not impact on the value of cash and cash equivalent balances but they will affect the interest income received on those balances. Changes to both the fair value of the assets and the income received from investments impact on the net assets available to pay benefits.

Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the Fund (GBP). The Fund holds both monetary and non-monetary assets denominated in currencies other than GBP.

The Fund's currency rate risk is routinely monitored by the Investment Sub Committee and its investment advisers in accordance with the Fund's risk management strategy, including monitoring the range of exposure to currency fluctuations.

The Fund partially hedges its currency exposures on equity investments by transferring into currency hedged share classes of its passive equity funds.

Notes to the Pension Fund Accounts (continued)

Currency risk – sensitivity analysis

Following analysis of historical data with the Fund's advisers, the Council considers the likely volatility associated with foreign exchange rate movements to be 9.8% (the 1 year expected standard deviation). A 9.8% (31 March 2020: 10.0%) fluctuation in the currency is considered reasonable based on the Fund adviser's analysis of long-term historical movements in the month-end exchange rates over a rolling 36 month period. This analysis assumes that all other variables, in particular interest rates, remain constant. A 9.8% strengthening/weakening of the pound against the various currencies in which the fund holds investments would decrease/increase the net assets available to pay benefits as follows.

Assets exposed to currency risk	Value at 31-Mar-21 £000	Potential market movement £000	Value on increase £000	Value on decrease £000
Overseas equities - Hedged	**548,469**	0	548,469	548,469
Overseas equities - Unhedged	**1,681,752**	164,812	1,846,564	1,516,940
Overseas fixed income	**430,436**	42,183	472,619	388,253
Overseas cash fund	**1,046**	103	1,149	943
Total	**2,661,703**	**207,097**	**2,868,800**	**2,454,606**

Assets exposed to currency risk	Value at 31-Mar-20 £000	Potential market movement £000	Value on increase £000	Value on decrease £000
Overseas equities - Hedged	**577,099**	0	577,099	577,099
Overseas equities - Unhedged	**1,172,618**	117,262	1,289,880	1,055,356
Overseas fixed income	**203,953**	20,395	224,348	183,558
Overseas cash fund	**2,422**	242	2,664	2,180
Total	**1,956,092**	**137,899**	**2,093,991**	**1,818,193**

b) Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities. In essence the Fund's entire investment portfolio is exposed to some form of credit risk, with the exception of the derivatives positions, where the risk equates to the net market value of a positive derivative position. However the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

Contractual credit risk is represented by the net payment or receipts that remains outstanding, and the cost of replacing the derivative position in the event of a counterparty default. The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties. Credit risk on over-the-counter derivative contracts is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency. Deposits are not made with banks and financial institutions unless they are rated independently and meet the Council's credit criteria. The Council has also set limits as to the maximum percentage of the deposits placed with any one class of financial institution.

Notes to the Pension Fund Accounts (continued)

The Council believes it has managed its exposure to credit risk, and has had no experience of default or uncollectible deposits over the past five financial years. The Fund's cash holding under its treasury management arrangements at 31 March 2021 was £90.8m (31 March 2020: £40.6m). This was held with the following institutions:-

	Rating	31-Mar-20 £000	31-Mar-21 £000
Money market funds			
Northern Trust Global Investors Global Cash Fund	AAAm	30,835	23,878
Bank deposit account			
Barclays Bank	A	9,076	421
NatWest Bank	A	0	24,044
Bank current accounts			
Northern Trust custody accounts	A-1+	750	42,475
Total		**40,661**	**90,818**

c) Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund therefore takes steps to ensure that it has adequate cash resources to meet its commitments. This will particularly be the case for cash from the cash flow matching mandates from the main investment strategy to meet the pensioner payroll costs; and also cash to meet investment commitments.

The Fund has immediate access to its cash holdings, with the exception of holdings that are for a fixed term when the deposit is placed. The Fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets which will take longer than three months to convert in to cash. As at 31 March 2021 the value of illiquid assets was £925.5m, which represented 23.9% of the total Fund assets (31 March 2020: £725.9m, which represented 24.2% of the total Fund assets).

Management prepares periodic cash flow forecasts to understand and manage the timing of the Fund's cash flows. The appropriate strategic level of cash balances to be held forms part of the Fund investment strategy. All financial liabilities at 31 March 2021 are due within one year.

d) Refinancing risk

A key risk for a Pension Fund is that it may be bound to replenish a significant proportion of its Pension Fund financial instruments at a time of unfavourable interest rates. The Fund does not have any financial instruments that have a refinancing risk as part of its investment strategy.

19. FUNDING ARRANGEMENTS

In line with the Local Government Pension Scheme Regulations 2013, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2019. The next valuation will take place as at 31 March 2022 and will be published in 2023.

The key elements of the funding policy are:

- To ensure the long-term solvency of the Fund, i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment;
- To ensure that employer contribution rates are as stable as possible;
- To minimise the long-term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return;
- To reflect the different characteristics of employing bodies in determining contribution rates where the administering authority considers it reasonable to do so;
- To use reasonable measures to reduce the risk to other employers and ultimately to the council tax payer from an employer defaulting on its pension obligations.

The aim is to achieve 100% solvency over a maximum period of 20 years and to provide stability in employer contribution rates by spreading any increases in rates over a period of time. Solvency is achieved when the funds held, plus future expected investment returns and future contributions are sufficient to meet expected future pension benefits payable. Where an employer's funding level is less than 100%, a deficit recovery plan is put in place requiring additional contributions from the employer to meet the shortfall.

At the 2019 actuarial valuation, the Fund was assessed as 100% funded (78.4% at the March 2016 valuation). This corresponded to a deficit of £11m (2016 valuation: £625m) at that time.

The Contribution Objective is achieved by setting employer contributions which are likely to be sufficient to meet both the cost of new benefits accruing and to address any funding deficit relative to the funding target over the agreed time horizon. A secondary objective is to maintain where possible relatively stable employer contribution rates. For each employer in the Fund, to meet the Contribution Objective, a primary contribution rate has been calculated in order to fund the cost of new benefits accruing in the Fund. Additionally, if required, a secondary contribution rate has also been calculated to target a fully funded position within the employer's set time horizon.

The table below summarises the whole fund Primary and Secondary Contribution rates at the 2019 triennial valuation. These rates are the payroll weighted average of the underlying individual employer primary and secondary rates, calculated in accordance with the Regulations and CIPFA guidance.

Primary Rate %	Secondary Rate		
1 April 2020 to 31 March 2023	2020-2021	2021-2022	2022-2023
18.4%	£19,425,000	£19,061,000	£19,082,000

The Primary rate above includes an allowance of 0.6% of pensionable pay for the Fund's expenses. The average employee contribution rate is 6.3% of pensionable pay. Full details of the contribution rates payable can be found in the 2019 actuarial valuation report and the funding strategy statement on the Fund's website.

Notes to the Pension Fund Accounts (continued)

Basis of valuation

The valuation of the Fund has been undertaken using the projected unit method under which the salary increase for each member is assumed to increase until they leave active service by death, retirement or withdrawal from service. The principal assumptions were:

Financial assumptions

A summary of the main financial assumptions adopted for the valuation of members' benefits are shown below.

Assumption	31-Mar-16	31-Mar-19
Price Inflation (CPI)/ Pension increases	2.1%	2.3%
Pay increases	2.4%*	2.8%**

**CPI plus 0.3%*
***2% until March 2020 followed by CPI plus 0.5%*

Mortality assumptions

Future life expectancy based on the actuary's fund-specific mortality review was:

Assumed life expectancy at age 65	Active and Deferred Members Male	Active and Deferred Members Female	Current Pensioners Male	Current Pensioners Female
2016 valuation	24.0	26.3	22.4	24.4
2019 valuation	22.7	25.5	22.0	24.0

Note that the figures for active and deferred members assume that they are aged 45 at the valuation date.
Various scaling factors have been applied to the mortality tables to reflect the predicted longevity for each class of member and their dependants.

Other demographic valuation assumptions:

a) Retirements in ill health - Allowance has been made for ill-health retirements before Normal Pension Age.
b) Withdrawals - Allowance has been made for withdrawals from service.
c) Retirements in normal health - We have adopted the retirement age pattern assumption as used for the purpose of the 2016 LGPS cost cap valuation.
d) Death in Service - Allowance has been made for death in service.
e) Promotional salary increases – Allowance has been made for promotional salary increases.
f) 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 the member and the dependant of a female member is assumed to be 3 years older than the member.
g) Commutation - 25% of future retirements elect to exchange pension for additional tax free cash up to HMRC limits for service to 1 April 2008 (equivalent 64% for service from 1 April 2008).
h) 50:50 option - 1.0% of members (uniformly distributed across the age, service and salary range) will choose the 50:50 option.

Notes to the Pension Fund Accounts (continued)

20. ACTUARIAL PRESENT VALUE OF PROMISED RETIREMENT BENEFITS

In addition to the triennial funding valuation, the Fund's actuary also undertakes a valuation of the Pension Fund liabilities, on an IAS 19 basis, every year using the same base data as the funding valuation rolled forward to the current financial year, taking account of changes in membership numbers and updating assumptions to the current year.

In order to assess the value of the benefits on this basis, the Actuary has updated the actuarial assumptions (set out below) from those used for funding purposes (see Note 19). The actuary has also used valued ill health and death benefits in line with IAS 19.

31-Mar-20 £m		31-Mar-21 £m
-4,305	Present value of promised retirement benefits	-5,774
2,998	Fair value of scheme assets (bid value)	3,898
-1,307	**Net liability**	**-1,876**

As noted above, the liabilities are calculated on an IAS 19 basis and therefore will differ from the results of the 2019 triennial funding valuation (see note 19) because IAS 19 stipulates a discount rate rather than a rate which reflects market rates.

Assumptions used

31-Mar-20 % p.a.	Assumption	31-Mar-21 % p.a.
1.90%	Inflation/pension increase rate assumption	2.85%
2.40%	Salary increase rate	3.35%
2.30%	Discount rate	2.00%

Notes to the Pension Fund Accounts (continued)

21. CURRENT ASSETS

31-Mar-20 £000		31-Mar-21 £000
	Debtors:	
2,288	Contributions Due – Members	2,326
6,018	Contributions Due – Employers	6,079
9,827	Sundry Receivables	6,809
18,133		**15,214**
9,076	Cash Balances	24,465
27,209		**39,679**

22. CURRENT LIABILITIES

31-Mar-20 £000		31-Mar-21 £000
7,363	Sundry Payables	4,823
1,808	Benefits Payable	1,504
9,171		**6,327**

23. ADDITIONAL VOLUNTARY CONTRIBUTIONS

31-Mar-20 £000		31-Mar-21 £000
7,653	Prudential	7,543
361	Utmost	343
8,014		**7,886**

The 31 March 2021 AVC values are estimates due to delays in not receiving the statements from the providers.

24. AGENCY

Agency Services represent activities administered by the Fund on behalf of scheme employers which are not included within the Fund Account but are provided as a service and are fully reclaimed from the employer bodies.

31-Mar-20 £000		31-Mar-21 £000
3,618	Unfunded pensions	3,539
3,618		**3,539**

25. RELATED PARTY TRANSACTIONS

Cambridgeshire County Council

The Cambridgeshire County Council Pension Fund is administered by Cambridgeshire County Council. Consequently there is a strong relationship between the Council and the Fund. The Council incurred costs of £2.0m (2019-20: £2.4m) in relation to the administration of the Fund and was subsequently reimbursed by the Fund for these expenses.

The Council is also the single largest employer of members of the Pension Fund and contributed £21.5m, excluding Local Education Authority schools, to the Fund in 2020-21 (2019-20: £21.0m). At 31 March 2021 there was £5.1m (31 March 2020: £5.7m) due to the Fund by the Council.

Governance

The following Pension Fund Committee members declared a personal interest due to either being a member of the scheme themselves or having a family member in the scheme:-

- John Walker
- Lee Phanco

County Council members have declared their interests in their Register of Members' Interests. Other members of the Pension Fund Board are required to declare their interests at each meeting.

Cambridge and Counties Bank

The Fund is joint owner, along with Trinity Hall, Cambridge, of Cambridge and Counties Bank (CCB). As the Fund has no controlling interest in the Bank and it is included within the Fund's financial statements as a minority interest. Each shareholder is entitled to appoint one shareholder Non Executive Director to the Board of CCB. The Fund is represented by an Officer of the Pension Fund, for which CCB paid £52,250 during the year (2019-20 £52,250) to the Pension Fund.

25(a) KEY MANAGEMENT PERSONNEL

The administration of the Fund is provided by Northamptonshire County Council in partnership with Cambridgeshire County Council. The Head of Pensions reports directly to Assistant Director of Finance at Northamptonshire County Council, whose costs are reported in the Northamptonshire County Council statement of accounts. Other key personnel include the Section 151 Officer, who is Treasurer to the Fund, and the Head of HR. The Assistant Director of Finance, the Section 151 Officer and the Head of HR are remunerated for their services to the organisation as a whole and it is not possible to identify within the overhead charge from the proportion of costs relating to these services to the Fund.

26. CONTINGENT LIABILITIES AND CONTRACTUAL COMMITMENTS

Outstanding contractual commitments at 31 March 2021 totalled £303.3m (31 March 2020: £318.0m).

These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the private equity and infrastructure parts of the portfolio. The amounts 'called' by these funds are irregular in both size and timing over a period of between three and fifteen years from the date of each original commitment.

27. CONTINGENT ASSETS

Fourteen admitted body employers in the Cambridgeshire Fund hold insurance bonds to guard against the possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the Pension Fund and payment will only be triggered in the event of employer default, and usually only in the event of premature cessation.

Glossary

ACCRUAL An amount to cover income or spending that belongs to the accounting year, which was outstanding at the accounting date.

ACTUARY An independent company which advises on the assets and liabilities of the Fund with the aim to ensure that the payment of pensions and future benefits are met.

ACS Authorised Contractual Scheme.

ADMITTED BODIES Voluntary and charitable bodies whose staff can become members of the Local Government Pension Scheme subject to certain terms and conditions and other organisations to whom Local Government employees have been transferred under the outsourcing of Local Government services.

BENEFICIAL OWNER The true owner of a security regardless of the name in which it is registered.

BOND Security issued by a corporate or government body borrowing in the capital markets. Bonds promise to pay interest (coupons) during the life of the bond plus the principal sum borrowed on the redemption date. Bonds may be secured over assets of the firm or be unsecured.

CASH EQUIVALENTS Assets which are readily convertible into cash.

CIPFA Chartered Institute of Public Finance and Accountancy

COMMUTATION Giving up part or all of the pension payable from retirement in exchange for an immediate lump sum. Commutation factors (usually calculated by the Scheme Actuary) are used to determine the amount of pension which needs to be given up in order to provide the lump sum.

CONTINGENT ASSETS AND LIABILITIES Are assets and liabilities that may or may not be incurred depending on the outcome of a future event.

CONVERTIBLE Unsecured loan stock (bond) which converts into equity of the issuing company. The UK Government also issues convertible gilts which convert into other government stock.

COUPON The regular payment made on bonds.

CURRENT ASSETS Short-term assets such as inventories, receivables and bank balances.

CURRENT LIABILITIES Amounts owed which are due to be settled in less than one year, such as bank overdrafts and money owed to suppliers.

CUSTODIAN An external body responsible for ensuring Fund assets are registered in the name of the Fund, managing the settlement of trades entered into by the Fund, collecting income arising on Fund assets and reporting transactions and values to the Fund on a regular basis.

DEFERRED PENSION BENEFIT A pension benefit which a member has accrued but is not yet entitled to receive.

DEFICIT An outcome as a result of taking away all expenses from income. Additionally, the Fund is in deficit when the liabilities are larger than assets.

DERIVATIVE A financial instrument derived from a security, currency or commodity, or an index indicator representing any of these, the price of which will move in a direct relationship to the price of the underlying instrument. Derivatives can be used for a number of purposes - including insuring against price movements (hedging), increasing exposure to price movements for speculation or getting access to otherwise hard to trade assets or markets.

DIVIDEND The distribution of profits by a company to its shareholders. The dividend may be passed or cut if profits fall. [See also Equities]

EQUITIES Shares representing the capital of a company issued to shareholders usually with voting rights on the way the company runs the business. Equity holders rank last in the event of the winding up of a company.

FINANCIAL INSTRUMENTS Contracts which give rise to a financial asset of one entity and a financial liability or equity instrument of another.

FIXED INTEREST CORPORATE BOND A certificate of debt issued by a company or institution in return for a fixed rate interest with a promise of redemption to repay the original sum.

FTSE-100 INDEX The main UK index used to represent the approximate price movements of the top 100 shares.

Glossary (continued)

FTSE All Share Index Summarises the state of the UK equity market. It covers some 900 of the major UK industrial, commercial and financial companies.

FUTURES Instruments which give a buyer the right to purchase a commodity at a future date.

GMP Guaranteed Minimum Pension.

HEDGE To protect a fund from a fall in prices. This is usually accomplished by the selling of futures.

IDRP Internal Dispute Resolution Procedures

INDEX LINKED Stock whose value is related directly to an index, usually the Retail Price Index and therefore provides a hedge against inflation.

INTEREST YIELD The annual coupon on a bond divided by the price of a bond which is quoted without accrued interest.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) Accounting Standards, Interpretations and the Framework adopted by the International Accounting Standards Board (IASB).

ISC Investments Sub-Committee.

LOAN STOCK Unsecured bonds, which may be convertible if they have a warrant attached.

LPB Local Pension Board.

OFFER PRICE The price at which market makers will sell stock.

ORDINARY SHARES 'A' Shares which confer full voting and dividend rights to the Owner.

PENSION STRAIN Charges to employers to cover discretionary early retirement costs, which are the responsibility of the employer, recovered in the first year of retirement in full.

PFC Pension Fund Committee.

PLSA Pensions and Lifetime Savings Association.

PORTFOLIO A collection of investments. This can refer to the investments managed by a particular Investment Manager, or to describe the whole Fund's investments.

RAG Red, Amber and Green.

RELATED PARTY A person or an organisation which has influence over another person or organisation.

SAB Scheme Advisory Board.

SCHEDULED BODIES Local Authorities and similar bodies whose staff are entitled automatically to become members of the local Authority Pension Fund.

STOCK Shares (e.g. Common stock). However, UK Gilts are more correctly described as stock.

SURPLUS An outcome as a result of taking away all expenses from income. Additionally, the Fund is in surplus when the assets are larger than liablities.

TRANSFER VALUES Sums which are paid either to or received from other pension schemes and relate to new and former members' periods of pensionable employment with employers participating in the scheme.

TREASURY MANAGEMENT A process which plans, organises and controls cash, investments and borrowings so as to optimise interest and currency flows, and minimise the cost of funds.

UNFUNDED Pension benefits not funded by the Pension Fund. Benefits are fully reclaimed from the employer bodies.

UNIT TRUST An open-ended trust investing in a wide spread of stocks, shares and cash (subject to FSA limits). Investors buy units directly from the Investment manager to participate in a diversified portfolio. Unit trusts are subject to FSA investment and borrowing regulations.

WARRANTS Long dated options warrants give the holder the right to buy/sell a specified quantity of a particular stock, or any other asset, at a fixed price on or before a specified date.

Cambridgeshire Pension Fund
Audit Results Report

Year ended 31 March 2021

10 September 2021

Building a better working world

10 September 2021

Audit and Accounts Committee and Pension Fund Committee
Cambridgeshire County Council
Shire Hall
Castle Hill
Cambridge

Dear Audit and Accounts Committee/ Pension Fund Committee Members

2020/21 Audit Results Report

We are pleased to attach our Audit Results Report, summarising the status of our audit for the forthcoming meeting of the Audit and Accounts Committee. This report summarises our preliminary audit conclusion in relation to the audit of Cambridgeshire Pension Fund for 2020/21.

The audit is designed to express an opinion on the 2020/21 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on Cambridgeshire Pension Fund's accounting policies and judgements and material internal control findings. Each year sees further enhancements to the level of audit challenge and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the management team for supporting this process.

This report is intended solely for the information and use of the Audit and Accounts Committee and Pension Fund Committee, other members of the Pension Fund, and senior management. It is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss the contents of this report with you at the Audit and Accounts Committee meeting on the 28 September 2021.

Yours faithfully

MARK HODGSON

Mark Hodgson

Associate Partner

For and on behalf of Ernst & Young LLP

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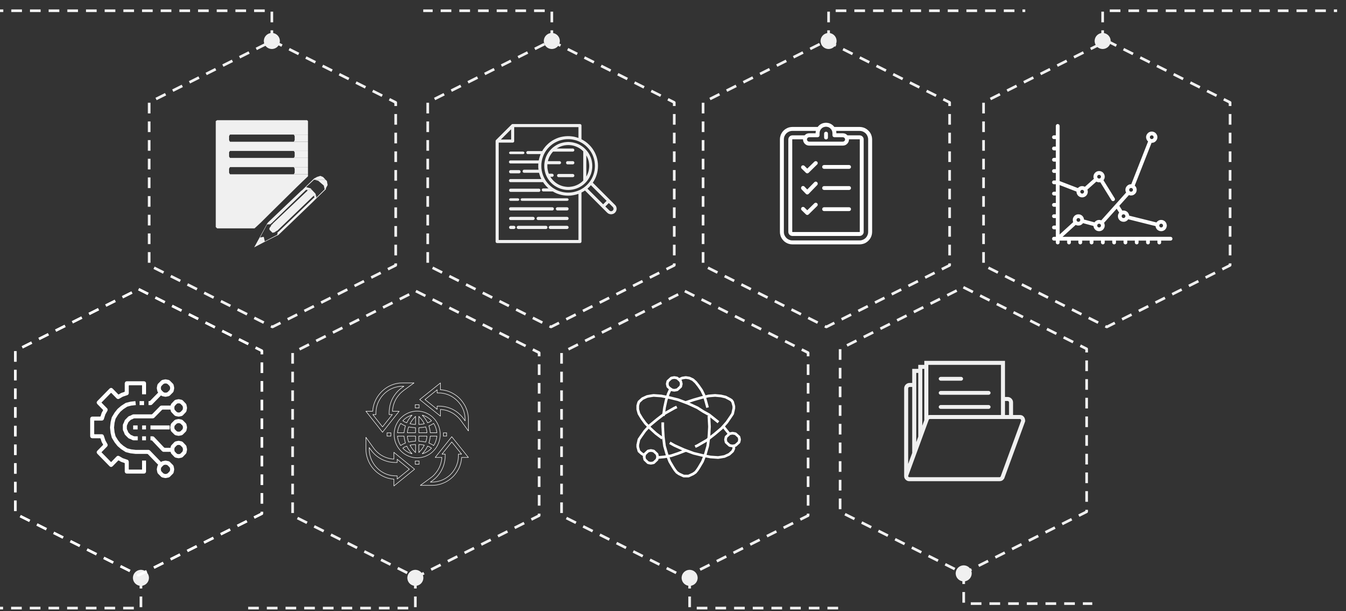


Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (https://www.psaa.co.uk/audit-quality/statement-of-responsibilities/).The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated April 2018)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit and Accounts Committee, Pension Fund Committee, and management of Cambridgeshire Pension Fund in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit and Accounts Committee, Pension Fund Committee, and management of Cambridgeshire Pension Fund those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit and Accounts Committee, Pension Fund Committee, and management of Cambridgeshire Pension Fund for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.

01 Executive Summary

Executive Summary

Scope update

In our Provisional Audit Plan report dated 10 May 2021, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan, with the following exceptions:

- Changes in materiality: In our Provisional Audit Plan, we communicated that our audit procedures would be performed using a materiality of £30.0 million. We updated our planning materiality assessment using the draft 2020/21 Pension Fund Financial Statements and have also reconsidered our risk assessment. Based on our materiality measure of net assets of the scheme, we have updated our overall materiality level to £38.5 million. This results in updated performance materiality, at 75% of overall materiality, of £28.9 million, and an updated threshold for reporting misstatements of £1.9 million.

We have not made any other revisions to the audit risks and planned audit procedures set out within the Provisional Audit Plan.

Changes to reporting timescales

As a result of COVID-19, new regulations, the Accounts and Audit (Amendment) Regulations 2021 No 263, have been published and came into force on 31 March 2021. This announced a change to publication date for final, approved financial statements from 31 July to 30 September 2021 for all relevant authorities.

Additional audit procedures as a result of Covid-19

Other changes in the entity and regulatory environment as a result of Covid-19 that have not resulted in an additional risk, but result in the following impacts on our audit strategy were as follows:

Information Produced by the Entity (IPE): We identified an increased risk around the completeness, accuracy, and appropriateness of information produced by the entity due to the restrictions upon the audit team to verify original documents or re-run reports on-site from the Pension Fund's systems. We undertook the following to address this risk:

- Used the screen sharing function of Microsoft Teams to evidence re-running of reports used to generate the IPE we audited; and
- Agreed IPE to scanned documents or other system screenshots.

Executive Summary

Status of the audit

Our audit work in respect of the Pension Fund opinion is substantially complete. The following items relating to the completion of our audit procedures were outstanding at the date of this report:

Closing Procedures:

- Subsequent events review;
- Agreement of the final set of accounts;
- Receipt of signed management representation letter; and
- Final Manager and Engagement Partner reviews.

Details of each outstanding item, actions required to resolve and responsibility is included in Appendix D.

Subject to satisfactory completion of the following outstanding items above, we expect to issue an unqualified opinion upon the Pension Fund Financial Statements in the form which appears at Section 3.

Audit differences

There is one corrected misstatement identified through our audit. The Investment asset balance within the Net Assets Statement included a number of estimated asset valuations for Level 3 assets. The value of these assets were based on December 2020 actual valuations adjusted for cashflows to the 31 March 2021. Subsequent to the preparation of the Pension Fund's Draft Statement of Accounts, actual valuations for these Level 3 assets were provided by the Fund managers for the 31 March 2021. This showed that the Investment asset balance was understated by £44.145 million.

We also identified a limited number of minor audit disclosure differences in the financial statements, which have been adjustment by Management.

There are no uncorrected misstatements to report.

Control observations

During the audit, we did not identify any significant deficiencies in internal controls. We have taken a wholly substantive approach to the audit.

Executive Summary

Areas of audit focus

In our Provisional Audit Plan we identified a number of key areas of focus for our audit of the financial report of Cambridgeshire Pension Fund. This report sets out our observations and status in relation to these areas, including our views on areas which might be conservative and areas where there is potential risk and exposure. Our consideration of these matters and others identified during the period is summarised within the "Areas of Audit Focus" section of this report.

Management Override: Misstatements due to fraud or error

- We have completed our testing and found no indications of management override of controls.

Management Override: Investment income and asset valuations - Investment Journals

- We have completed our work in this area and have no matters to report.

Unusual Investments (Cambridge and Counties Bank)

- We have completed our work in this area and have no matters to report.

Valuation of complex investments (Unquoted investments)

- We have completed our work in this area and have no matters to report, with the exception of the updated valuation adjustment as per page 6.

IAS 26 disclosure - Actuarial value of promised retirement benefits

- We have completed our work in this area and have no matters to report.

Going Concern

- We have completed our work in this area and have no matters to report. Management have included an additional disclosure note to the financial statements to outline the Pension Funds conclusion that the Fund continues to operate as a going concern.

We request that you review these and other matters set out in this report to ensure:

- There are no residual further considerations or matters that could impact these issues;
- You concur with the resolution of the issue; and
- There are no further significant issues you are aware of to be considered before the financial report is finalised.

There are no matters, other than those reported by Management or disclosed in this report, which we believe should be brought to the attention of the Audit and Accounts Committee, the Pension Fund Committee, or Management.

Executive Summary

Other reporting issues

We have no other matters to report.

Independence

Please refer to Section 8 for our update on Independence.

02 Areas of Audit Focus

Significant risk

Misstatements due to fraud or error

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error. As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We identify and respond to this fraud risk on every audit engagement.

We have considered where this risk specifically manifests itself and this is in the posting of investment journals (see following slide).

What did we do?

As set out in our Audit Plan we confirm that we have performed the following procedures:

- We inquired of management about risks of fraud and the controls put in place to address those risks;
- We obtained an understanding the oversight given by those charged with governance of management's processes over fraud;
- We considered the effectiveness of management's controls designed to address the risk of fraud;
- We performed mandatory procedures regardless of specifically identified fraud risks, including;
    - testing of journal entries and other adjustments in the preparation of the financial statements;
    - reviewing accounting estimates for evidence of management bias; and
    - evaluating the business rationale for significant unusual transactions.
- We utilised our data analytics capabilities to assist with our work, including journal entry testing; and
- We assessed journal entries for evidence of management bias and evaluate for business rationale.

What are our conclusions?

We have not identified any material weaknesses in controls or evidence of material management override.

We have not identified any instances of inappropriate judgements being applied.

We did not identify any other transactions during our audit which appeared unusual or outside the Fund's normal course of business.

Significant risk

Investment income and asset valuations - Investment Journals

What is the risk?

We have considered the key areas where management has the opportunity and incentive to specifically override controls that could affect the Fund Account and the Net Asset Statement.

We have identified the main area being;

- Investment Income and Asset valuations being taken from the Custodian reports and incorrectly posted to the general ledger in the year, specifically through journal postings.

What did we do?

As set out in our Audit Plan we confirm that we have performed the following procedures:

- Tested journals at year-end to ensure there are no unexpected or unusual postings;
- Undertook a review of reconciliations to the fund manager and custodian reports and investigated any reconciling differences;
- Re-performed the detailed investment note using the reports we acquired directly from the custodian or fund managers;
- Checked the reconciliation of holdings included in the Net Assets Statement back to the source reports; and
- For quoted investment income we agreed the reconciliation between fund managers and custodians back to the source reports.

What are our conclusions?

Our testing has not identified any material misstatements within Investment Income or year end Investment Asset valuations.

We have not identified any material weaknesses in controls or evidence of material management override.

We have not identified any instances of inappropriate judgements being applied.

Significant risk

Unusual Investments – Cambridge and Counties Bank (CCB)

What is the risk?

The Pension Fund's investment in Cambridge and Counties Bank (CCB) is a hard to value, Level 3 investment. This is because of a lack of observable inputs and prices which are not publicly available.

The CCB investment is based on valuations provided by a management specialist – Grant Thornton (GT). GT used a markets multiple approach in the prior year looking at price earnings ratio and price to book ratios, considering current and forecast earnings and ratios.

What did we do?

As set out in our Audit Plan we confirm that we have performed the following procedures:

- Engaged with EY Transaction Valuation team who have undertaken a review of the valuation model provided by GT considering the appropriateness of the assumptions and inputs used in determining the valuation;
- Ensured that the CCB investment have been valued in accordance with the relevant accounting policies; and
- The audit team have tested the accounting entries made in the statement of accounts to ensure they are consistent with the valuation provided by Management's expert – GT.

What are our conclusions?

Our testing has not identified any material misstatements from the review of the valuation of Cambridge and Counties Bank.

We have not identified any instances of inappropriate judgements being applied, or bias in the application of assumptions or judgements.

Areas of Audit Focus

Other area of audit focus

Valuation of Complex Investments

(Unquoted Investments)

What is the risk?

The Fund's investments include unquoted pooled investment vehicles, such as private equity and property investments.

Judgements are taken by the Investment Managers to value those investments whose prices are not publicly available. The material nature of Investments means that any error in judgement could result in a material valuation error.

Market volatility means such judgments can quickly become outdated, especially when there is a significant time period between the latest available audited information and the fund year end. Such variations could have a material impact on the financial statements.

The proportion of the fund comprising of these investment types is significant at circa 21%, and as these investments are more complex to value, we have identified the Fund's investments in Private Equity and Pooled Property Investments as higher risk, as even a small movement in these assumptions could have a material impact on the financial statements.

What did we do and what management judgements did we focus on?

As set out in our Audit Plan we confirm that we have performed the following procedures:

- Agreeing 100% of the investments to Custodian and Fund Manager reports
- Triangulating the valuation from Fund Manager reports, Custodian reports, and accounts for all investments
- Assessing the competence of Fund Managers as management experts;
- Obtaining copies of the Fund Managers and Custodian ISAE3402 reports over internal control for any control exceptions raised in relation to the valuation of investments; and
- For a sample of Level 3 investments, we calculated the expected year-end valuation based on the latest audited financial statements, the Pension Fund's percentage holding of that fund, and any purchases and sales in the intervening period.
- We have evaluated the audit report in the financial statements for the relevant Funds in our sample, ensuring there are no matters arising that highlight weaknesses in the funds valuation, or any modification, qualification, emphasis of matter, or issues raised around going concern
- For our sample of Level 3 investments, we also performed a benchmarking exercise with market indices to determine whether the movement in the market value of investments between the date of the latest audited financial statements and the 31st of March 2021 was within our expectation.

What are our conclusions?

We identified one corrected misstatement through our audit procedures. The Investment asset balance within the Net Assets Statement included a number of estimated asset valuations for Level 3 assets. The value of these assets were based on December 2020 actual valuations adjusted for cashflows to the 31 March 2021. Subsequent to the preparation of the Pension Fund's Draft Statement of Accounts, actual valuations for these Level 3 assets were provided by the Fund managers for the 31 March 2021. This showed that the Investment asset balance was understated by £44.145 million. This has been updated within the revised financial statements.

We have not identified any other issues in the completion of our work.

Other area of audit focus

IAS 26 disclosure - Actuarial Present Value of Promised Retirement Benefits

What is the risk?

The Fund's IAS 26 calculation shows that the present value of promised retirement benefits amount to £4,728 million as at 31 March 2021.

The figure is material and subject to complex estimation techniques and judgements by the Actuary, Hymans Robertson. The estimate is based on a roll-forward of data from the previous triennial valuation in 2019/20, updated where necessary, and has regard to local factors such as mortality rates and expected pay rises along with other assumptions around inflation and investment yields when calculating the liability.

Within the calculation for the disclosure note, the valuation may use inappropriate assumptions to value the liability as at the 31 March 2021.

What did we do and what management judgements did we focus on?

As set out in our Audit Plan we confirm that we have performed the following procedures:

- Assessing the competence of management experts, Hymans Robertson;
- Engaging with the NAO's consulting actuary and our EY Pensions Advisory Team to review the IAS 26 approach applied by the actuary are reasonable and compliant with IAS 26; and
- Ensuring that the IAS 26 disclosure is in line with the relevant standards and consistent with the valuation provided by the Actuary.

What are our conclusions?

We did not identify any issues with the competence of the actuary, Hymans Robertson.

There were no significant changes in the IAS 26 approach or methodology and the assumptions used in calculating the IAS 26 figure was considered reasonable and compliant.

The disclosure of IAS 26 was in line with the relevant standards and the valuation provided by the Actuary. One disclosure error was identified in respect of the prior period figures relating to 2018/19 instead of 2019/20, which have been updated within the revised financial statements.

Areas of Audit Focus

Area of Audit Focus - Going concern

We considered the unpredictability of the current environment gave rise to a risk that the Pension Fund may not appropriately assess and disclose the key factors relating to going concern, underpinned by managements assessment, with particular reference to Covid-19 and the Pension Fund's actual year end financial position and performance.

We have received and reviewed Management's assessment of Going Concern and challenged the assessment appropriately.

Management have used the basis of the assessment to include an additional disclosure (within Note 2) within the revised financial statements. We are satisfied, subject to some minor update amendments that may be required between now and the opinion date, that this disclosure note appropriately sets out the circumstances surrounding the financial implications.

03 Audit Report

DRAFT

Our proposed opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAMBRIDGESHIRE COUNTY COUNCIL

Opinion

We have audited the pension fund financial statements for the year ended 31 March 2021 under the Local Audit and Accountability Act 2014. The pension fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

In our opinion the pension fund financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2021 and the amount and disposition of the fund's assets and liabilities as at 31 March 2021 and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the pension fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the authority's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Chief Finance Officer with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the authority's ability to continue as a going concern.

DRAFT

Our proposed opinion on the financial statements

Other information

The other information comprises the information included in the 'Statement of Accounts and Annual Governance Statement 2020-21', other than the financial statements and our auditor's report thereon. The Chief Finance Officer is responsible for the other information contained within the Statement of Accounts and Annual Governance Statement 2020/21.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we report by exception

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Responsibility of the Chief Finance Officer

As explained more fully in the 'Statement of Responsibilities, Certificate and Approval of Accounts' set out on page 36, the Chief Finance Officer is responsible for the preparation of the Authority's Statement of Accounts, which includes the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and for being satisfied that they give a true and fair view and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

DRAFT

Our proposed opinion on the financial statements

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Pension Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Pension Fund either intends to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Pension Fund and determined that the most significant are the Local Government Pension Scheme Regulations 2013 (as amended), and The Public Service Pensions Act 2013.

We understood how Cambridgeshire Pension Fund is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, the Head of Internal Audit, those charged with governance and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the Pension Committee minutes, Pension Fund policies and procedures and other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.

We assessed the susceptibility of the Pension Fund's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and opportunities for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise.

DRAFT

Our proposed opinion on the financial statements

Based on our risk assessment procedures we identified the manipulation of journal entries of the investment income and investment asset valuations and management override of controls to be our fraud risks.

To address our fraud risk we tested the consistency of the investment income and investment asset valuation from the independent sources of the custodian and the fund managers to the financial statements.

To address our fraud risk of management override of controls, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested the appropriateness of the journal and that it was accounted for appropriately.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any identified significant transactions that were unusual or outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the members of Cambridgeshire County Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

04 Audit Differences

Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as "known" or "judgemental". Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Summary of unadjusted differences

Uncorrected misstatements
There are no uncorrected misstatements.

Summary of adjusted differences

Corrected misstatements
There is one corrected misstatement identified through our audit. The Investment asset balance within the Net Assets Statement included a number of estimated asset valuations for Level 3 assets. The value of these assets were based on December 2020 actual valuations adjusted for cashflows to the 31 March 2021. Subsequent to the preparation of the Pension Fund's Draft Statement of Accounts, actual valuations for these Level 3 assets were provided by the Fund managers for the 31 March 2021. This showed that the Investment asset balance was understated by £44.145 million. Management have increased the Investment Asset total by £44.145 million & the Profit on Disposal of Investments and changes in the value of Investments by £44.145 million.

Disclosure Items
Our audit also identified a limited number of minor misstatements which our team have highlighted to management for amendment. These have been corrected during the course of the audit and relate to disclosure and presentational matters in both the Annual Accounts and Annual Report. We consider that only the following misstatements to be so significant as to merit bringing to your attention:

- The inclusion of a Going Concern disclosure note (within Note 2) reflects Management's assessment, and that is clearly discloses the Fund's liquidity position. We have reviewed the disclosure and agree that it appropriately reflects Management's going concern assessment.

05 Other reporting issues

Other reporting issues

Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the Cambridgeshire Pension Fund Annual Report with the audited financial statements. We have reviewed the Pension Fund Annual Report and are satisfied that it is consistent with the financial statements. We have prepared and will issue a consistency statement to Management alongside our Audit Report.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). We did not identify any issues which required us to issue a report in the public interest.

We also have a duty to make written recommendations to the Authority, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014. We did not identify any issues.

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Pension Fund's financial reporting process. They include the following:

- Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- Any significant difficulties encountered during the audit;
- Any significant matters arising from the audit that were discussed with management;
- Written representations we have requested;
- Expected modifications to the audit report;
- Any other matters significant to overseeing the financial reporting process;
- Findings and issues around the opening balance on initial audits (if applicable);
- Related parties;
- External confirmations;
- Going concern; and
- Consideration of laws and regulations.

Other than those areas we have outlined in the previous section, we have nothing to report in respect of these matters.

06 Assessment of Control Environment

Assessment of Control Environment

Financial controls

It is the responsibility of the Pension Fund to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Fund has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. As we have adopted a fully substantive approach, we have therefore not tested the operation of controls.

Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware.

07 Independence

Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Pension Fund, and its members and senior management and its affiliates, including all services provided by us and our network to the Pension Fund, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2020 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by Ernst & Young

The next page includes a summary of the fees that you have paid to us in the year ended 31 March 2021 in line with the disclosures set out in FRC Ethical Standard and in statute. Full details of the services that we have provided are shown below.

As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

We confirm that we have not undertaken non-audit work.

Other communications

EY Transparency Report 2020

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2020:

EY UK Transparency Report 2020 | EY UK

Relationships, services and related threats and safeguards

Services provided by Ernst & Young

Description	Final Fee 2020/21 £	Scale Fee 2020/21 £	Final Fee 2019/20 £
Total Fee – Code work	17,256	17,256	17,256
Changes in work required to address professional and regulatory requirements and scope associated with risk (Note 1)	45,044	-	45,044
Additional work required for Covid-19 considerations (See Note 2)	To be confirmed	-	12,241
Additional Audit Fee in respect of work on behalf of Admitted Body auditors (recharged to the Pension Fund) (Note 3)	8,000	-	11,500
Total fees	**To be confirmed**	**17,256**	**86,041**

All fees exclude VAT

Note 1: For 2019/20 and 2020/21 the scale fee has been re-assessed to take into account a number of risk factors as outlined below:

- Procedures performed to address the risk profile of the Pension Fund: £24,316
- Additional work to address increase in Regulatory standards: £19,472
- Client readiness and IT support for Data Analytics: £1,256

Note 2: In 2019/20, we had to perform additional procedures to address the risks resulting from Covid-19. These are subject to formal approval by PSAA Ltd.

We cannot quantify the impact of any work resulting as a response to C-19 risks in 2020/21 at this point. We will provide an update on the additional fee implications at the conclusion of the audit.

Note 3: We anticipate charging an additional fee of £8,000 in 2020/21 to take into account the additional work required to respond to IAS19 assurance requests from admitted bodies and their auditors. For 2019/20 we were also required to perform additional procedures over the 2019 triennial valuation on the Fund on behalf of admitted body auditors. The Pension Fund can recharge this fee to the relevant admitted bodies.

08 Appendices

Appendix A

Audit approach update

We summarise below our approach to the audit of the balance sheet and any changes to this approach from the prior year audit.

Our audit procedures are designed to be responsive to our assessed risk of material misstatement at the relevant assertion level. Assertions relevant to the balance sheet include:

- Existence: An asset, liability and equity interest exists at a given date
- Rights and Obligations: An asset, liability and equity interest pertains to the entity at a given date
- Completeness: There are no unrecorded assets, liabilities, and equity interests, transactions or events, or undisclosed items
- Valuation: An asset, liability and equity interest is recorded at an appropriate amount and any resulting valuation or allocation adjustments are appropriately recorded
- Presentation and Disclosure: Assets, liabilities and equity interests are appropriately aggregated or disaggregated, and classified, described and disclosed in accordance with the applicable financial reporting framework. Disclosures are relevant and understandable in the context of the applicable financial reporting framework

Net Assets Statement category	Audit Approach in current year	Audit Approach in prior year	Explanation for change
Investment Assets and Liabilities	Substantively tested all relevant assertions	Substantively tested all relevant assertions	N/A
Debtors	Immaterial - Substantively tested assertion for presentation and disclosure	Immaterial - Substantively tested assertion for presentation and disclosure	N/A
Cash in hand	Substantively tested all relevant assertions	Substantively tested all relevant assertions	N/A
Creditors	Immaterial - Substantively tested assertion for presentation and disclosure	Immaterial - Substantively tested assertion for presentation and disclosure	N/A

Appendix B

Summary of communications

Date	Nature	Summary
Various	Meetings	Regular calls held with the Audit Manager and members of the management team to discuss matters relevant to the planning of our audit work.
10 May 2021	Report	The Audit Partner issued the Provisional Audit Plan. Our report included confirmation of independence.
22 July 2021	Meeting	The Pension Committee were presented with our Provisional Audit Plan and discuss our audit strategy for 2020/21.
Various	Meetings	Regular calls held with management, the Partner and Audit Manager to discuss any emerging issues throughout the audit process, and specifically during the Execution phase throughout June and July.
10 September 2021	Meetings	The Audit Partner and Audit Manager met with senior members of the management team to discuss the Audit Results Report (ISA260).
10 September 2021	Report	The Audit Partner issued the Audit Results Report (ISA260)
29 September 2021	Meeting	The Partner met with the Audit and Accounts Committee and senior members of the management team to discuss the Audit Plan and Audit Results Report (ISA260).

Appendix C

Required communications with the Audit and Accounts Committee

There are certain communications that we must provide to the those charged with governance of UK entities. We have detailed these here together with a reference of when and where they were covered:

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Terms of engagement	Confirmation by the Audit and Accounts Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Provisional Audit Plan – 22 July 2021 - Pension Committee / 29 September 2021 – Audit and Accounts Committee
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.	Provisional Audit Plan – 22 July 2021 - Pension Committee / 29 September 2021 – Audit and Accounts Committee
Significant findings from the audit	▸ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▸ Significant difficulties, if any, encountered during the audit ▸ Significant matters, if any, arising from the audit that were discussed with management ▸ Written representations that we are seeking ▸ Expected modifications to the audit report ▸ Other matters if any, significant to the oversight of the financial reporting process	Audit Results Report - 29 September 2021 – Audit and Accounts Committee

Appendix C

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: ▸ Whether the events or conditions constitute a material uncertainty related to going concern ▸ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▸ The appropriateness of related disclosures in the financial statements	Audit Results Report - 29 September 2021 – Audit and Accounts Committee
Misstatements	▸ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▸ The effect of uncorrected misstatements related to prior periods ▸ A request that any uncorrected misstatement be corrected ▸ Material misstatements corrected by management	Audit Results Report - 29 September 2021 – Audit and Accounts Committee
Subsequent events	▸ Enquiry of the Audit and Accounts Committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements.	We have asked management and those charged with governance. We have not identified any subsequent events.

Appendix C

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Fraud	▸ Enquiries of the Audit and Accounts Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▸ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▸ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. ▸ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▸ Any other matters related to fraud, relevant to Audit and Accounts Committee responsibility.	We have asked management and those charged with governance about arrangements to prevent or detect fraud. We have not become aware of any fraud or illegal acts during our audit.
Related parties	Significant matters arising during the audit in connection with the entity's related parties including, when applicable: ▸ Non-disclosure by management ▸ Inappropriate authorisation and approval of transactions ▸ Disagreement over disclosures ▸ Non-compliance with laws and regulations ▸ Difficulty in identifying the party that ultimately controls the entity	We have no matters to report.
Independence	Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence. Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: ▸ The principal threats ▸ Safeguards adopted and their effectiveness ▸ An overall assessment of threats and safeguards ▸ Information about the general policies and process within the firm to maintain objectivity and independence	Provisional Audit Plan – 22 July 2021 - Pension Committee / 29 September 2021 – Audit and Accounts Committee Audit Results Report - 29 September 2021 – Audit and Accounts Committee

Appendix C

Required communications	What is reported?	Our Reporting to you When and where
	Communications whenever significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place. For public interest entities and listed companies, communication of minimum requirements as detailed in the FRC Revised Ethical Standard 2019: ▸ Relationships between EY, the company and senior management, its affiliates and its connected parties ▸ Services provided by EY that may reasonably bear on the auditors' objectivity and independence ▸ Related safeguards ▸ Fees charged by EY analysed into appropriate categories such as statutory audit fees, tax advisory fees, other non-audit service fees ▸ A statement of compliance with the Ethical Standard, including any non-EY firms or external experts used in the audit ▸ Details of any inconsistencies between the Ethical Standard and Group's policy for the provision of non-audit services, and any apparent breach of that policy ▸ Where EY has determined it is appropriate to apply more restrictive rules than permitted under the Ethical Standard ▸ The Audit and Accounts Committee should also be provided an opportunity to discuss matters affecting auditor independence	
External confirmations	▸ Management's refusal for us to request confirmations ▸ Inability to obtain relevant and reliable audit evidence from other procedures.	We have no matters to report.
Consideration of laws and regulations	▸ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▸ Enquiry of the Audit and Accounts Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit and Accounts Committee may be aware of	We have asked management and those charged with governance. We have not identified any material instances or non-compliance with laws and regulations.

Appendix C

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Significant deficiencies in internal controls identified during the audit	▸ Significant deficiencies in internal controls identified during the audit.	Audit Results Report - 29 September 2021 – Audit and Accounts Committee
Written representations we are requesting from management and/or those charged with governance	▸ Written representations we are requesting from management and/or those charged with governance	Audit Results Report - 29 September 2021 – Audit and Accounts Committee
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	▸ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit Results Report - 29 September 2021 – Audit and Accounts Committee
Auditors report	▸ Key audit matters that we will include in our auditor's report ▸ Any circumstances identified that affect the form and content of our auditor's report	Audit Results Report - 29 September 2021 – Audit and Accounts Committee

Outstanding matters

The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report:

Item	Actions to resolve	Responsibility
Subsequent events review	Completion of subsequent events procedures to the date of signing the audit report.	EY and Management
Management Representation Letter	Receipt of signed management representation letter.	Management
Agreement of Final set of Accounts	Agree all changes made to draft accounts are updated in the final set of accounts.	EY and Management
Final Review Procedures	Final review of areas listed above.	EY

Until all our audit procedures are complete, we cannot confirm the final form of our audit opinion as new issues may emerge or we may not agree on final detailed disclosures in the Annual Report. At this point no issues have emerged that would cause us to modify our opinion, subject to these final procedures. A draft of the current opinion (with outstanding areas highlighted) is included in Section 3.

Appendix E – Request for a Management Representation Letter

Request for a Management Representation Letter

EY
Building a better working world

Ernst & Young LLP
One Cambridge Business Park
Cambridge
CB4 0WZ

Tel: 01223 394400
Fax: 01223 394401
www.ey.com/uk

10 September 2021

Tom Kelly
Chief Finance Officer
Cambridgeshire County Council
Shire Hall
Castle Hill
Cambridge
CB3 0AP

Dear Tom,

Cambridgeshire Pension Fund – 2020/21 financial year
Request for a letter of representation

International Standards on Auditing set out guidance on the use by auditors of management representations (ISA (UK&I) 580) and on possible non-compliance with laws and regulations (ISA (UK&I) 250). I have interpreted this guidance as it affects Local Government bodies and I expect the following points to apply:

- auditors may wish to obtain written representation where they are relying on management's representations in respect of judgemental matters (for example the level of likely incidence of a claim), which may not be readily corroborated by other evidence;
- auditors are likely to request written representations on the completeness of information provided;
- auditors may wish to obtain written representation on issues other than those directly related to the Statement of Accounts;
- the letter is dated on the date on which the auditor signs the opinion and certificate;
- the letter is signed by the person or persons with specific responsibility for the financial statements; and
- the letter is formally acknowledged as having been discussed and approved by the Audit Committee, as those charged with governance of the Pension Fund.

I would expect the letter of representation to include the following matters.

General statement

That the letter of representations is provided in connection with our audit of the financial statements of Cambridgeshire Pension Fund ("the Fund") for the year ended 31 March 2021.

That you recognise that obtaining representations from you concerning the information contained in this letter is a significant procedure in enabling us to form an opinion as to whether the financial statements give a true and fair view of the financial transactions of the Fund during the period from 1 April 2020 to 31 March 2021 and of the amount and disposition of the Fund's assets and liabilities as at 31 March 2021, other than liabilities to pay pensions and benefits after the end of the period, have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

EY
Building a better working world

That you understand that the purpose of our audit of the Fund's financial statements is to express an opinion thereon and that our audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent we considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose – all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, you make the following representations, which are true to the best of your knowledge and belief, having made such inquiries as you considered necessary for the purpose of appropriately informing yourselves:

A. Financial Statements and Financial Records (See Note B)

1. That you have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.
2. That you confirm that the Fund is a Registered Pension Scheme. You are not aware of any reason why the tax status of the scheme should change.
3. That you acknowledge, as members of management of the Fund, your responsibility for the fair presentation of the financial statements. You believe the financial statements referred to above give a true and fair view of the financial position and the financial performance of the Fund in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and are free of material misstatements, including omissions. That you have approved the-financial statements.
4. That the significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
5. As members of management of the Fund, you believe that the Fund has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 that are free from material misstatement, whether due to fraud or error.

   You have disclosed to us any significant changes in your processes, controls, policies and procedures that you have made to address the effects of the COVID-19 pandemic on your system of internal controls.
6. That there are no unadjusted differences identified during the current audit and pertaining to the latest period presented.

B. Non-compliance with laws and regulations including fraud

1. That you acknowledge that you are responsible for determining that the Fund's activities are conducted in accordance with laws and regulations and that you are responsible for identifying and addressing any non-compliance with applicable laws and regulations, including fraud.

Appendix E – Request for a Management Representation Letter

Request for a Management Representation Letter

2. That you acknowledge that you are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.

3. That you have disclosed to us the results of your assessment of the risk that the financial statements may be materially misstated as a result of fraud.

4. That you have not made any reports to The Pensions Regulator, nor are you aware of any such reports having been made by any of your advisors.

5. That there have been no other communications with The Pensions Regulator or other regulatory bodies during the Fund year or subsequently concerning matters of noncompliance with any legal duty. That you have drawn to our attention all correspondence and notes of meetings with regulators (if applicable).

6. That you have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Fund (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
   - Involving financial improprieties
   - Related to laws or regulations that have a direct effect on the determination of material amounts and disclosures in the Fund's financial statements
   - Related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Fund, its ability to continue, or to avoid material penalties
   - Involving management, or employees who have significant roles in internal control, or others
   - In relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. That you have provided us with:
   - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters.
   - Additional information that you have requested from us for the purpose of the audit.
   - Unrestricted access to persons within the entity from whom we determined it necessary to obtain audit evidence.

2. That we have been informed of all changes to the Fund rules.

3. All material transactions have been recorded in the accounting records and are reflected in the financial statements, including those related to the COVID-19 pandemic.

4. That you have made available to us all minutes of the meetings of members of the management of the Fund and committees of members of the management of the Fund (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the period to the most recent meeting on the following date (X November 2021).

5. That you confirm the completeness of information provided regarding the identification of related parties. You have disclosed to us the identity of the Fund's related parties and all related party relationships and transactions of which you are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the period end. These transactions have been appropriately accounted for and disclosed in the financial statements.

6. That you confirm the completeness of information provided regarding annuities held in the name of the members of the management of the Fund.

   Where members of the management of the Fund have determined that annuity policies are not material the following statement may be added: The Scheme holds annuity policies which have not been recognised and recorded as an asset of the Scheme in the financial statements as they are not considered material in relation to the net assets. These policies have an estimated value of £xxx.

7. That you have disclosed to us, and the Fund has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

8. No transactions have been made which are not in the interests of the Fund members or the Fund during the fund year or subsequently.

9. That you believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

10. That from the date of your last management representation letter to us, through the date of this letter you have disclosed to us any unauthorized access to your information technology systems that either occurred or to the best of your knowledge is reasonably likely to have occurred based on your investigation, including of reports submitted to you by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to your information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to us and are appropriately reflected in the financial statements.

2. You have informed us of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.

3. You have recorded and/or disclosed, as appropriate, all liabilities relating to litigation and claims,

Appendix E – Request for a Management Representation Letter

Request for a Management Representation Letter

both actual and contingent, and have disclosed in Note [X] to the financial statements all guarantees that we have given to third parties.

4. No other claims in connection with litigation have been or are expected to be received.

E. Subsequent Events

1. Other than described in the relevant note (Note [X]) to the financial statements, there have been no events, including events related to the COVID-19 pandemic, subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

F. Other information

1. You acknowledge your responsibility for the preparation of the other information. The other information comprises the "Cambridgeshire Pension Fund Annual Report and Accounts 2020/21".

2. You confirm that the content contained within the other information is consistent with the financial statements.

G. Independence

1. You confirm that, under section 27 of the Pensions Act 1995, no members of the management of the Fund of the Scheme is connected with, or is an associate of, Ernst & Young LLP which would render Ernst & Young LLP ineligible to act as auditor to the Scheme.

H. Derivative Financial Instruments

1. You confirm that all investments in derivative financial instruments have been made after due consideration by the members of the management of the Fund of the limitations in their use imposed by The LGPS Management and Investment of Funds Regulations 2016. The Fund's Investment Strategy Statement has been duly reviewed to ensure that such investments comply with any limitations imposed by its provisions. The financial statements disclose all transactions in derivative financial instruments that have been entered into during the period, those still held by the members of the management of the Fund at the Fund's year end and the terms and conditions relating thereto.

2. Management has duly considered and deemed as appropriate the assumptions and methodologies used in the valuation of 'over the counter' derivative financial instruments which the Fund is holding, and these have been communicated to you.

I. Pooling investments, including the use of collective investment vehicles and shared services

1. You confirm that all investments in pooling arrangements, including the use of collective investment vehicles and shared services, meet the criteria set out in the November 2015 investment reform and criteria guidance and that the requirements of the LGPS Management and Investment of Funds Regulations 2016 in respect of these investments has been followed.

J. Actuarial valuation

1. The latest report of the actuary [*Name*] as at [*Date*] and dated [*Date*] has been provided to us. To the best of your knowledge and belief you confirm that the information supplied by you to the actuary was true and that no significant information was omitted which may have a bearing on his report.

K. Use of the Work of a Specialist

1. You agree with the findings of the specialists that you have engaged to value Private Equity Investments / IAS26 disclosures and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. You did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and you are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

L. Estimates

Valuation of Investments

1. You believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the applicable financial reporting framework (the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21).

2. You confirm that the significant assumptions used in making the valuation of investments appropriately reflect your intent and ability to carry out specific courses of action on behalf of the entity.

3. You confirm that the disclosures made in the financial statements with respect to the accounting estimate(s) are complete including the effects of the COVID-19 pandemic on the valuation of investments and made in accordance with the applicable financial reporting framework.

4. You confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements due to subsequent events, including due to the COVID-19 pandemic.

M. Going Concern

1. That Note X to the financial statements discloses all the matters of which you are aware that are relevant to the Fund's ability to continue as a going concern, including significant conditions and events, your plans for future action, and the feasibility of those plans.

N. Specific Representations

We do not require any further specific representations in addition to those above.

Appendix E – Request for a Management Representation Letter

Request for a Management Representation Letter

I would be grateful if you could provide a letter of representation, which is appropriately signed and dated (by the Fund Administrator, Chair of the Pension Committee and Chair of Audit Committee) on the proposed audit opinion date (to be confirmed with you) on formal headed paper.

Yours sincerely

Mark Hodgson
Associate Partner
For and on behalf of Ernst & Young LLP

Cambridgeshire
Pension Fund

Ernst & Young
One Cambridge
Business Park
Cowley Road
Cambridge
CB4 0WZ

Pensions Service
West Northamptonshire Council
One Angel Square
Angel Street
Northampton
NN1 1ED

General statement

This letter of representations is provided in connection with our audit of the financial statements of Cambridgeshire Pension Fund ("the Fund") for the year ended 31 March 2021.

We recognise that obtaining representations from you concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the financial transactions of the Fund during the period from 1 April 2020 to 31 March 2021 and of the amount and disposition of the Fund's assets and liabilities as at 31 March 2021, other than liabilities to pay pensions and benefits after the end of the period, have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

We understand that the purpose of our audit of the Fund's financial statements is to express an opinion thereon and that our audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent we considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose – all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records (See Note B)

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

2. We confirm that the Fund is a Registered Pension Scheme. We are not aware of any reason why the tax status of the scheme should change.

3. We acknowledge, as members of management of the Fund, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position and the financial performance of the Fund in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and are free of material misstatements, including omissions. We have approved the-financial statements.

4. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.

5. As members of management of the Fund, we believe that the Fund has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 that are free from material misstatement, whether due to fraud or error.
   We have disclosed to us any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic on our system of internal controls.
6. There are no unadjusted differences identified during the current audit and pertaining to the latest period presented.

B. Non-compliance with laws and regulations including fraud

1. We acknowledge that we are responsible for determining that the Fund's activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any non-compliance with applicable laws and regulations, including fraud.

2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.

3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

4. We have not made any reports to The Pensions Regulator, nor are we aware of any such reports having been made by any of our advisors.

5. There have been no other communications with The Pensions Regulator or other regulatory bodies during the Fund year or subsequently concerning matters of non-compliance with any legal duty. We have drawn to your attention all correspondence and notes of meetings with regulators (if applicable).

6. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Fund (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
    - Involving financial improprieties
    - Related to laws or regulations that have a direct effect on the determination of material amounts and disclosures in the Fund's financial statements
    - Related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Fund, its ability to continue, or to avoid material penalties
    - Involving management, or employees who have significant roles in internal control, or others
    - In relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters.
- Additional information that you have requested from us for the purpose of the audit.

- Unrestricted access to persons within the entity from whom we determined it necessary to obtain audit evidence.

2. You have been informed of all changes to the Fund rules.

3. All material transactions have been recorded in the accounting records and are reflected in the financial statements, including those related to the COVID-19 pandemic.

4. We have made available to you all minutes of the meetings of members of the management of the Fund and committees of members of the management of the Fund (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the period to the most recent meeting on the following date (22nd July 2021).

5. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Fund's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the period end. These transactions have been appropriately accounted for and disclosed in the financial statements.

6. We confirm the completeness of information provided regarding annuities held in the name of the members of the management of the Fund.

7. We have disclosed to you, and the Fund has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of noncompliance, including all covenants, conditions or other requirements of all outstanding debt.

8. No transactions have been made which are not in the interests of the Fund members or the Fund during the fund year or subsequently.

9. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

10. That from the date of your last management representation letter to us, through the date of this letter we have disclosed to you any unauthorised access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorised access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.

2. No other claims in connection with litigation have been or are expected to be received.

E. Subsequent Events

1. Other than described in the relevant note (Note 6) to the financial statements, there have been no events, including events related to the COVID-19 pandemic, subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

F. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the "Cambridgeshire Pension Fund Annual Report and Accounts 2020/21".

2. We confirm that the content contained within the other information is consistent with the financial statements.

G. Independence

1. We confirm that, under section 27 of the Pensions Act 1995, no members of the management of the Fund of the Scheme is connected with, or is an associate of, Ernst & Young LLP which would render Ernst & Young LLP ineligible to act as auditor to the Scheme.

H. Derivative Financial Instruments

1. We confirm that all investments in derivative financial instruments have been made after due consideration by the members of the management of the Fund of the limitations in their use imposed by The LGPS Management and Investment of Funds Regulations 2016. The Fund's Investment Strategy Statement has been duly reviewed to ensure that such investments comply with any limitations imposed by its provisions. The financial statements disclose all transactions in derivative financial instruments that have been entered into during the period, those still held by the members of the management of the Fund at the Fund's year end and the terms and conditions relating thereto.
2. Management has duly considered and deemed as appropriate the assumptions and methodologies used in the valuation of 'over the counter' derivative financial instruments which the Fund is holding, and these have been communicated to you.

I. Pooling investments, including the use of collective investment vehicles and shared services

1. We confirm that all investments in pooling arrangements, including the use of collective investment vehicles and shared services, meet the criteria set out in the November 2015 investment reform and criteria guidance and that the requirements of the LGPS Management and Investment of Funds Regulations 2016 in respect of these investments has been followed.

J. Actuarial valuation

1. The latest report of the actuary Hymans as at 31 March 2019 and dated March 2020 has been provided to you. To the best of our knowledge and belief we confirm that the information supplied by us to the actuary was true and that no significant information was omitted which may have a bearing on his report.

K. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we have engaged to value Private Equity Investments / IAS26 disclosures and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

L. Estimates

Valuation of Investments

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the applicable financial reporting framework (the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21).

2. We confirm that the significant assumptions used in making the valuation of investments appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.

3. We confirm that the disclosures made in the financial statements with respect to the accounting estimate(s) are complete including the effects of the COVID-19 pandemic on the valuation of investments and made in accordance with the applicable financial reporting framework.

4. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements due to subsequent events, including due to the COVID-19 pandemic.

M. Going Concern

1. That Note 2 to the financial statements discloses all the matters of which we are aware that are relevant to the Fund's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

N. Specific Representations

We do not require any further specific representations in addition to those above.

X

Councillor Graham Wilson
Chair of Audit and Accounts Committee

X

Councillor Alison Whelan
Chair of Pension Fund Committee

X

Tom Kelly
Section 151 Officer

ACCESS ANNUAL REPORT 2020/21

As Chairman of the ACCESS Joint Committee, I am pleased to introduce the latest Annual Report for our pool.

The backdrop to 2020/21 remained the COVID-19 pandemic, which continues to shape our world. The strength of the partnership between each of the eleven Authorities has been the foundation of how ACCESS has been able to adjust and respond to these challenging circumstances.

The year saw further substantial progress in the pooling of active listed assets, with seven new sub-funds being launched by Link Fund Solutions, the Operator of the ACCESS Authorised Contractual Scheme (ACS). As at 31 March 2021 a total of £20.4bn on behalf of all eleven ACCESS Authorities was invested within 22 ACS sub-funds across global equity, UK equity, fixed income and diversified growth.

For passive assets, ACCESS Authorities jointly procured the services of UBS in 2017, and a total of £11.1bn was being managed at the end of year.

In January 2021, the Joint Committee agreed the approach ACCESS will take to implement pooled arrangements for alternative / non-listed assets. This will cover the four areas set out below:

- Private Equity
- Private Debt
- Infrastructure
- Property

Having undertaken framework procurements, the ACCESS Joint Committee also confirmed the appointment of two key advisers during the year. In November 2020 we welcomed Engine MHP as our Communications partner, and, in January 2021, Minerva were appointed to conduct a review of the pool's Responsible Investment guidelines and advise on future reporting requirements.

Finally, a review of the size and scope of the ACCESS Support Unit was undertaken resulting in the establishment of two additional FTE positions to further support both the development and ongoing work of the Pool.

At a glance

- **1** Inter Authority Agreement (updated 2020)
- **1** Joint Committee
- **11** Authorities

- **£20bn** assets in **22** ACS actively managed sub funds
- **£11bn** assets with **1** jointly procured passive manager: UBS

- **5** FTE ASU* staff
- **5** part time Technical Leads**
- **Link:** ACS Operator
- **Alternatives** under consideration

- **£12.9m** costs
- **£38.4m** gross savings
- **£25.5m** net savings

Cumulative: 2016 inception to 31 March 2021

- **2nd** Investor Event: 17 December 2020 (virtual)
- **Operator** Link & **Depositary** Northern Trust gave presentations
- **60** delegates.

* FTE = Full Time Equivalent
ASU = ACCESS Support Unit

** Technical Leads drawn from ACCESS Authorities

Background

ACCESS (A Collaboration of Central, Eastern and Southern Shires) is made up of eleven Local Government Pension Schemes (LGPS) Administering Authorities: Cambridgeshire County Council; East Sussex County Council; Essex County Council; Hampshire County Council; Hertfordshire County Council; Isle of Wight Council; Kent County Council; Norfolk County Council; Northamptonshire County Council (West Northamptonshire from 1 April 2021); Suffolk County Council and West Sussex County Council in response to the Governments pooling agenda across the LGPS. The first ACCESS Inter Authority Agreement was signed in late June 2017.

The ACCESS Administering Authorities are committed to working together to optimise benefits and efficiencies on behalf of their individual and collective stakeholders, operating within a clear set of objectives and principles that drives the decision-making process.

Collectively as at 31 March 2021, the ACCESS Authorities have

total assets of **£56 billion** (of which **57%** has been pooled)

serving **3,400** employers with **1.1 million** members including **300,000** pensioners

Governance

An extract from the ACCESS governance model is shown below:

Strategic oversight and scrutiny responsibilities remain with the Administering Authorities as does all decision making on their individual Funds asset allocation and the timing of transfers of assets from each Fund into the arrangements developed by the ACCESS Pool.

The Joint Committee (JC) has been appointed by the eleven Administering Authorities under s102 of the Local Government Act 1972, to exercise specific functions in relation to the pooling of LGPS assets. The JC's functions include the specification, procurement, recommendation of appointment of pool Operators (for active asset management) and pool-aligned asset providers (for passive asset management), to the Administering Authorities. The Joint Committee also reviews ongoing performance.

The Section 151 Officers of ACCESS Authorities provide advice to the Joint Committee in response to its decisions to ensure appropriate resourcing and support is available to implement the decisions and to run the ACCESS Pool.

The Joint Committee is further supported by the Officer Working Group (OWG) and the ACCESS Support Unit (ASU).

The Officer Working Group consists of officers with specialist LGPS investment skills, identified by each of the Administering Authorities whose role is to provide a central resource for advice, assistance, guidance and support for the Joint Committee.

The ACCESS Support Unit (ASU) provides the day-to-day support for running the ACCESS Pool and has responsibility for programme management, contract management and supplier relationship, administration and technical support services. 2020/21 saw the approval of two additional roles to increase support capacity of the ASU which is hosted by Essex County Council. Appointments were made to these positions in March 2021 and July 2021.These roles are also supplemented with additional technical support from Officers within the ACCESS Authorities.

The Operator: Link Fund Solutions

Appointed in 2018 Link Fund Solutions Ltd (Link) provide the pooled operator service, overseeing an Authorised Contractual scheme for the sole use of ACCESS Authorities. Link are responsible for establishing and operating an authorised contractual scheme along with the creation of a range of investment sub-funds for active listed assets and the appointment of the investment managers to those sub-funds. This is designed to enable Administering Authorities to execute their asset allocation strategies

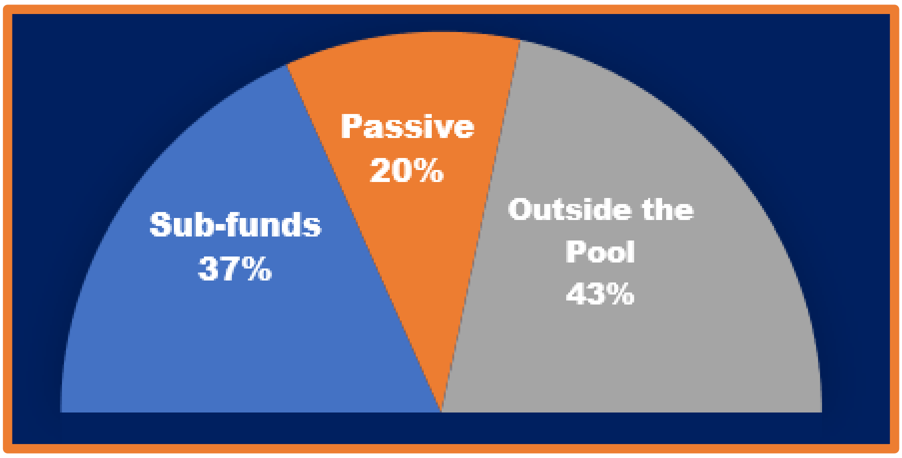
Pool Aligned Assets: UBS

Appointed following a joint procurement in 2017, UBS act as the ACCESS Authorities' investment manager for passive assets.

Progress on Pooling

ACCESS submitted its pooling proposal to Government in July 2016 with detailed plans for establishing and moving assets into the pool. Included in the proposal was an indicative timeline of when assets will be pooled, and ACCESS has continued to make excellent progress against the principal milestone of having **£27.2 billion** assets pooled and estimated savings of **£13.6 million** by March 2021 exceeding the assets pooled by **£4 billion** and the savings by **£8 million**

As at 31 March 2021, **57%** of assets have been pooled:



Pooled Assets

As at 31 March 2021 ACCESS has the following assets pooled:

Pooled Investments	£ Billion
Passive Investments	11.125
UK Equity Funds	2.159
Global Equity Funds	14.676
UK Fixed Income	2.085
Diversified Growth	1.465
Total Pooled Investments	**31.510**

The passive investment funds are held on a pool governance basis under one investment manager as these assets are held in life fund policies, which cannot be held within an authorised contractual scheme.

Key milestones achieved in 2020/21

- Approval and launch of a range of sub-funds reflecting the strategic asset allocation needs of the ACCESS Funds.
- Provision of updates of progress of pooling to Government.
- Appointment of Engine MHP to review and advise in the further development of the Communications Policy.
- Appointment of Minerva to provide advice and guidance to develop Environmental, Social and Governance and Responsible Investment guidelines for ACCESS.
- In conjunction with Link Fund Solutions, held the second investor day for Elected members and officers of the individual Authorities. There were presentations by Link Fund Solutions as the ACS operator and Northern Trust as the depositary.

- Determined an approach to pooling and managing the illiquid assets covering private equity, private debt, infrastructure and property.
- Additional resources appointed to the ASU to support the activities of the ACCESS Pool.

Objectives for 2021/22

ACCESS is well placed to continue to develop the pool and progress will continue unabated despite the restrictions imposed by the COVID-19 lockdown. Virtual meetings are well established and productive. It is anticipated that 2021/22 will see key activities within the following themes:

- Actively managed listed assets: the completion of pooling active listed assets within the Authorised Contractual Scheme (ACS).
- Alternative / non listed assets: the initial implementation of pooled alternative assets.
- Passively managed assets: ongoing monitoring and engagement with UBS.
- Finalise and implement the Environmental, Social and Governance and Responsible Investment guidelines for ACCESS.
- ACCESS Support Unit (ASU): the size and scope of the ASU will be kept under review.

Expected v Actual Costs and Savings

The table below summarises the financial position for 2020/21 along with the cumulative position since the commencement of ACCESS activity in early 2016.

A budget for ongoing operational costs is set by the Joint Committee and is financed equally by each of the eleven Authorities. 2020/21 saw an underspend primarily due to lower than anticipated costs of external advice combined with an underspend in the technical lead recharge costs.

	2020 – 2021 Actual In Year £'000	**2020 – 2021 Budget In Year £'000**	**2016 – 2021 Actual Cumulative to date £'000**	**2016 – 2021 Budget Cumulative to date £'000**
Set Up Costs	-	-	1,824	1,400
Transition Costs	-	-	674	2,499
Ongoing Operational Costs	863	1,079	3,071	3,548
Operator & Depositary Costs	3,672	4,077	7,304	6,577
Total Costs	**4,535**	**5,156**	**12,873**	**14,024**
Pool Fee Savings	**21,747**	**13,600**	**42,262**	**32,050**
Net Savings Realised	**17,212**	**8,444**	**29,389**	**18,026**

Operator and depositary fees are payable by each Authority in relation to assets invested within the Authorised Contractual Scheme established by Link Fund Solutions as pool operator.

The 2020/21 fee savings have been calculated using the CIPFA price variance methodology and based on the average asset values over the year. This approach highlights the combined level of investment fee savings, across all ACCESS Authorities stemming from reduced charges.

In summary, since inception ACCESS has demonstrated excellent value for money, maintaining expenditure broadly in line with the MHCLG submission whilst delivering an enhanced level of savings ahead of the timeline contained in the original proposal.

Environmental, Social and Governance (ESG) and Responsible Investment (RI)

The ACCESS Authorities believe in making long term sustainable investments whilst integrating environmental and social risk considerations, promoting good governance and stewardship.

Whilst the participating authorities have an overriding fiduciary and public law duty to act in the best long-term interests of their LGPS stakeholders to achieve the best possible financial returns, with an appropriate level of risk they also recognise the importance of committing to responsible investment alongside financial factors in the investment decision making process.

ACCESS has reviewed its own ESG/RI guidelines to reflect both the requirements of the Authorities and the expectations associated with this fundamental aspect of institutional investment. Minerva have been appointed as part of this review to provide advice on guidelines and implementing these in a pooling environment.

Minerva will also provide advice on future appropriate reporting requirements to provide transparency to stakeholders, monitor adherence to the Guidelines and inform discussion on ESG/RI matters.

The ACCESS pool has a set of voting guidelines which seeks to protect and enhance the value of its shareholdings by promoting good practice in the corporate governance and management of those companies.

The voting guidelines sets out the principles of good corporate governance and the means by which ACCESS will seek to exercise its influence on companies. During the year ACCESS voted at **868** meetings on **11,351** resolutions.

Mark N. Kemp-Gee

Mark Kemp-Gee

Cllr Mark Kemp-Gee - Chairman, ACCESS Joint Committee

Cambridgeshire County Council

Provisional Audit Plan

Year ended 31 March 2021

15 July 2021

Building a better working world

Audit and Accounts Committee
Cambridgeshire County Council
Shire Hall
Castle Hill
Cambridge
CB3 0AP

15 July 2021

Dear Committee Members

Provisional Audit Plan – 2020/21

We are pleased to attach our Provisional Audit Plan which sets out how we intend to carry out our responsibilities as your auditor. Its purpose is to provide the Audit and Accounts Committee with a basis to review our proposed audit approach and scope for the 2020/21 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This Provisional Audit Plan summarises our initial assessment of the key risks driving the development of an effective audit for the Council and outlines our planned audit strategy in response to those risks. Our planning procedures remain ongoing; we will inform the Audit and Accounts Committeee if there any significant changes or revisions once we have completed these procedures and will provide an update to the next meeting of the committee.

This report is intended solely for the information and use of the Audit and Accounts Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 22 April 2021 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

MARK HODGSON

Mark Hodgson

Associate Partner
For and on behalf of Ernst & Young LLP
Enc

Contents

Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the via the PSAA website (https://www.psaa.co.uk/audit-quality/statement-of-responsibilities/). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.
The "Terms of Appointment and further guidance (updated April 2018)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.
This report is made solely to the Audit and Accounts Committee and management of Cambridgeshire County Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit and Accounts Committee, and management of Cambridgeshire County Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit and Accounts Committee, and management of Cambridgeshire County Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.

01 Overview of our 2020/21 audit strategy

Overview of our 2020/21 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit and Accounts Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Misstatements due to fraud or error	Fraud Risk	No change in risk or focus	As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively. As management is in a unique position to manipulate accounting records directly or indirectly by overriding controls that otherwise appear to be operating effectively, we have identified the incorrect capitalisation of revenue and accounting adjustments made in the 'Movement in Reserves Statement' (MiRS) as the key areas where such a risk could manifest itself, as set out below.
Incorrect capitalisation of revenue expenditure	Fraud risk	No change in risk or focus	Linking to our risk due to fraud and error above we have considered the capitalisation of revenue expenditure on Property, Plant and Equipment as a separate specific risk, given the extent of the Council's capital programme.
Accounting adjustments made in the 'Movement in Reserves Statement'.	Fraud Risk	No change in risk or focus	Linking to our risk due to fraud and error above we have considered the accounting adjustments made in the Movement in Reserves Statement as a separate specific risk, given the financial pressure the Council is under to achieve its revenue budget and maintain reserve balances above the minimum approved levels. Manipulating expenditure is a key way of achieving these targets.
Accounting for grants including Covid-19 related Government grants	Significant Risk	Change in risk focus	Our audit procedures in prior years have identified a number of material errors in regards to the accounting treatment and presentation of grants. In 2020-21, the Council has received a significant level of government funding in relation to Covid-19. There is a need for the Council to ensure that it accounts for these grants appropriately, taking into account any associated restrictions and conditions.
Valuation of Land, Buildings and Investment property	Significant Risk	No change in risk or focus	Property, Plant and Equipment represent a significant balance in the Council's accounts and requires material judgement and estimation techniques to calculate the year-end balances. In 2019-20, material audit differences were identified resulting in adjustments being made to the Council's balance sheet.

Overview of our 2020/21 audit strategy

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Accounting for schools that convert to 'Academy' status	Inherent Risk	No change in risk or focus	Schools continue to convert to academy status. This has implications for the treatment of the schools' balances in the financial statements, with the most significant relating to Property, Plant and Equipment.
Private Finance Initiative (PFI)	Inherent Risk	No change in risk or focus	The Council operate three material PFI's which are long term private funded schemes. The Income, Expenditure and Balance Sheet accounting entries in the statement of accounts are based on complex PFI operating and finance models for each scheme. The models also provide the required disclosures of future projected payments.
Pensions valuations and disclosures	Inherent Risk	Decrease in risk assessment (Significant risk in 2019-20)	The current pension fund deficit is a material and sensitive item. The accounting for this scheme involves significant estimation and judgement.
Group Consolidation	Inherent Risk	New Risk	The County Council is the sole and ultimate owner of all parts of the subsidiary "This Land Group". This is consolidated into the group accounts of the Council. There is a risk that this may be done incorrectly as we encountered issues with the consolidation process during the 2019/20 audit.

Overview of our 2020/21 audit strategy

Area of focus		Details
Going concern disclosure	**Area of Audit Focus**	The financial landscape for the Council remains challenging and management will need to prepare a going concern assessment covering a period up to 12 months from the expected date of the financial statements authorisation. The Council will also need to make an appropriate disclosure in the financial statements. In addition, the revised auditing standard on going concern requires additional challenge from auditors on the assertions being made by management.
Auditing accounting estimates	Area of Audit Focus	A revised auditing standard has been issued in respect of the audit of accounting estimates. The revised standard requires auditors to consider inherent risks associated with the production of accounting estimates. These could relate, for example, to the complexity of the method applied, subjectivity in the choice of data or assumptions or a high degree of estimation uncertainty. As part of this, auditors now consider risk on a spectrum (from low to high inherent risk) rather than a simplified classification of whether there is a significant risk or not. At the same time, we may see the number of significant risks we report in respect of accounting estimates to increase as a result of the revised guidance in this area. The changes to the standard may affect the nature and extent of information that we may request and will likely increase the level of audit work required.

Overview of our 2020/21 audit strategy

Materiality – Cambridgeshire County Council – Single Entity financial statements

Planning materiality

£19.8m

Materiality for the Council's financial statements has been set at £19.869 million, which represents 1.8% of the prior years Gross Expenditure on Net Cost of Services plus other Operating Expenditure and Financing and Investment Expenditure. In the prior year we also applied a threshold of 1.8%. We do not consider there to be any heightened risks that would mean we need to adopt a lower level of materiality.

Performance materiality

£9.9m

Performance materiality has been set at £9.934 million, which represents 50% of materiality.

Audit differences

£0.9m

We will report all uncorrected misstatements relating to the primary statements (comprehensive income and expenditure statement, balance sheet, movement in reserves statement and cash flow statement) greater than £0.993 million. Other misstatements identified will be communicated to the extent that they merit the attention of the Audit and Accounts Committee.

We also identify areas where misstatement at a lower level than our overall materiality level might influence the reader and develop an audit strategy specific to these areas, including:

- Remuneration disclosures including Member allowances: we will agree all disclosures back to source data, and Member allowances to the agreed and approved amounts; and
- Related party transactions we will test the completeness of related party disclosures and the accuracy of all disclosures by checking back to supporting evidence.

Overview of our 2020/21 audit strategy

Materiality – Cambridgeshire County Council - Group financial statements

Planning materiality
£20m

Materiality for the Council's Group financial statements has been set at £20.063 million, which represents 1.8% of the prior years Gross Expenditure on Group Net Cost of Services plus Financing and Investment Expenditure. In the prior year we also applied a threshold of 1.8%. We do not consider there to be any heightened risks that would mean we need to adopt a lower level of materiality.

Performance materiality
£10m

Performance materiality has been set at £10.031 million, which represents 50% of materiality, based on errors in the prior year consolidation.

Audit differences
£1m

We will report all uncorrected misstatements relating to the primary statements (Comprehensive Income and Expenditure Statement, Balance Sheet, Movement in Reserves Statement and Cash Flow statement) greater than £1.003 million. Other misstatements identified will be communicated to the extent that they merit the attention of the Audit and Accounts Committee.

Overview of our 2020/21 audit strategy

Audit scope

This Provisional Audit Plan covers the work that we plan to perform to provide you with:

- Our audit opinion on whether the financial statements of Cambridgeshire County Council and Group give a true and fair view of the financial position as at 31 March 2021 and of the income and expenditure for the year then ended; and

- Our conclusion on the Council's arrangements to secure economy, efficiency and effectiveness (Value for Money). We include further details on VFM in Section 03, highlighting the changes included in the NAO's Code of Audit Practice 2020.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- Strategic, operational and financial risks relevant to the financial statements;
- Developments in financial reporting and auditing standards;
- The quality of systems and processes;
- Changes in the business and regulatory environment; and,
- Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Council.

Taking the above into account, and as articulated in this Audit Plan, our professional responsibilities require us to independently assess the risks associated with providing an audit opinion and undertake appropriate procedures in response to that. Our Terms of Appointment with PSAA allow them to vary the fee dependent on "the auditors assessment of risk and the work needed to meet their professional responsibilities". PSAA are aware that the setting of scale fees has not kept pace with the changing requirements of external audit with increased focus on, for example, the valuations of land and buildings, the auditing of groups, the valuation of pension obligations, the introduction of new accounting standards such as Going Concern disclosure in recent years as well as the expansion of factors impacting the Value for Money conclusion. Therefore, to the extent any of these or any other risks are relevant in the context of Cambridgeshire County's audit, we will discuss these with management as to the impact on the scale fee.

Audit team changes

Sappho Powell, a Senior Manager within our Government & Public Sector team, will be replacing Mark Russell in the role of Senior Audit Manager for the engagement.

Mark Hodgson remains in his role as Partner in Charge of the audit.

02 Audit risks

Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Misstatements due to fraud or error *

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

As part of our work to identify fraud risks during the planning stages, we have identified those areas of the where the risk of manipulation could specifically manifest itself.

These are set out on the two slides which follow.

What will we do?

In order to address this risk we will carry out a range of procedures including:

- Identifying fraud risks during the planning stages.
- Inquiry of management about risks of fraud and the controls put in place to address those risks.
- Understanding the oversight given by those charged with governance of management's processes over fraud.
- Consideration of the effectiveness of management's controls designed to address the risk of fraud.
- Determining an appropriate strategy to address those identified risks of fraud.
- Performing mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements.

To address the residual risk of management override we perform specific procedures which include:

- Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements, for example using our journal tool to focus our testing on specific journals such as those created at unusual times or by staff members not usually involved in journal processing;
- Assessing key accounting estimates for evidence of management bias; and
- Evaluating the business rationale for significant unusual transactions

Our response to significant risks (continued)

Misstatements due to fraud or error - the incorrect capitalisation of revenue expenditure *

Financial statement impact

We have identified a risk of expenditure misstatements due to fraud or error that could affect the income and expenditure accounts.

We consider the risk applies to the capitalisation of revenue expenditure and could result in a misstatement of 'Cost of Services' reported in the comprehensive income and expenditure statement.

What is the risk?

The Council is under financial pressure to deliver against the annual budget and maintain reserve balances above the minimum approved levels. Manipulating expenditure is a key way to achieve these targets.

We consider the risk applies to the capitalisation of revenue expenditure. Management could manipulate revenue expenditure by incorrectly capitalising expenditure which is revenue in nature and should be charged to the comprehensive income and expenditure account.

Management could manipulate revenue expenditure by in correctly capitalising expenditure which is revenue in nature and should be a charge to the comprehensive income and expenditure account.

What will we do?

In order to address this risk we will carry out a range of procedures including:

- Sample testing additions to Property, Plant and Equipment to ensure that they have been correctly classified as capital and included at the correct value in order to identify any revenue items that have been inappropriately capitalised;
- Sample testing REFCUS to ensure the expenditure meets the definition of allowable expenditure, or is incurred under direction from the secretary of state; and
- Using our data analytics tool to identify and test journal entries that move expenditure into capital codes.

Our response to significant risks (continued)

Misstatements due to fraud or error - accounting adjustments made in the ‘Movement in Reserves Statement’. *

Financial statement impact

We have identified a specific risk of misstatement due to fraud or error that could affect the Income and Expenditure accounts.

We consider the risk applies to accounting adjustments made in the ‘Movement in Reserves Statement’ and could result in a misstatement of ‘Cost of Services’ reported in the Comprehensive Income and Expenditure Statement.

What is the risk?

The Council is under financial pressure to achieve its revenue budget and maintain reserve balances above the minimum approved levels. Manipulating expenditure is a key way of achieving these targets.

We consider the risk applies to accounting adjustments made in the movement in reserves statement.

- The adjustments between accounting basis and funding basis under Regulation changes the amounts charged to General Fund balances. Regulations are varied and complex, resulting in a risk that management misstatement accounting adjustments to manipulate the General Fund balance. We have identified the risk to be highest for adjustments concerning:
- Revenue Expenditure Funded from Capital Under Statute (REFCUS)
- Capital grants;
- Depreciation, impairments and revaluation losses; and
- Minimum Revenue Provision.

What will we do?

In order to address this risk we will carry out a range of procedures including:

- Reconciling entries for consistency to other audited accounts within the financial statements, for example our work on property, plant and equipment to support adjustments made for depreciation, impairments, revaluation losses, and application of capital grants;
- Reviewing REFCUS entries in the movement in reserves statement and testing of entries to ensure they meet the accounting definition of REFCUS expenditure;
- Reviewing the Council’s policy and application of the ‘Minimum Revenue Provision’; and
- Using our data analytics tool to identify and test journal entries adjustments made in the movement in reserves statement.

Our response to significant risks (continued)

Significant Risk - Accounting Grants including Covid-19 related Government grants

Financial statement impact

We have identified a risk of Government grant income misstatement that could affect the Income and Expenditure accounts.

We consider the risk applies to the classification of Government grant income and could result in a misstatement of 'Cost of Services' reported in the 'Comprehensive Income and Expenditure' statement and Balance Sheet.

What is the risk?

Our audit procedures in 2018/19 and 2019/20 on the Council's financial statements have identified a number of audit adjustments in regards to the accounting treatment and presentation of grants.

The Council has received a significant level of government funding in relation to Covid-19. In 2020/21, this consists of non-ringfenced and ring fenced Covid-19 response grants.

Whilst there is no change in the CIPFA Code or Accounting Standard (IFRS 15) in respect of accounting for government grant funding, the emergency nature of some of the grants received and in some cases the lack of clarity on any associated restrictions and conditions, means that the Council will need to apply a greater degree of assessment and judgement to determine the appropriate accounting treatment within the 2020/21 statements.

What will we do?

In order to address this risk we will carry out a range of procedures including:

- Reviewing managements assessment of accounting treatment for Covid-19 grants and comparing this to data collected from other Councils in a benchmarking exercise. This will provide a risk assessment and identify where testing should be focused.
- Sample testing Government Grant income to ensure that they have been correctly classified as specific or non-specific in nature;
- Sample testing Government Grant income to ensure that they have been correctly classified in the financial statements based on any restrictions imposed by the funding body; and
- Reconciliation of those primary statement balances to the detailed notes within the statement of accounts to ensure appropriate presentation of grant income and consistency.

We will encourage the finance team to provide its assessment of grant accounting before it prepares the statements so that we can provide an early view on its proposed accounting treatment.

Our response to significant risks (continued)

Significant Risk - Valuation of land and Buildings and Investment Properties

Financial statement impact

The fair value of Property, Plant and Equipment (PPE) represent significant balances in the Council's accounts and are subject to valuation changes, impairment reviews and depreciation charges.

Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the statement of financial position.

What is the risk?

The external valuer will apply a number of complex assumptions and judgements assess the Councils assets to determine their value. Some of the issues they will consider include whether there is any indication of impairment, increases in value and changes to useful lives.

As the Council's asset base is material, and the outputs from the valuer are subject to estimation, there is a risk fixed assets may be under/overstated.

Our audit procedures in 2019/20 identified a number of material audit differences in regards to the work of the external valuer.

ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

What will we do?

In order to address this risk we will carry out a range of procedures including:

- Considering the work performed by the Council's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- Sample testing key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre);
- Considering the annual cycle of valuations to ensure that assets have been valued, as a minimum, within a 5 year rolling programme as required by the Code. We will also consider if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;
- Reviewing assets not subject to valuation in 2020/21 to confirm that the remaining asset base is not materially misstated;
- Considering changes to useful economic lives as a result of the most recent valuation;
- Where there are significant changes in valuation, or a lack of change where a movement is expected, we may need to engage our own EY valuation experts to perform a review of valuation assumptions and methodologies, particularly on those more complex methodologies such as depreciated replacement cost;
- We will stratify the population depending on valuation characteristics and apply the significant risk status as appropriate to that stratification; and
- Testing that accounting entries have been correctly processed in the financial statements.

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus?	What will we do?
<u>Accounting for schools that convert to 'Academy' status – Inherent Risk</u> Schools have continued to convert to Academy status. This has implications for the treatment of the schools' balances in the financial statements, with the most significant relating to property, plant and equipment. There is a risk that these schools' transactions and balances may be either incorrectly included or omitted. Other balances relating to debtors, creditors, cash balances and income (including dedicated schools grant) and expenditure within the Council's accounts are considered to be lower risk due to their size and nature.	In order to address this risk we will carry out a range of procedures including: ▸ Review the arrangements for agreeing with the school assets, liabilities and balances for transfers; and ▸ Review how the transfers have been accounted for, including reconciling the Schools that have converted to academies during the year to the various systems including those that have been disposed of in the Fixed Asset Register during the year.
<u>Pensions valuations and disclosures – Inherent Risk</u> The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding the Local Government Pension Scheme (LGPS) in which it is an admitted body The Council's current pension fund deficit is a material and sensitive item and the Code requires that this liability be disclosed on the Council's Balance Sheet. Accounting for this scheme involves significant estimation and judgement. At 31 March 2020 this totalled £491.615 million. The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the administering body. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.	In order to address this risk we will carry out a range of procedures including: ▸ Liaise with the auditors of Cambridgeshire Pension Fund to obtain assurances over the information supplied to the actuary in relation to Cambridgeshire County Council; ▸ Assess the work of the Pension Fund actuary (Hymans) including the assumptions they have used by relying on the work of PwC – Consulting Actuaries commissioned by National Audit Office (NAO) for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team; and ▸ Review and test the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.

Other areas of audit focus (continued)

What is the risk/area of focus?	What will we do?
Private Finance Initiative – Inherent Risk The Council operate three material PFI's which are long term private funded schemes. The Income, Expenditure and Balance Sheet accounting entries in the statement of accounts are based on complex PFI operating and finance models for each scheme. The models also provide the required disclosures of future projected payments.	Our approach will focus on: ▸ Performing testing to ensure that in year payments included in the PFI models are accurate and correctly accounted; ▸ Confirming consistency of the PFI models to the financial statements; and ▸ Comparing the PFI models to those we reviewed during 2018/19. Where changes have been identified we may be required to engage EY specialists to perform a review of the models.
Group Consolidation – Inherent Risk The Council has previously incorporated 'This Land Limited', a company, with the Council as the sole owner. Activity is at a level considered material, which requires the Council to prepare group accounts. We identify this as an inherent risk as this can be a complex area of accounting requiring 'This Land Limited' to be consolidated with the Council's accounts to create the Group Accounts. There have been a number of issues with the consolidation in the previous period, and we understand that 'This Land Limited' is moving to a coterminous year end for 2020/21, so we need to ensure that the consolidation reflects this. We are reliant on assurances from the auditor of 'This Land Limited' (RSM).	In order to address this risk we will carry out a range of procedures including: ▸ Review the group assessment prepared by the Council, ensuring that the accounting framework and accounting policies are aligned to the Cambridgeshire County Council Group; ▸ Scope the audit requirements for 'This Land Limited' based on their significance to the group accounts. Liaising with the external auditor of 'This Land Limited' (RSM) and issuing group instructions that detail the required audit procedures they are to undertake in order to provide us with assurance for the opinion we will issue on the group accounts; and ▸ Ensuring the appropriate consolidation procedures are applied when preparing the Council's group accounts and appropriate disclosures are made within the group accounts.

Other areas of audit focus (continued)

What is the risk/area of focus?	What will we do?
<u>Going Concern Compliance with ISA 570 – Area of Audit Focus</u> There is a presumption that the Council will continue as a going concern for the foreseeable future. However, the Council is required to carry our a going concern assessment that is proportionate to the risks it faces. In light of the continued impact of Covid-19 on the Council's day to day finances, its annual budget, its cashflow and its medium term financial strategy, there is a need for the Council to ensure it's going concern assessment is thorough and appropriately comprehensive. The Council is then required to ensure that its going concern disclosure within the statement of accounts adequately reflects its going concern assessment and in particular highlights any uncertainties it has identified. In addition, the auditing standard in relation to going concern (ISA570) has been revised with effect for the 2020/21 accounts audit.	We will meet the requirements of the revised auditing standard on going concern (ISA 570) and consider the adequacy of the Council's going concern assessment and its disclosure in the accounts by: ▸ Challenging management's identification of events or conditions impacting going concern; ▸ Testing management's resulting assessment of going concern by evaluating supporting evidence (including consideration of the risk of management bias); ▸ Reviewing the Council's cashflow forecast covering the foreseeable future, to ensure that it has sufficient liquidity to continue to operate as a going concern; ▸ Undertaking a 'stand back' review to consider all of the evidence obtained, whether corroborative or contradictory, when we draw our conclusions on going concern; ▸ Challenging the disclosure made in the accounts in respect of going concern and any material uncertainties; We will discuss the detailed implications of our review with management and provide management with feedback on the adequacy and sufficiency of the proposed disclosures in relation to going concern.

Other areas of audit focus (continued)

What is the risk/area of focus?

Auditing accounting estimates – Area of Audit Focus

ISA 540 (Revised) - Auditing Accounting Estimates and Related Disclosures applies to audits of all accounting estimates in financial statements for periods beginning on or after December 15, 2019.

This revised ISA responds to changes in financial reporting standards and a more complex business environment which together have increased the importance of accounting estimates to the users of financial statements and introduced new challenges for preparers and auditors.

The revised ISA requires auditors to consider inherent risks associated with the production of accounting estimates. These could relate, for example, to the complexity of the method applied, subjectivity in the choice of data or assumptions or a high degree of estimation uncertainty. As part of this, auditors consider risk on a spectrum (from low to high inherent risk) rather than a simplified classification of whether there is a significant risk or not. At the same time, we expect the number of significant risks we report in respect of accounting estimates to increase as a result of the revised guidance in this area.

The changes to the standard will affect the nature and extent of information that we request and will likely increase the level of audit work required, particularly in cases where an accounting estimate and related disclosures are higher on the spectrum of inherent risk. For example:

- We will place more emphasis on obtaining an understanding of the nature and extent of your estimation processes and key aspects of related policies and procedures. We will need to review whether controls over these processes have been adequately designed and implemented in a greater number of cases.
- We will provide increased challenge of aspects of how you derive your accounting estimates. For example, as well as undertaking procedures to determine whether there is evidence which supports the judgments made by management, we may also consider whether there is evidence which could contradicts them.
- We will make more focussed requests for evidence or carry out more targeted procedures relating to components of accounting estimates. This might include the methods or models used, assumptions and data chosen or how disclosures (for instance on the level of uncertainty in an estimate) have been made, depending on our assessment of where the inherent risk lies.
- You may wish to consider retaining experts to assist with related work. You may also consider documenting key judgements and decisions in anticipation of auditor requests, to facilitate more efficient and effective discussions with the audit team.
- We may ask for new or changed management representations compared to prior year's as a result of the above procedures.

03 Value for Money Risks

Value for money

The Council's responsibilities for value for money

The Council is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

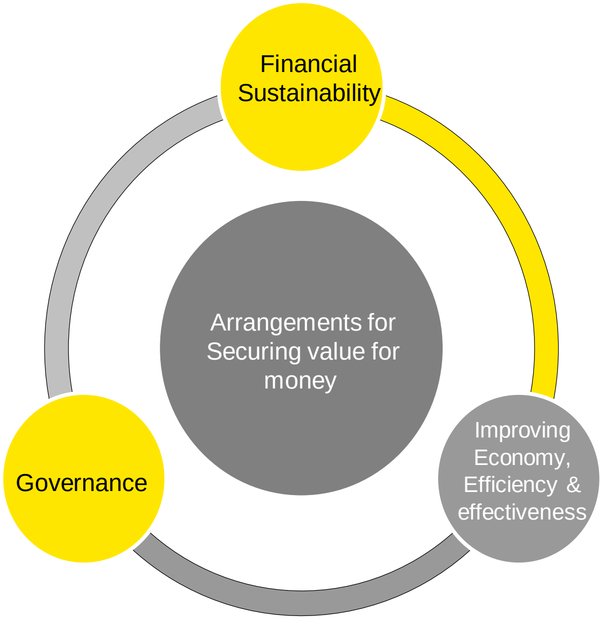
As part of the material published with its financial statements, the Council is required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the Council tailor's the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

Auditor responsibilities under the new Code

Under the 2020 Code we are still required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. However, there is no longer overall evaluation criterion which we need to conclude on. Instead the 2020 Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Council a commentary against specified reporting criteria (see below) on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

- **Financial sustainability**
  How the Council plans and manages its resources to ensure it can continue to deliver its services;
- **Governance**
  How the Council ensures that it makes informed decisions and properly manages its risks; and
- **Improving economy, efficiency and effectiveness**
  How the Council uses information about its costs and performance to improve the way it manages and delivers its services.



Value for money

Planning and identifying VFM risks

The NAO's guidance notes require us to carry out a risk assessment which gathers sufficient evidence to enable us to document our evaluation of the Council's arrangements, in order to enable us to draft a commentary under the three reporting criteria. This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations. This is a change to 2015 Code guidance notes where the NAO required auditors as part of planning, to consider the risk of reaching an incorrect conclusion in relation to the overall criterion.

In considering the Council's arrangements, we are required to consider:

- The Council's governance statement
- Evidence that the Council's arrangements were in place during the reporting period;
- Evidence obtained from our work on the accounts;
- The work of inspectorates (such as OfSTED) and other bodies and
- Any other evidence source that we regard as necessary to facilitate the performance of our statutory duties.

We then consider whether there is evidence to suggest that there are significant weaknesses in arrangements. The NAO's guidance is clear that the assessment of what constitutes a significant weakness and the amount of additional audit work required to adequately respond to the risk of a significant weakness in arrangements is a matter of professional judgement. However, the NAO states that a weakness may be said to be significant if it:

- Exposes – or could reasonably be expected to expose – the Council to significant financial loss or risk;
- Leads to – or could reasonably be expected to lead to – significant impact on the quality or effectiveness of service or on the Council's reputation;
- Leads to – or could reasonably be expected to lead to – unlawful actions; or
- Identifies a failure to take action to address a previously identified significant weakness, such as failure to implement or achieve planned progress on action/improvement plans.

We should also be informed by a consideration of:

- The magnitude of the issue in relation to the size of the Council;
- Financial consequences in comparison to, for example, levels of income or expenditure, levels of reserves, or impact on budgets or cashflow forecasts;
- The impact of the weakness on the Council's reported performance;
- Whether the issue has been identified by the Council's own internal arrangements and what corrective action has been taken or planned;
- Whether any legal judgements have been made including judicial review;
- Whether there has been any intervention by a regulator or Secretary of State;
- Whether the weakness could be considered significant when assessed against the nature, visibility or sensitivity of the issue;
- The impact on delivery of services to local taxpayers; and
- The length of time the Council has had to respond to the issue.

Value for money

Responding to identified risks

Where our planning work has identified a risk of significant weakness, the NAO's guidance requires us to consider what additional evidence is needed to determine whether there is a significant weakness in arrangements and undertake additional procedures as necessary, including where appropriate, challenge of management's assumptions. We are required to report our planned procedures to the Audit and Accounts Committee.

Reporting on VFM

In addition to the commentary on arrangements, where we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, the 2020 Code has the same requirement as the 2015 Code in that we should refer to this by exception in the Audit Report on the financial statements.

However, a new requirement under the 2020 Code is for us to include the commentary on arrangements in a new Auditor's Annual Report. The 2020 Code states that the commentary should be clear, readily understandable and highlight any issues we wish to draw to the Council's attention or the wider public. This should include details of any recommendations arising from the audit and follow-up of recommendations issued previously, along with our view as to whether they have been implemented satisfactorily.

Status of our 2020/21 VFM planning

We have yet to complete our detailed VFM planning.

The predecessor audit has not yet concluded on their 2017/18 Value for Money Conclusion. Whilst we have commenced our 2018/19 and 2019/20 Value for Money work we have not yet concluded on that work.

We have not commenced our VFM risk assessment for 2020/21 at the time of this Provisional Audit Plan. We will update a future Audit and Accounts Committee meeting on the outcome of our VFM planning and our planned response to any identified risks of significant weaknesses in arrangements.

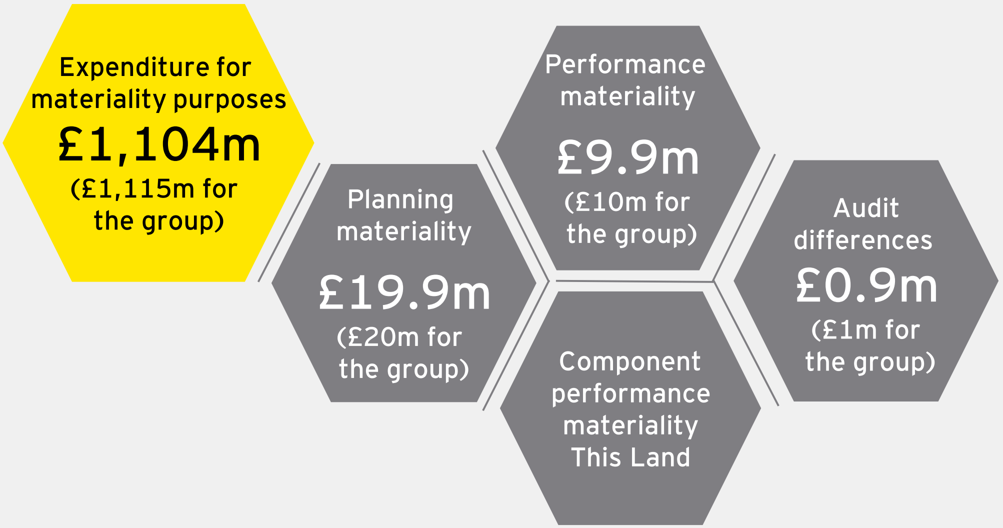
04 Audit materiality

Audit materiality

Materiality

For planning purposes, materiality for 2020/21 has been set at £19.9 million (£20 million for the group). This represents 1.8% of the Council's prior year gross expenditure on net cost of services plus financing and investment expenditure. The Council is a major local audit based on its size, we have considered its overall risk profile and public interest in comparison to other Council's, and do not consider there to be any heightened risks that would mean we need to adopt a lower level of materiality.

Materiality will be reassessed throughout the audit process. In an audit of a public sector entity, we consider gross expenditure to be the appropriate basis for setting materiality as it is the benchmark for public sector programme activities.



We request that the Audit and Accounts Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

Key definitions

Planning materiality – the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

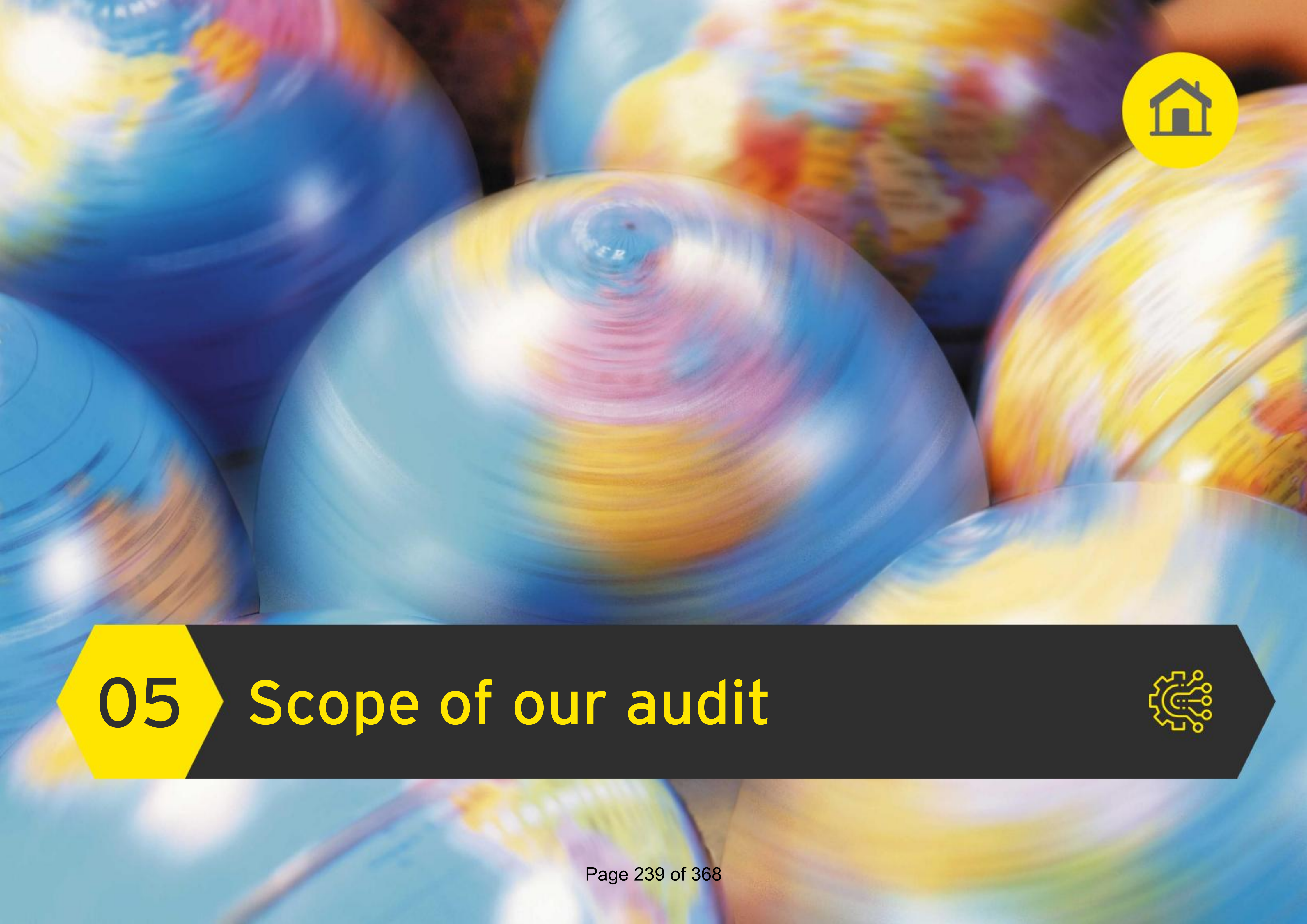
Performance materiality – the amount we use to determine the extent of our audit procedures. We have set performance materiality at £9.934 million (£10.032 million for the group) which represents 50% of planning materiality, which is consistent with the prior year. We have considered a number of factors such as the number of errors in prior year and any significant changes in 2020/21 when determining the percentage of planning materiality.

Component performance materiality range – we determine component performance materiality as a percentage of Group performance materiality based on risk and relative size to the Group.

Audit difference threshold – we propose that misstatements identified below £0.9 million (£1 million for the group) are deemed clearly trivial. We will report to you all uncorrected misstatements over this amount relating to the comprehensive income and expenditure statement and balance sheet that have an effect on income or that relate to other comprehensive income. Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement and movement in reserves statement or disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the Audit and Accounts Committee, or are important from a qualitative perspective.

Specific materiality – We have set a specific materiality for the areas below which reflects our understanding that an amount less than our materiality may influence the economic decisions of users of the financial statements:

- Remuneration disclosures, related party transactions and councillor allowances - As these disclosures are considered to be of interest to users of the accounts we have adopted judgement in ensuring that we have tested the disclosures in sufficient detail to ensure they are correctly disclosed.



05 Scope of our audit

Our Audit Process and Strategy

Objective and Scope of our Audit scoping

Under the Code of Audit Practice our principal objectives are to review and report on the Council's financial statements and arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. **Financial statement audit**

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK and Ireland).

We also perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Procedures required by standards

- Addressing the risk of fraud and error;
- Significant disclosures included in the financial statements;
- Entity-wide controls;
- Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and
- Auditor independence.

Procedures required by the Code

- Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance; and
- Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO

2. Arrangements for securing economy, efficiency and effectiveness (value for money)

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

Our Audit Process and Strategy (continued)

Audit Process Overview

Our audit involves:

- Identifying and understanding the key processes and internal controls; and
- Substantive tests of detail of transactions and amounts.

Our intention is to carry out a fully substantive audit in 2020/21 as we believe this to be the most efficient audit approach. Although we are therefore not intending to rely on individual system controls in 2020/21, the overarching control arrangements form part of our assessment of your overall control environment and will form part of the evidence for your Annual Governance Statement.

Analytics:

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Committee.

Internal audit:

As in prior years we will review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where they raise issues that could have an impact on the financial statements.

Scoping the group audit

Group scoping

Our audit strategy for performing an audit of an entity with multiple locations is risk based. We identify components as:

1. **Significant components:** A component is significant when it is likely to include risks of material misstatement of the group financial statements, either because of its relative financial size to the group (quantitative criteria), or because of its specific nature or circumstances (qualitative criteria). We generally assign significant components a full or specific scope given their importance to the financial statements.
2. **Not significant components:** The number of additional components and extent of procedures performed depended primarily on: evidence from significant components, the effectiveness of group wide controls and the results of analytical procedures.

For all other components we perform other procedures to confirm that there is no risk of material misstatement within those locations. These procedures are detailed below.

Scoping by Entity

Our preliminary audit scopes by number of locations we have adopted are set out below.

1	Full scope audits
1	Specific scope audits
Nil	Review scope audits
Nil	Specified procedures
Nil	Other procedures

Scope definitions

Full scope: locations where a full audit is performed to the materiality levels assigned by the Group audit team for purposes of the consolidated audit. Procedures performed at full scope locations support an interoffice conclusion on the reporting package. These may not be sufficient to issue a stand-alone audit opinion on the local statutory financial statements because of the materiality used and any additional procedures required to comply with local laws and regulations.

Specific scope: locations where the audit is limited to specific accounts or disclosures identified by the Group audit team based on the size and/or risk profile of those accounts.

Review scope: locations where procedures primarily consist of analytical procedures and inquiries of management. On-site or desk top reviews may be performed, according to our assessment of risk and the availability of information centrally.

Specified Procedures: locations where the component team performs procedures specified by the Group audit team in order to respond to a risk identified.

Other procedures: For those locations that we do not consider material to the Group financial statements in terms of size relative to the Group and risk, we perform other procedures to confirm that there is no risk of material misstatement within those locations.

Scoping the group audit (continued)

Coverage of Revenue and Expenditure

Based on the group's prior year results, our scoping is expected to achieve the following coverage of the group's net cost of service expenditure.

Expenditure — **1.1%** of the group's provision of services expenditure will be covered by Specific scope audits, with the remainder (98.9%) covered by the single entity's audit.

Our audit approach is risk based and therefore the data above on coverage is provided for your information only.

This Land Limited will be audited by RSM, a non-EY member firm, who will confirm their independence via our group instructions.

Key changes in scope from last year

There have been no changes in scope from last year. The Council, as single entity, remains as our full scope audit.

This Land Limited remains a non-significant component, categorised as Specific scope.

Group audit team involvement in This Land Limited component audit

Auditing standards require us to be involved in the work of our component teams. We have listed our planned involvement below.

- We provide specific instruction to component team and our expectations regarding the detailed procedures;
- We set up initial meeting with component team to discuss the content of the group instructions;
- We will consider the need to perform a file review of component team's work where appropriate; and
- We will attend a closing meeting with component team to discuss their audit procedures and findings.

06 Audit team

Audit team and use of specialists

Audit team

The engagement team is led by Mark Hodgson, who has significant experience in Local Government audits, and especially on County Council audits. Mark is supported by Sappho Powell, a Senior Manager within our Government & Public Sector team, who is responsible for the day-to-day direction of audit work and is the key point of contact for the Finance Team. The day to day audit team will be lead by Anastasia Luhktan, Senior.

Specialists

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Specialists
Valuation of Land and Buildings	Bruton Knowles (the Council's property valuer). We will also consider any valuation aspects that require EY valuation specialists to review any material specialist assets and the underlying assumptions used.
Pensions disclosure	EY Actuary, PwC (Consulting Actuary to the PSAA) and Hymans Robertson (Council's Actuary).
Financial instrument fair value disclosures	Link (Council's treasury management adviser)
Private Finance Initiatives (PFI)	EY PFI Specialist

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Council's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- Assess the reasonableness of the assumptions and methods used;
- Consider the appropriateness of the timing of when the specialist carried out the work; and
- Assess whether the substance of the specialist's findings are properly reflected in the financial statements.

07 Audit timeline

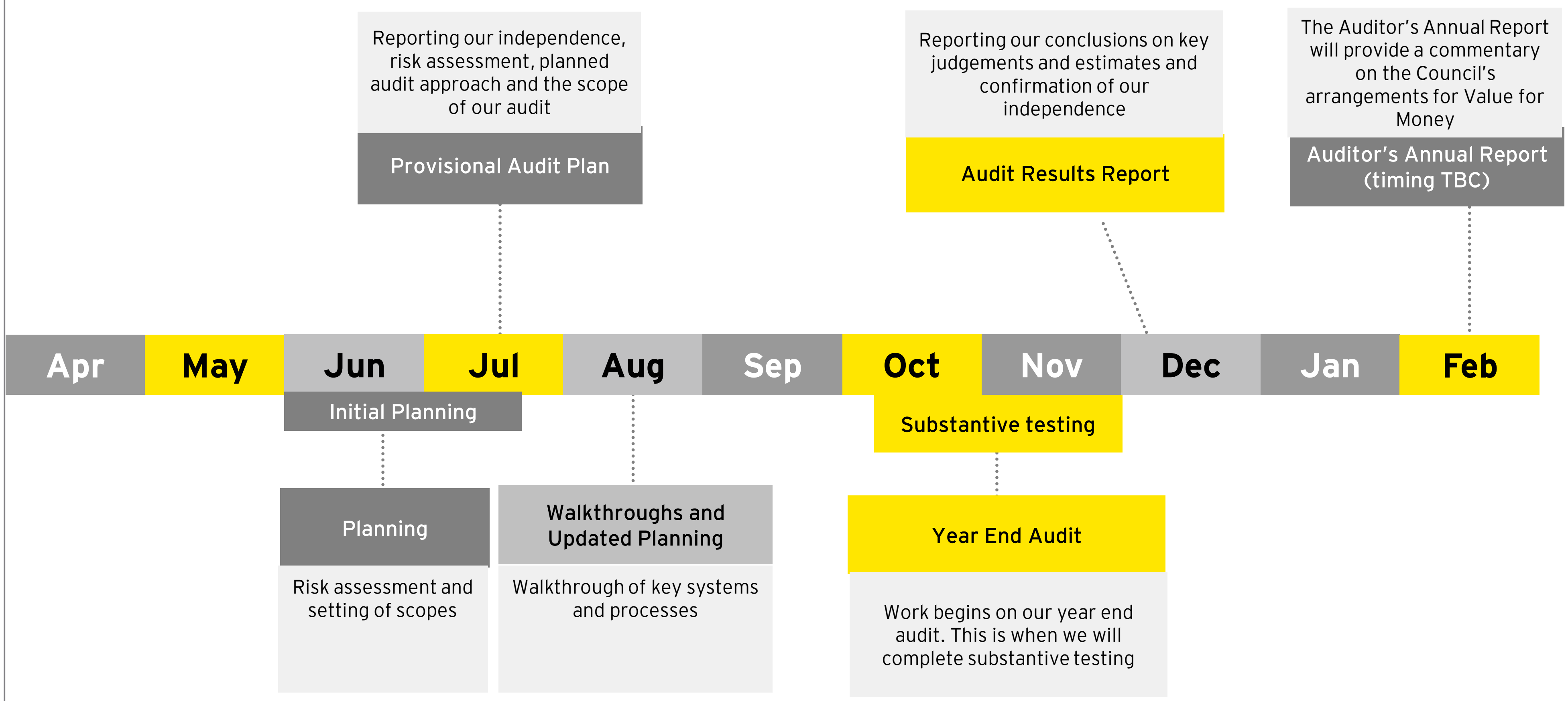
Audit timeline

Timetable of communication and deliverables

Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2020/21.

From time to time matters may arise that require immediate communication with the Audit and Accounts Committee and we will discuss them with the Audit and Accounts Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.



08 Independence

Introduction

The FRC Ethical Standard and ISA (UK) 260 "Communication of audit matters with those charged with governance", requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in December 2019, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications	
Planning stage	**Final stage**
▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between the you, your affiliates and directors and us; ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review; ▶ The overall assessment of threats and safeguards; ▶ Information about the general policies and process within EY to maintain objectivity and independence; ▶ Where EY has determined it is appropriate to apply more restrictive independence rules than permitted under the Ethical Standard.	▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed; ▶ Details of non-audit services provided and the fees charged in relation thereto; ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us; ▶ Written confirmation that all covered persons are independent; ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy; ▶ Details of any contingent fee arrangements for non-audit services provided by us or our network firms; and ▶ An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements , the amounts of any future services that have been contracted, and details of any written proposal to provide non-audit services that has been submitted;

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non –audit services if the service has been pre-approved in accordance with your policy.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Mark Hodgson, your audit engagement partner and the audit engagement team have not been compromised.

Self interest threats

A self interest threat arises when EY has financial or other interests in the Council. Examples include where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake those permitted non-audit/additional services set out in Section 5.40 of the FRC Ethical Standard 2019 (FRC ES), and we will comply with the policies that you have approved.

When the ratio of non-audit fees to audit fees exceeds 1:1, we are required to discuss this with our Ethics Partner, as set out by the FRC ES, and if necessary agree additional safeguards or not accept the non-audit engagement. We will also discuss this with you. At the time of writing, the current ratio of non-audit fees to audit fees is 0%.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self interest threats at the date of this report.

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

Independence

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Council. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

Other communications

EY Transparency Report 2020

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2020:

https://www.ey.com/en_uk/who-we-are/transparency-report-2020

09 Appendices

Appendix A

Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

	Planned fee 2020/21	Scale fee 2020/21	Final Fee 2019/20
	£		£
Total Fee – Code work	72,427	72,427	72,427
Changes in work required to address professional and regulatory requirements and scope associated with risk (Note 1)	55,837	-	55,837
Revised Proposed Scale Fee (see Note 1)	**128,264**	**72,427**	**128,264**
Additional work:			
2019/20 Additional Procedures required for audit opinion purposes – Note 2	-		53,978
2020/21 Additional Procedures required in response to the additional risks identified in this Audit Plan in respect of: • Accounting for Covid-19 related Government Grant income.	TBC		
Total fees	**TBC**	**72,427**	**182,242**

All fees exclude VAT

Note 1 - For 2019/20 and 2020/21, we have proposed an increase to the scale fee to reflect the increased level of audit work required which has been impacted by a range of factors, as detailed in our 2019/20 Audit Plan. Our proposed increase has been discussed with management and is with PSAA for determination.

Note 2 – We have discussed with management which is subject to determination by PSAA Ltd, a scale fee variation of £53,978 for the 2019/20 Financial Statement Audit. The scale fee variation relates to additional risks and procedures required in our 2019/20 audit of the Council's Statement of Accounts, including:

- Assessment of Going Concern in light of Covid-19
- Increased procedures over PPE and Investment Property valuations including the use of an internal specialist (Significant Risk)
- Pensions (Significant Risk)
- Accounting for grants (Significant Risk)
- Dedicated schools grant
- Group procedures in regards to the consolidation of This Land Limited
- Additional audit work in regards to Cash, Investments, Borrowing and creditors

In addition, we are yet to complete the work for Value for Money for 2019/20 which will also require a separate scale fee variation alongside our work on Whole of Government Accounts, which we have recently completed and submitted.

Required communications with the Audit and Accounts Committee

We have detailed the communications that we must provide to the Audit and Accounts Committee.

Required communications	What is reported?	Our Reporting to you When and where
Terms of engagement	Confirmation by the Audit and Accounts Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team	Audit Plan (Provisional) - 22 July 2021 VFM Risk Assessment - September 2021
Significant findings from the audit	▸ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▸ Significant difficulties, if any, encountered during the audit ▸ Significant matters, if any, arising from the audit that were discussed with management ▸ Written representations that we are seeking ▸ Expected modifications to the audit report ▸ Other matters if any, significant to the oversight of the financial reporting process	Audit Results Report - November/December 2021 (timing TBC) Annual Auditors Report (including VFM Commentary) - February 2022

Required communications with the Audit and Accounts Committee (continued)

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: ▸ Whether the events or conditions constitute a material uncertainty ▸ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▸ The adequacy of related disclosures in the financial statements	Audit Results Report - November / December 2021 (timing TBC)
Misstatements	▸ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▸ The effect of uncorrected misstatements related to prior periods ▸ A request that any uncorrected misstatement be corrected ▸ Corrected misstatements that are significant ▸ Material misstatements corrected by management	Audit Results Report - November / December 2021 (timing TBC)
Fraud	▸ Enquiries of the Audit and Accounts Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▸ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▸ A discussion of any other matters related to fraud	Audit Results Report - November / December 2021 (timing TBC)
Related parties	▸ Significant matters arising during the audit in connection with the entity's related parties including, when applicable: ▸ Non-disclosure by management ▸ Inappropriate authorisation and approval of transactions ▸ Disagreement over disclosures ▸ Non-compliance with laws and regulations ▸ Difficulty in identifying the party that ultimately controls the entity	Audit Results Report - November / December 2021 (timing TBC)

Required communications with the Audit and Accounts Committee (continued)

Required communications	What is reported?	Our Reporting to you When and where
Independence	Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: ▸ The principal threats ▸ Safeguards adopted and their effectiveness ▸ An overall assessment of threats and safeguards ▸ Information about the general policies and process within the firm to maintain objectivity and independence	Audit Results Report – November / December 2021 (timing TBC) Audit Plan (Provisional) – 22 July 2021
External confirmations	▸ Management's refusal for us to request confirmations ▸ Inability to obtain relevant and reliable audit evidence from other procedures	Audit Results Report – November /December 2021 (timing TBC)
Consideration of laws and regulations	▸ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off ▸ Enquiry of the Audit and Accounts Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Committee may be aware of	Audit Results Report – November / December 2021 (timing TBC)
Internal controls	▸ Significant deficiencies in internal controls identified during the audit	Audit Results Report – November / December 2021 (timing TBC)

Required communications with the Audit and Accounts Committee (continued)

Our Reporting to you

Required communications	What is reported?	When and where
Group audits	▸ An overview of the type of work to be performed on the financial information of the components ▸ An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components ▸ Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work ▸ Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted ▸ Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements	Audit Results Report – November / December 2021 (timing TBC) Audit Plan (Provisional) – 22 July 2021
Representations	Written representations we are requesting from management and/or those charged with governance	Audit Results Report – November / December 2021 (timing TBC)
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit Results Report – November / December 2021 (timing TBC)
Auditors report	▸ Key audit matters that we will include in our auditor's report ▸ Any circumstances identified that affect the form and content of our auditor's report	Audit Results Report – November / December 2021 (timing TBC)
Fee Reporting	▸ Breakdown of fee information when the audit plan is agreed ▸ Breakdown of fee information at the completion of the audit ▸ Any non-audit work	Audit Results Report – November / December 2021 (timing TBC) Audit Plan (Provisional) – 22 July 2021

Additional audit information

Other required procedures during the course of the audit	
In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.	
Our responsibilities required by auditing standards	▸ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. ▸ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. ▸ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management. ▸ Concluding on the appropriateness of management's use of the going concern basis of accounting. ▸ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. ▸ Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Council to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, including the board's statement that the annual report is fair, balanced and understandable, the Audit and Accounts Committee reporting appropriately addresses matters communicated by us to the Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and ▸ Maintaining auditor independence.

Additional audit information (continued)

Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines:

- The locations at which we conduct audit procedures to support the opinion given on the Council financial statements; and
- The level of work performed on individual account balances and financial statement disclosures.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

Agenda Item No. 9

Internal Audit Progress Report

To: Audit & Accounts Committee

Date: 28th September 2021

From: Neil Hunter, Head of Internal Audit and Risk Management

1. Purpose

1.1 To report on the main areas of audit coverage for the period to 31st August 2021.

2. Background

2.1 The role of Internal Audit is to provide the Audit Committee and Management independent assurance on the effectiveness of the controls in place to ensure that the Council's objectives are achieved. Internal Audit coverage is planned so that the focus is upon those areas and risks which will most impact upon the Council's ability to achieve these objectives.

2.2 The 2021-22 Internal Audit Plan was presented to JMT on 4th March 2021 before being approved at Audit and Accounts Committee on 23rd March 2021. This agreed a new approach, whereby the annual Audit Plan is split out into two elements: the 'core' plan, comprising key areas of assurance that are reviewed every year and audit support work (e.g. to working parties or panels) which is ongoing throughout the year; i.e. the areas of audit coverage that vary from year to year, with planned coverage based on a risk assessment process. For 2021/22, it was agreed that the 'core' plan will be set annually, and the 'flexible' plan will be set quarterly in advance, to ensure that it is more reactive to areas of emerging or changing risk.

2.3 Cambridgeshire County Council (CCC) Joint Management Team (JMT) considered this report on 14th September 2021 prior to its submission to the Audit & Accounts Committee on 28th September 2021.

3. Outstanding Audit recommendations

3.1 Appendix B details all outstanding audit recommendations as at 31st August 2021.

3.2 There is one outstanding 'Essential' recommendation. This relates to a review of aged debt and became overdue on 30th June 2021. The Head of Finance Operations has developed a Service Improvement Plan and the points in the recommendation are primarily being addressed by the implementation of new

BAU processes. The Debt Team is sharing debt data, including aged debts, with services to enable targeted communication and actions. The Head of Service has confirmed she will be reporting directly to A&A Committee on a regular basis, providing updates on service improvement and activity. In addition, the Debt Team has now commenced a review of debts over 12 months old to establish the next steps in relation to each customer. The service has advised that this recommendation will be implemented 31st December 2021.

3.3 The number of recommendations not implemented includes the 26 recommendations arising from the Major Infrastructure Delivery review that became due on 30th June 2021. The revised date for full implementation has been updated by the service to 30th September 2021.

4. Investigations Caseload

4.1 Section 8 of the Progress Report summarises the open cases currently under review by the Internal Audit Team. Additional detail on progress with these cases is provided below:

- **Direct Payments (2 investigations)** – Internal Audit has investigated two cases of alleged misuse of Direct Payments, by family members of service users. In both cases, the investigation has confirmed that misuse appears to have taken place. Draft reports have been provided to social care colleagues, and Audit is working with the service to agree and pursue next steps in dealing with these cases.

- **Blue Badges (1 investigations)** – One remaining legacy case which was being progressed by the LGSS Counter Fraud Team will be reviewed to confirm it can be closed by the Cambridgeshire team.

- **Third Party Fraud (1 investigation)** – A draft report has been produced relating to an allegation of timesheet fraud committed by an interim worker.

- **Anti-competitive Activity Allegation (1 investigation)** – Internal Audit has investigated a number of allegations regarding a preschool currently housed in a County-owned building in Soham and produced an issued a draft report.

- **Safeguarding Allegation (1 investigation)** – Safeguarding concerns have been raised by a former foster carer in relation to the Council's Fostering Service. The allegations have been passed to the Director to review and respond in line with the Whistleblowing Policy.

4.3 A number of cases under investigation have been closed within the reporting period. In particular, Internal Audit has issued a report after conducting a review of the control environment relating to Libraries self-service machines, following a number of suspected low value cash thefts from the machines. A number of recommendations to improve processes and reduce the risk of further thefts were made.

4.4 Several concerns raised with Internal Audit were also able to be closed after a brief initial review, which identified no serious concerns. This included:

- An attempted fraud on a maintained school, which was correctly identified as such by the school and no money was lost;

- An anonymous whistleblowing relating to an officer's conduct. HR confirmed they did not believe that the Code of Conduct had been breached by the officer in question and the case was closed;

- Overpayments of night allowances due to an administrative error were identified within the Reablement Service by colleagues in Finance. HR confirmed they are reviewing all employees in receipt of such allowances, to confirm that the allowance is being applied appropriately across the board.

4.5 **National Fraud Initiative (NFI)** - The current exercise commenced in September 2020 when data was supplied for matching purposes by all relevant parties, including CCC. Following a request by the Audit and Accounts Committee further details on the NFI process and work to date has been provided in Appendix C.

5. Highways Update

5.1 Work continues on the Open Book Review of the Highway Contract. Internal Audit officers have recently held successful meetings with Contractor officers at their head offices in order to start the validation of actual costs in key areas. Further meetings and a programme of work have been arranged and agreed between the Internal Audit team and the Contractor, and a provisional date of November has been agreed for completion of the work.

6. Pathfinder Legal Services Ltd Update

6.1 The Internal Audit team has been awarded the 2021-22 contract with Pathfinder Legal Services Ltd, formerly known as LGSS Law Ltd to undertake Internal Audit services for the company. An approved plan of 70 days has been agreed and work has now commenced to deliver this.

7. Payroll

7.1 In our previous report to the Committee in July 2021, Internal Audit noted that the annual Payroll report for 2020/21 was yet to be completed. This was due to be delivered by colleagues at Milton Keynes Council, under joint arrangements for reviewing shared financial systems, and Cambridgeshire had been provided with assurance that this report would be at draft stage for the 31st July 2021.

7.2 Colleagues at Milton Keynes have subsequently contacted the Head of Internal Audit to confirm that due to staff sickness, they are currently unable to complete the Payroll audit.

7.3 Cambridgeshire Internal Audit has completed a piece of work on Payroll Analytics to review any trends, patterns or significant variances within full time equivalent (FTE) averages. As a result of this work no significant variances or anomalies were identified.

8. Recommendation

8.1 The Committee is asked to note and comment on the report

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LGSS Internal Audit & Risk Management

Cambridgeshire County Council

Update report

As at 31st August 2021

Section 1

1 INTRODUCTION

1.1 A summary of the content of the key sections of this report is provided below, for reference:

SECTION 1: Introduction

SECTION 2: Internal Audit Reporting Process

SECTION 3: Finalised Assignments

SECTION 4: Summaries of Completed Audits with Limited or No Assurance

SECTION 5: Audit Forward Planning: Next Four Quarters

SECTION 6: Follow Up of Agreed Audit Actions

SECTION 7: Risk Management

SECTION 8: Fraud and Corruption Update

APPENDIX A: Internal Audit Plan Progress 2021/22

APPENDIX B: Outstanding Agreed Actions

APPENDIX C: National Fraud Initiative Update

2 INTERNAL AUDIT REPORTING PROCESS

2.1 THE REPORTING PROCESS

2.1.1 This quarterly report provides stakeholders, including JMT and the Audit & Accounts Committee, with a summary of internal audit activity for the second quarter of 2021/22 and the current proposed coverage for the next four quarters.

2.2 HOW INTERNAL CONTROL IS REVIEWED

2.2.1 There are three elements to each Internal Audit review. Firstly, the control environment is reviewed by identifying the objectives of the system and then assessing the controls in place mitigating the risk of those objectives not being achieved. Completion of this work enables internal audit to give an assurance on the control environment.

2.2.2 However, controls are not always complied with, which in itself will increase risk, so the second part of an audit is to ascertain the extent to which the controls are being complied with in practice. This element of the review enables internal audit to give an opinion on the extent to which the control environment, designed to mitigate risk, is being complied with.

2.2.3 Finally, where there are significant control environment weaknesses or where the controls are not being complied with and only limited assurance can be given, internal audit undertakes further substantive testing to ascertain the impact of these control weaknesses.

2.2.4 At the conclusion of each audit, Internal Audit assigns three opinions. The opinions will be:

- Control Environment Assurance
- Compliance Assurance
- Organisational Impact

2.2.5 The following definitions are currently in use:

	Control Environment Assurance	**Compliance Assurance**
Substantial Assurance	The control environment has substantially operated as intended although some minor errors have been detected.	There are minimal control weaknesses that present very low risk to the control environment

Good Assurance	The control environment has largely operated as intended although some errors have been detected.	There are minor control weaknesses that present low risk to the control environment.
Satisfactory Assurance	The control environment has mainly operated as intended although errors have been detected.	There are some control weaknesses that present a medium risk to the control environment.
Limited Assurance	The control environment has not operated as intended. Significant errors have been detected.	There are significant control weaknesses that present a high risk to the control environment.
No Assurance	The control environment has fundamentally broken down and is open to significant error or abuse.	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment.

2.2.6 Organisational impact is reported as major, moderate or minor. All reports with major organisation impacts are reported to JMT, along with the appropriate Directorate's agreed action plan.

Organisational Impact	
Level	Definitions
Major	The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole
Moderate	The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole
Minor	The weaknesses identified during the review have left the Council open to low risk. This could have a minor impact on the organisation as a whole.

2.3 PROPOSED CHANGES TO THE REPORTING PROCESS

2.3.1 Internal Audit has proposed some minor changes to the risk and assurance ratings awarded as part of Internal Audit reports. The detail of these proposed changes is set out in a separate report.

3 *FINALISED ASSIGNMENTS*

3.1 Since our last Progress Report in July 2021, the following audit assignments have reached completion, as set out below in Table 1.

Table 1: Finalised Assignments

No.	Directorate	Assignment	Compliance Assurance	Systems Assurance	Organisational impact
1.	People & Communities	Dedicated Schools Grant High Needs Block Funding	Satisfactory	Satisfactory	Moderate
2.	People & Communities	Schools Safer Recruitment	Good	Good	Minor
3.	Cross Cutting (CCC)	Community Testing Grant	Grant certification completed		
4.	Cross Cutting (CCC)	Payroll Analytics	Advisory Report issued		
5.	People & Communities	Foster Carer Overpayment Review (1)	Advisory Report issued		
6.	People & Communities	Libraries Self-Service Machines Review	Advisory Report issued		
7.	Cross Cutting (CCC)	Library Preschool Investigation	Investigation Report issued		

3.2 Summaries of any finalised reports with limited or no assurance are provided in Section 4.

3.3 The following audit assignments have reached draft report stage, as set out below in table 2:

Table 2: Draft Reports

No.	Directorate	Assignment

1.	Place & Economy	Interim Investigation

3.4 Further information on work planned and in progress may be found in the Audit Plan, attached as Appendix A.

4 SUMMARIES OF COMPLETED AUDITS WITH LIMITED OR NO ASSURANCE

4.1 There have been no finalised audits issued with either limited or no assurance during the period.

5. AUDIT FORWARD PLANNING: NEXT FOUR QUARTERS

5.1 Core audit work is progressing in line with the agreed Audit Plan 2021/22. Progress on this work is detailed at Appendix A to this report.

5.2 The proposed 'flexible' Internal Audit Plan for the next four quarters (Q3 2021/22 – Q2 2022/23) is set out below, showing the current risk profiling of Internal Audit reviews over the next year. These are new jobs proposed to commence in the period, i.e. ongoing work is not included.

5.3 This programme of work is indicative only and is subject to change to ensure that the Audit Plan can be reactive as well as proactive about providing assurance over emerging risk areas. This approach also creates capacity where audits from Q1 – 2 are identified as requiring additional resource to complete due to a high level of complexity of resource requirement, e.g. the highways open book review. The team's available resources have also been impacted by a number of leavers and secondments this year. It is anticipated that these posts will be filled during Quarter 3 and Quarter 4.

5.4 The team will continue to progress each quarter's work as outlined below, assuming a full team structure; any shortfall will be re-profiled in future quarters. This is one of the advantages of the new flexible planning approach.

Current Proposed Flexible Internal Audit Plan for Q3 2021 - 22:		**Days: 225**	**(Oct – Dec 2021)**
Contract Management - Cambridgeshire Energy Performance Contracting Project	P&E	30	Review of contract management within the Cambridgeshire Energy Performance Contracting project, which holds two major contracts with a combined annual value of £11m.
Street lighting PFI	P&E	30	Second highest-value contract by gross budget. Previous audits had identified weak contract management. Review of contract management.
ICT Disaster Recovery	C&D	15	Review of policies and procedures relating to disaster recovery surety in ICT, including compliance with testing and policies.
Use of Block Contracts	P&C	30	Significant use of block contracts in Adults & Older Peoples services. Review of the usage of block contract spaces, how need is forecast and monitored, and value for money.
Business Planning	CCC	30	Review of governance, compliance, management and monitoring, and benefits realisation.

Loans to External Organisations	Resources	20	Review of the Council's policies on providing loans to external organisations and compliance with policy in practice. This audit was previously deferred from the 2020/21 Audit Plan.
Individual Schools Finance Audits	P&C	50	Focus on schools payroll, finance and financial governance arrangements with audit visits to a selection of higher-risk schools identified through the Schools Causing Concern process. These visits specifically exclude provision of Internal Audit assurance over safeguarding, however prior to schools visits assurance will be sought from the Schools Intervention Service regarding their most recent safeguarding checks at the relevant schools and whether the service has any safeguarding concerns at the relevant school.
Current Proposed Flexible Internal Audit Plan for Q4 2021 - 22:		**210**	**(Jan – March 2022)**
Safeguarding Assurances	P&C	30	Review of assurances over the Council's safeguarding arrangements for children and adults, including internal review processes, contractual assurances, and assurances received from third parties such as Ofsted, peer reviews etc. This audit was previously deferred from the 2020/21 Audit Plan.
Client-side Review of Pathfinder Legal Services Ltd	L&C	20	Client-side review of Cambridgeshire's Pathfinder Legal Services Ltd legal provision.
Contract Management	CCC	20	Noted as a risk area given the outcomes from recent audits. Reviewing contract management guidance available to managers in the organisation. High impact area.
Home to School Transport & Contracts	P&C	30	Key pressure area, difficulties faced in keeping down costs in rural locations. Ensure the Council gets best value from providers. Follow up on areas of concern from 2015/16 audit. High area of focus for Transformation who have requested a review for the final quarter of 2021/22.
Supplier Resilience Reviews	CCC	20	Review of a sample of key strategic suppliers, with a focus on suppliers of care and transport to vulnerable service users, to identify assurances in place over supplier resilience and continuity planning.
ICT Security	C&D	20	Review of ICT security strategy and compliance with key measures such as PSN etc.

Fostering	P&C	20	Reviewing fostering arrangements in light of the high cost of fostering placements to the Council. Also in light of previous audit report which raised issues re: overpayments.
Contract Management - Minor Works Framework	Resources	30	Annual value of £8m. This audit was previously deferred from the 2020/21 Audit Plan.
ICT Strategy	C&D	20	Following ICT moving in-house from LGSS, a review of current strategy and governance within the ICT service
Current Proposed Flexible Internal Audit Plan for Q1 2022 - 23:		**225**	**(Apr – June 2022)**
Capital Strategy	Resources	20	Review of the Council's Capital Strategy, in light of the CIPFA Prudential Code requiring Local Authorities to have a Capital Strategy in place from April 2019.
Contract Management - Public Transport, Park & Ride, and Guided Busway Contract	P&E	30	Annual value of £3m. This audit was previously deferred from the 2020/21 Audit Plan.
Information Security	C&D	20	Review of arrangements for controlling information security risk, with a focus on: policies and procedures; compliance with legislative requirements; communication and staff awareness; compliance monitoring; and incident handling.
Cambridgeshire County Council Client Monitoring Arrangements for This Land Ltd	Resources	30	A review to provide comprehensive follow-up on findings and implementation of actions following the previous audit review of This Land Ltd.
Social Care Transitions	P&C	20	Review of service user transitions between child and adult services including LD, PD and LAC, with a focus on providing assurance that processes are streamlined and efficient. This audit was previously deferred from the 2020/21 Audit Plan.
Health, Safety & Wellbeing Policy Compliance	CCC	15	Review of compliance with key controls within the Council's Health, Safety and Wellbeing Policy. This audit was previously deferred from the 2020/21 Audit Plan.
Financial Regulations Monitoring & Compliance, including Delegated Authorities	CCC	20	Review to ensure that budget variations are approved in line with the requirements of the Financial Procedure Rules and the Constitution.
Demand management strategies	CCC	20	Community resilience; review how the Council is working to reduce demand for high-cost services and whether plans to manage

			demand in one area end up increasing demand in another area.
ICT Incident and Problem Management	C&D	20	Review of policies, procedures and compliance with managing identified incidents, issues and problems with ICT systems and services.
Fire Safety Checks	Resources	20	Confirm that fire safety check processes are up to date, carried out, and compliant with relevant legislation.
Procurement Team Oversight of Major Procurements Compliance	Resources	10	Recommendation from a previous audit that a monthly report of all purchase orders above £100k raised in the last month is extracted from ERP and that this is compared to the known contracts that have been created in the last month to check for contracts above £100k that were not overseen by the Procurement Team. Procurement have indicated that this would be too expensive for them to implement so Internal Audit will conduct compliance testing on this key control.
Current Proposed Flexible Internal Audit Plan for Q2 2022 - 23:		**280**	**(July – Sept 2022)**
ICT Procurement	C&D	20	Review of ICT procurement function including commissioning, contract management, efficiencies etc.
Equality Impact Assessments	BI&D	20	Review of the implementation of the new Equality Impact Assessment process and compliance
Adults Safeguarding Framework	P&C	20	Review of the current safeguarding framework with a focus on the adequacy and relevance of current policies and procedures. Ensuring that they are modern and up to date; comprehensive and consistent with other authorities and with national guidance; and communicated effectively to staff.
Children's Social Care Commissioning Strategies	P&C	30	Review of strategic planning for commissioning and contracting across Children's Social Care, to provide assurance that commissioning is pro-active, considers demand and how this may be managed, and takes into account the condition of local markets.
Unannounced Visits	CCC	20	2 - 3 services will be identified in conjunction with contract managers, for unannounced visits focusing on compliance with the Council's policies and expectations for management of finances and safeguarding risks, and providing an appropriate deterrent to fraud.

Budgetary Forecasting	Resources	20	Review of processes for forecasting high demand demographically-driven budgets across People & Communities to ensure processes are robust and forecasting is accurate.
ICT Change Management	C&D	20	Review of policies, procedures and compliance with managing change in ICT systems and processes.
Statutory Health & Safety Property Inspections	Resources	20	Confirm that statutory inspections of property for health and safety are up to date, carried out, and compliant with relevant legislation. Confirm that recommendations are implemented and implementation is monitored.
FOI and SAR	C&D	20	Freedom of Information & Subject Access Requests are legally required to be completed by the Council within set timescales.
Contract Management - Residential & Short Break Care for Children and Young People with a Disability	P&C	30	Annual value of £2.35m.

6. *FOLLOW UP OF AGREED AUDIT ACTIONS*

6.1 The outstanding management actions from Internal Audit reports as at 31st August 2021 are summarised in the table below. This includes a comparison with the percentage implementation from the previous report (bracketed figures).

6.2 In line with the new rolling audit plan, from this reporting period onward implemented recommendations now only includes those closed within the last five quarters. Any recommendations that were closed more than five quarters ago are not included in the figures below.

Table 4: Implementation of Recommendations

	Category 'Essential' recommendations		**Category 'Important' recommendations**		**Total**	
	Number	**% of total**	**Number**	**% of total**	**Number**	**% of total**
Implemented	3 (3)	2.75% (2.97%)	52 (44)	47.71% (43.56%)	55 (47)	50.46% (46.53%)
Actions due within last 3 months, but not implemented	1 (1)	0.92% (0.99%)	39 (43)	35.78% (42.57%)	40 (44)	36.70% (43.56%)
Actions due over 3 months ago, but not implemented	0 (1)	0.00% (0.99%)	14 (9)	12.84% (8.91%)	14 (10)	12.84% (9.90%)
Totals	**4**		**105**		**109**	

6.3 There are currently 54 management actions outstanding. Further detail on outstanding actions is provided at Appendix B.

6.4 There is one outstanding 'Essential' recommendation. This relates to a review of aged debt and became overdue on 30th June 2021. The Head of Finance Operations has developed a Service Improvement Plan and the points in the recommendation are primarily being addressed by the implementation of new BAU processes. The Debt Team is sharing debt data, including aged debts, with services to enable targeted communication and actions. The Head of Service has confirmed she will be reporting directly to A&A Committee on a regular basis, providing updates on service improvement and activity. In addition, the Debt Team has now commenced a review of debts over 12 months old to establish the next steps in relation to each customer. The service has advised that this recommendation will be implemented 31st December 2021.

7.0 *RISK MANAGEMENT*

7.1 The Corporate Risk Management update will be brought to Committee in February 2022.

8 *FRAUD AND CORRUPTION UPDATE*

8.1 FRAUD INVESTIGATIONS

8.1. The current Internal Audit caseload of investigations is summarised below in Table 5. As at the end of August, Internal Audit has received 8 whistleblowing referrals in the 2021/22 financial year, in line with the number of referrals received by the same point in 2020/21.

Table 5. Current Internal Audit Investigations Caseload

Open Cases from 2020/21 *Carried forward*		**Open**	**Closed**	**Total**
Fraud	Direct Payments	2	0	2
	Blue Badges	1	0	1
Governance	Anti-competitive activity allegation	1	0	1
Total		**4**	**0**	**4**
All Cases Reported in 2021/22 *To Date*				
Fraud	Third Party Fraud	1	0	1
	Schools Fraud	0	1	1
	School Admissions Fraud	0	1	1
Governance	Officer Code of Conduct	0	1	1
	Fostering Service	0	1	1
Safeguarding	Fostering Service	1	0	1
Overpayment	Payroll Overpayment (Night Allowances)	0	1	1
Theft	Libraries Theft	0	1	1
Total		**2**	**6**	**8**

8.1.2 It should be noted that the Internal Audit team records all whistleblowing referrals we receive; however Internal Audit normally act as the investigating service only for referrals relating to theft, fraud, corruption and governance concerns. Where whistleblowing referrals relate to e.g. safeguarding or HR issues, the referrals are passed on to the appropriate service to investigate and respond. In the table above, the referrals relating to the Officer Code of Conduct and a safeguarding concern in the Fostering service were passed on to the Assistant Director of HR & Learning and the Director of Children’s Services, respectively, to review and respond.

8.2 WHISTLEBLOWING POLICY & COMMUNICATION

8.2.1 The previous meeting of the Audit & Accounts Committee on the 22nd July 2021 approved the revised and updated corporate Whistleblowing Policy. The new policy has been published on the Council's corporate website as well as the staff intranet (CamWeb), and a notification of the new policy was also published to staff via the weekly newsletter, Friday Focus.

8.2.2 Internal Audit has worked with colleagues in the Corporate Communications Team to design a new Whistleblowing poster to be printed and distributed around key Council office buildings, as well as developing a series of graphics with key excerpts from the policy which will be used to run a full awareness campaign on the staff intranet and in Friday Focus newsletters. The intention is that this campaign will be launched on Friday 10th September and run for five weeks through to the 8th October.

8.2.3 Following on from this piece of work, Internal Audit is planning to review and update the corporate Anti-Fraud & Corruption Policy. The proposed updated policy will also be brought to Audit & Accounts Committee for approval.

8.3 NATIONAL FRAUD INITIATIVE (NFI)

8.3.1 The NFI compares different data sets provided nationally by local authorities and partner organisations, for the purpose of detecting and preventing fraud. The current exercise commenced in September 2020 when data was supplied for matching purposes by all relevant parties, including CCC. The matched output was released by the NFI in January 2021. The total number of matches for CCC is 8,629 across 31 reports which have a high or medium risk rating, depending on the nature of the data. As at August 2021, a total of 634 matches have been reviewed and closed at CCC.

8.3.2 Please see Appendix C for further details on the NFI process and work to date.

Appendix A

Internal Audit Plan Progress 2021/22

Progress to date with the core Internal Audit Plan 2021/22 and the agreed Q1 – 2 ‘flexible’ plan, on the basis of individual reviews completed, is summarised as follows:

Audit Plan 21/22 Progress In-Year		
Total Completed & Closed Reviews	13	13.7%
Ongoing Work (i.e. which will not 'close' until the end of the financial year)	22	23.2%
Draft Report Issued	3	3.1%
Fieldwork In Progress	14	15.1%
Reviews at Terms of Reference (ToR) stage and before	8	8.4%
21/22 Planned reviews not started or ‘paused’ at Director request	35	36.8%

Detail of the agreed Core and Q1 - 2 ‘flexible’ Internal Audit Plan 2021/22, including progress to date, is provided below:

AUDIT TITLE	Directorate	TYPE OF WORK	PROGRESS
Financial Assessments	P&C	Audit	Fieldwork
Dedicated Schools Grant SEN Audit	P&C	Audit	Complete
Schools Payroll 20/21	P&C	Audit	Complete
Schools Safer Recruitment 20/21	P&C	Audit	Complete
Light Touch ICT Security Healthcheck	C&D	Audit	Complete
Schools Capital Programme	P&C	Audit	Fieldwork
Payroll Analytics	CCC	Audit	Complete
Foster Carer Overpayment Review	P&C	Audit	Complete
Project Management Framework	BI&D	Audit	Fieldwork
Fees & Charges Policy & Compliance	B&ID	Audit	Fieldwork
Loans to External Organisations	Resources	Audit	On Hold
Declarations of Interest	CCC	Audit	Fieldwork
Less Than Best' Property Awards	Resources	Audit	Fieldwork
Client Monitoring Arrangements for This Land Ltd	CCC	Audit	On Hold
Insurance Fund	Resources	Audit	Fieldwork
Budgetary Control	Resources	Audit	Terms of Reference
Individual Schools Finance Audits	P&C	Audit	Terms of Reference
Climate Change & Environment Strategy	CCC	Audit	On Hold
Foster Carer Overpayment Calculations	P&C	Audit	Fieldwork
Procurement Compliance (Over £20k)	CCC	Audit	Fieldwork
Highways Contract	P&E	Audit	Fieldwork
Integrated Drug and Alcohol Treatment System Contract	PH	Audit	Fieldwork
Provision of Community Equipment Services Contract	P&C	Audit	On Hold

(Energy Programme) Capital Project Variations and Overspends	CCC	Audit	Terms of Reference
Contract Management - CCS and Healthy Child Provision (Section 75)	P&C	Audit	Fieldwork
Major Infrastructure Delivery Project Assurance Group	P&E	Support	N/A
Highways Contract Commercial Group		Support	N/A
Lancaster Way Contract	P&E	Support	N/A
Adult Social Care Commissioning Strategies	P&C	Audit	Terms of Reference
Waste PFI	P&E	Audit	Terms of Reference
Troubled Families	P&C	Grant claim	N/A
Active Travel Fund	P&E	Grant claim	Complete
Local Transport Capital Block Funding (Highways Maintenence	P&E	Grant claim	Complete
Pothole and Challenge Fund	P&E	Grant claim	Complete
Disabled Facilities Grant	P&E	Grant claim	Fieldwork
BSOG (Bus Service Operator's Grant)	P&E	Grant claim	Complete
Additional Dedicated Home to School Grant	P&C	Grant claim	Fieldwork
Covid Community Testing Grant	CCC	Grant claim	Complete
National Fraud Initiative	CCC	Support	N/A
Fraud Investigations Review Process	CCC	Support	N/A
FOI Investigation	CCC	Investigation	Complete
Soham Library Investigation	CCC	Investigation	Draft Report
Libraries Self Service Machines Review	CCC	Investigation	Complete
Manor Farm	Resources	Investigation	N/A
Interim Team Leader MID Investigation	P&E	Investigation	Draft Report
Aged Debt & Income Raising	CCC	Audit	Terms of Reference
Annual Governance Statement/Code of Corporate Governance	CCC	Support	Complete
Whistleblowing Policy Annual Review	CCC	Support	Complete
Public Sector Internal Audit Standards (PSIAS) Review	CCC	Support	Complete
Sustainability Panel	CCC	Support	N/A
Information Management Board	BI&D	Support	N/A
LGSA Peer Review	CCC	Support	N/A
Risk Management	CCC	Risk Management	N/A
Compliance - Corporate and Key Directorate Risks	CCC	Risk Management	N/A
Advice & Guidance	CCC	Support	N/A
Freedom of Information Requests	CCC	Support	N/A
Follow-Ups of Agreed Actions	CCC	Support	N/A
Committee Reporting	CCC	Support	N/A
Management Reporting	CCC	Support	N/A
Audit Plan	CCC	Support	N/A

APPENDIX B Summary of Outstanding Recommendations – under 3 months

(Recommendations due as at 31.8.2021).

Audit	Risk level	Summary of Recommendation	Target Date	Status
This Land	I	Self-assessment: The Council (as Shareholder) requires This Land to undertake a self-assessment against the UK Corporate Governance Code (Appendix 1) to confirm the existing governance arrangements in place and produce an action plan for areas which remain outstanding. This should be produced on an annual basis and presented to C&IC for review.	01/08/21	A consultant has recently been appointed to review This Land and the report is due by the end of October.
This Land	I	A contract to support the construction/development and bridging loans should be established: A contract to support the construction/development and bridging loans should be established, this should capture: • CCC responsible officer/team for managing the arrangements; • What CCC staff should be consulted when This Land purchase 3rd party developments and formalise existing arrangements for purchases from the Council; • Operational performance indicators are identified for the following areas: - Delivery of individual developments to include time, quality and cost; - Progress reports (as identified in D&C Loan Facility Agreement); - Health and safety; - Any other suitable areas consistent with the Loan Facility Agreements. • Remedial timescales and actions; • Monitoring of overall delivery or developments.	01/07/21	A consultant has recently been appointed to review This Land and the report is due by the end of October.

This Land	I	Risk Appetite: This Land should determine (in consultation with the C&IC as Shareholder) a clear risk appetite of how it intends to operate, this should then be supported by a strategy for managing risk. Seeing this presented to, and discussed by, C&IC would give some assurance that there is a level of oversight of the risk appetite of This Land by the committee.	01/07/21	A consultant has recently been appointed to review This Land and the report is due by the end of October.
This Land	I	Governance arrangements: A formal document is produced and presented to C&IC (as Shareholder) containing governance arrangements of: • Reporting to Shareholder; • Corporate performance indicators for delivery against the benefits identified; • Business plan; • Financing the company; • Reserved matters; • Risk, Audit and internal control This could be a development of the drafted Memorandum of Understanding or a separate document which should be discussed and agreed by the committee, with changes made if necessary. Implementation of this recommendation would substantially increase the audit opinion.	01/06/21	A consultant has recently been appointed to review This Land and the report is due by the end of October.
KPIs	I	The draft Performance Management Framework lacks the specifics of a quality assurance process for KPIs: The draft Performance Management Framework should be edited to include the specifics of: • The quality assurance process that KPIs produced within BI (including where BI take data direct from source systems) undergo • Measures taken to provide assurance on data/calculation reliability for those KPIs reported to BI by officers in other CCC services. We recommend that the latter is addressed through both: a) clear delegation in the Framework of responsibility to senior officers in the services in question	01/09/21	Work is ongoing to develop an updated Performance Management framework. The draft shared during the audit is being further updated and revised in line with: the new Administration's priorities; Peer Challenge recommendations; Internal Audit recommendations; and best practice. Proposals will be discussed with Chairs, Vice Chairs and JMT during September with the new framework to be developed for approval at December Strategy and Resources Committee. Revised target date: 31st December 2021

		b) Sample testing to be carried out on some proportion of these KPIs, either by BI or Internal Audit.		
KPIs	I	The draft Performance Management Framework lacks a formal process for the adding of new KPIs to the suite, or indeed the removal of old ones: The draft Performance Management Framework should be edited to include the specifics of a formal process for the addition/removal of KPIs, including what approval is needed (presumably of the committee affected).	01/09/21	The process for adding / amending / deleting indicators is being detailed in the revised Performance Management Framework (see above). Revised target date: 31st December 2021
AP 20/21	I	Supplier Review: A review of suppliers in ERP should be undertaken to identify any further instances where the same company is set up as both a commercial and non-commercial supplier. Each case should be reviewed to establish if the existence as both suppler types is appropriate and if not if should be determined which supplier instances should be deleted or disabled.	30/06/21	To mitigate this risk the New Supplier Request form advises the user to check that a supplier record does not exist in ERP and the Suppliers team is required to complete further checks to prevent duplicate supplier records being set up in ERP. A Duplicate Suppliers report is now available in ERP to identify suppliers with duplicate payment sites and this will be used to undertake an exercise to identify and review any existing suppliers that are set up as both commercial and non-commercial types. This this has been delayed due to the high priority work on embedding systems at the new Northamptonshire LAs, including supplier data migration work which has had a significant impact on the Supplier Maintenance Teams resources. This action has also been delayed as any open orders on the relevant supplier records need to be reviewed and closed in advance. Revised target date: 31st December 2021

Feeder Systems	I	Early Years Grants: The Early Year's Funding Coordinator should consider implementing an audit programme of childcare providers to sample check attendance records and confirm that all children for whom providers are receiving payments are still attending the providers settings. This would not need to involve an actual visit to providers but simply a requirement for them to provide attendance records to the Early Year's Funding Team for review.	30/06/21	The Early Years Funding Team have drafted and prepared a draft review programme. They have identified the first group of providers to be audited with the plan to conduct the first reviews coincide with the start of the Autumn funding period as a number of providers/childminders closed for the summer break. Revised target date: 31st October 2021
DR 20/21	E	Aged Debt Review: An exercise should be undertaken to review all debt over 12 months old. The aims of this exercise should be to halt rising aged debt levels and reducing existing aged debt. The review should include: • An examination of causal factors behind aged debts • Identifying process amendments to address any causal factors identified • An examination of each customers aged debt to determine: • Whether action from the service who raised the invoice is required • What recovery activity should be undertaken • Whether the debt is considered unrecoverable and should be written off.	30/06/21	The Debt Service has developed a Draft Improvement Plan which will be continually updated to ensure priorities are recognised and delivered. This will involve changes to service processes and will require gradual and evolving work over time. In line with this approach, the points in the recommendation are primarily being addressed by the implementation of new BAU processes. However, the Head of Service has confirmed that they have now also commenced a review of debts over 12 months old to establish the next steps in relation to each customer. Aged debt reports are now reviewed on a regular basis as part of BAU. These reports are provided to budget holders so they can consider potential unrecoverable debts for write off approval, and take action where debts are in dispute. Write off approvals/processing is now done through ERP workflow processes to ensure review and authorisation is directed to the appropriate budget holder. Service Review meetings have been implemented with services, including Adult Social Care. Meetings include the sharing of granular data and categorising debt by complaint code, age and service, to enable targeted communication and

				actions. The sharing of the data is allowing closer working with Finance Business Partners, who in turn are working with Budget Holders to support debt recovery and any further action required. Debt improvement groups have been implemented to work with services, including ASC, to establish debt principles for recovery, and Debt Portfolios have been implemented and assigned to recovery officers to support a more focussed, structured and targeted approach to active debt recovery. In addition, the Head of Service has confirmed she will be reporting directly to Committee on a regular basis, providing updates on service improvement and activity. Revised target date: 31st December 2021
DR 20/21	I	CCG Debt: The Debt Service should meet with Corporate Finance to agree a target date for when the CCG account will be reconciled and hold regular meetings to monitor progress. It is important that this account is reconciled as a matter of priority so that debt recovery is not adversely impacted by this issue.	30/06/21	CCG is now discussed in the monthly Service Review meetings that have been implemented. A reconciliation of the CCG debt will become part of standard BAU processes. CCG accounts have been streamlined and Finance are liaising with budget holders to ascertain any potential billing issues that may be impacting this area. High level discussions are ongoing between Finance, including the S151 Officer, and CCG on this matter and work is being undertaken to reach a settlement for previous years debt balances. . Revised target date: 30th September 2021

DR 20/21	I	CCG Debt: The Debt Service should arrange a review of the CCG account (with particular regard for invoicing/payment processes) in conjunction with Corporate Finance and the Income Processing Team to establish the root causes of the problem/s that have led to the current position of the CCG account and put measures in place to ensure this does not happen in the future.	30/06/21	CCG is now discussed in the monthly Service Review meetings. Some of the original Debt problem stemmed from the implementation of ERP where payments were allocated on an oldest first approach. This has particularly caused issues on the CCG accounts due to the sheer volume of invoicing, and part payments made by the CCG. A new CCG Account has been set-up to help address the problem going forward. High level discussions are ongoing between Finance, including the S151 Officer, and CCG on this matter. CCG accounts have been streamlined and Finance are liaising with budget holders to ascertain any potential billing issues that may be impacting this area. Corporate finance are working with the NHS to solve issues with way the NHS's third party provider reference remittance advice notes which should improve the application of payments to invoices. Revised target date: 30th September 2021
DR 20/21	I	KPIs and targets: KPIs and targets for debt recovery should be introduced. High level targets should be agreed with clients at a senior level, and KPIs and performance measures should be introduced within debt teams for DR Officers.	30/06/21	The service has agreed with the Partnership Board that no high level debt recovery targets will be implemented. However, new debt reports provide management with detailed information with which to monitor debt levels, movement, and collection. A new debt portfolio process is to be introduced imminently which will ensure individual debt recovery officers priorities are outlined based on a number of factors including the value an debt age and value. This change means that introducing individual targets at this stage could mean they are unrealistic so it has been decided to review performance data once the new portfolio process

				has been embedded so that targets to drive team and individual performance can be based on BAU data. Revised target date: 30th April 2022
DSG - High Needs Block Demand Management	I	Backlog recovery plan: A formal backlog recovery plan needs to be written to address the current backlog. The planning should include: • Writing a work plan to determine the next steps to be undertaken. • Agreeing performance targets on the basis of number of cases that should be cleared per month, and how performance will be reported. • The service should identify an agreed prioritisation of cases. Internal Audit would recommend considering prioritising completion on annual reviews for: - High value placements - Any cases where there are concerns over the current provision - For individuals with personal budgets - Schools that are requesting additional funding	01/08/21	Writing a formal backlog recovery plan is still a planned action but has yet to be completed due to staff absences. However the service has mentioned that it working to address the backlog by recruiting six SEN Casework officers and Business Officers Revised target date: 30th September 2021.
Capital Programme Governance Review	I	There are 26 recommendations in the Capital Programme Governance Review report that became due for implementation on 30 June 2021.	30/06/21	A progress report from the Project Assurance Group is being prepared at the end of September for the Executive Director to assess progress against the management actions from the audit. Revised target date: 30/12/21

Summary of Outstanding Recommendations – over 3 months

(Recommendations due as at 31.8.2021).

Audit	Risk level	Summary of Recommendation	Target Date	Status
GDPR	I	The Information Register is not complete and reviewed on a regular basis: DPO to ensure that a continual review of the Information Asset Register is undertaken and any gaps are reported to the Information Management Board including escalation to the relevant Director.	30/04/21	The IG Service is looking at how best to bring together the information asset registers for both councils (CCC & PCC) into one to ensure that they have visibility across both organisations with consistency in how assets are described. This also requires the engagement of services as a full understanding is needed regarding the information held and shared, especially given the impact of COVID 19 on the need to process new information and share with new partners. Most of the work requires input from services and the pressures on services during the pandemic has meant that progress has been slowed. However, the IG service has been able to reorganise itself to dedicate greater resources to review the registers - gaps have been identified and therefore the service is able to address any issues or urgent updates in the meantime. A paper will be going to the Information Management Board in September to set out the plan with services. Revised target date 30th September 2021
Fostering Contract Management	I	Double paying for home-to-school transport: Establish a suitable fee reduction to ensure travel costs are not paid for twice and publish this clearly as part of fee negotiation guidance. Before negotiations for a contract start, it should be fully established whether the child is eligible under the home to-school transport assistance	01/10/19	The process for the Access to Resources Team to request discounts / negotiated fees for provisions where Home to School Transport is provided is in embedded into the team processes. It is noted however that at present there is no formal process recorded (that is to say, the team

		policy and the fee reduction should be agreed accordingly. Guidance should be updated to state that every contract should include a note re: how Home to School transport and transport to contacts is funded, and that this should also be noted on the placement plan.		have a procedure they undertake, but this is not a documented procedure). Commissioning are in the process of formalising the procedure and seeking ratification for it from senior managers; this process may take up to three months. As outlined previously, Access to Resources are not able to apply a 'blanket approach' to home to school transport – there are situations where a carer travels a significant distance for contact or where children attend school in two different directions, where it would not be appropriate to request a discount for transport, but this is considered on a case by case basis; the process will reflect this. Revised target date: 31st December 2021.
Fostering Contract Management	I	No control process to identify errors in in-house payments: Create a payment policy document that clearly sets out the different scenarios that occur and how they are paid for, such as: respite breaks, children going to university, level 6 carers with a staying put placement etc. Include details about IFA carers transferring to in-house, and the fee agreements relating to children already in place.	01/07/19	This activity broadened resulting from the decision to align CCC and PCC fostering services into a new shared Fostering Service. The implementation of this recommendation has been delayed due to the restructuring of the service and the required staff consultation taking priority. However, new systems are in place and the payments policy has now been drafted. A consultation with Foster Carers at both CCC and PCC will to be undertaken as the next step prior to fully implementing the finalised policy. Many carers are on holiday during the summer months; therefore the consultation will be launched in September when carers are available to respond. Revised target date: 31st October 2021

18/19 Ely Bypass Review	I	Limits on Delegated Authority: Consideration should be given to whether the Constitution should be adapted to incorporate limits to delegating authority away from Committees, particularly when there are significant financial implications.	31/10/19	This recommendation now forms part of the block of 26 Capital Programme Governance Review recommendations, detailed on pp.8-9 of this document. Revised target date: 30th September 2021
P&E Cost Recovery	I	Time Recording Software: The exercise to procure time recording software should be pursued as a matter of priority to ensure an efficient time recording system is in place to underpin a robust and consistent cost recovery process across Infrastructure and Growth. The software should be able to: • Apply different staff rates, including overheads and risk percentages, for each project. • Automatically calculate staff costs for each project based on the applied rates. • Interface with/upload data to ERP Gold to provide an efficient way of updating project ledgers with staff costs. This would also support an efficient way of raising accurate invoices to external organisation direct from ERP Gold rather than multiple complex spreadsheets. • The software should also be user friendly and simple for staff to use and provide management reporting.	31/03/20	The service has confirmed that due to impact of Covid19 on the service (and IT having to divert their resources into higher priority projects) this project has not been progressed as planned. The latest update from the service confirmed that a system that can be added onto MS Teams has now been identified but the implementation will take some further time. Revised target date: TBC The Service is awaiting an update from IT regarding a revised implementation date.
Accounts Payable 19/20	I	Supplier Amendment: A review of supplier classification and set up in ERP Gold should be undertaken with the desired outcome to ensure that only individuals such as care customers are classified as non-commercial suppliers in the system.	31/12/20	Progress on this action has been delayed due to a change freeze in ERP Gold, and also by the impact of the pandemic/priority work on embedding systems at the new Northamptonshire LAs, including supplier data migration work which has had a significant impact on the Supplier Maintenance Teams resources. Work on this is now progressing, linked to other changes in ERP to further strengthen the supplier amendment process. This has increased the complexity of the build so more time is required.

				Revised target date: 31st October 2021 It should be noted that the 20/21 AP report gave good assurance over controls and compliance.
AP 20/21	I	Supplier Review: A review of Virgin Media Ltd suppliers in ERP gold should be undertaken with the aim of reducing the number of suppliers for that company and ensuring that the instances where Virgin Media ltd is set up for non-commercial payments are either deleted or disabled.	30/04/21	A Duplicate Suppliers report is now available in ERP to identify suppliers with duplicate payment sites. In addition to the BAU processes above, an exercise will be undertaken specifically to review the Virgin Media Ltd suppliers but this has been delayed due to the high priority work on embedding systems at the new Northamptonshire LAs, including supplier data migration work which has had a significant impact on the Supplier Maintenance Teams resources. This action has also been delayed as any open orders on the relevant supplier records need to be reviewed and closed in advance. Revised target date: 31st December 2021
Accounts Receivable 19/20	I	Income allocation is not monitored with data and performance against targets regularly reported: Reporting should be amended to provide information to management, including data on KPIs, to allow for effective monitoring in key areas relevant to performance. This should be provided on a monthly basis and include: • New suspense items cleared - value and volume • New suspense items cleared in that month - value and volume (a KPI associated with this would be better than 3 days clearance) • Total value and volume cleared each month • Volume & value (and percentage) of aged suspense items relating to each previous month) • Performance against agreed KPIs • This will help provide context to performance and help drive performance in a way that current reporting cannot.	31/01/21	The implementation of this recommendation has been delayed due to the impact of the pandemic/the LGSS review and transition to the lead authority mode. In addition, the service was prioritising the future Northamptonshire project work. Further discussions are required with Finance Business Partners regarding the introduction of a fortuitous income code. Income suspense is reported on a monthly basis to Finance Business Partners with a RAG status and suspense items broken down into age profile. Current reporting has been enhanced and developed to include the bullet points in the recommendation (with the exception of data on items relating to each previous month) so that reporting provides detail of the timeliness of

		Last year it was recommended that any aged items in suspense should be allocated to a fortuitous income code once all proportionate investigations had been unable to allocate the payment. This is progressing but has not yet been fully implemented and embedded across all three clients yet. Once implemented, data on aged items allocated to fortuitous income should be included in reporting.		suspense account clearance each month Revised Target Date: 30th September 2021 Whilst this action remains outstanding it should be noted that the 20/21 AR report has now been completed which gave good assurance over controls and compliance.
Key Policies and Procedures	I	Policy Framework: A policy framework document should be drafted which includes: • A definitive list of CCC's key policies • links to each policy or where to find them • The update schedules for each • Whether any particular legislation must be taken into account when updating • Whether legal advice is needed on updating (to prevent misinterpretation of legislation) • Who is responsible for updating each policy • Who needs to approve changes to the policy (e.g. JMT or service committees) • Templates and Guidelines for the creation of new policies (e.g. is an Equalities impact assessment needed)"	30/04/21	The Head of Policy, Design and Delivery confirmed that work on this recommendation is underway, however has been delayed due to vacancies (recruitment underway), commitments in existing projects and the policy and strategy work in the Joint Agreement Action Plan. This work is also being undertaken to include the new Administration priorities and Peer Challenge recommendations. Revised target date 31st October 2021
Complaints	I	Complaints Policy and Guidance: The review highlighted that the Council was operating without either a Corporate Complaints Policy or detailed guidance on local operating procedures. Instead, a corporate complaints leaflet with minimal details was in place. There was no consistent process in place for dealing with complaints across the Council. Instead inconsistent local processes were in place in different directorates and services. These issues have been identified by the Council and plans are in place to introduce a Corporate Feedback Policy and implement a digital complaints solution across	31/03/20	The Director Customer & Digital Services has advised; "The policy and guidance are now in place. However, to assist with the implementation of this policy the service planned to implement a digital complaints management solution. Progress with this system was impacted by pressure on the LGSS Digital team through the height of the pandemic when work had to be re-prioritised to support our COVID response. This team was then impacted by the re-patriation of staff from LGSS to the various LGSS partner authorities in October

		the Council to replace the various spreadsheet based local processes.		2020 and by the backlog of digital work, particularly the creation of on-line forms, which again had to be carefully prioritised. Progress is now being made, the system has been developed and testing is currently taking place. On the assumption that the testing progresses well we expect that the recommendation will be fully implemented by 30th September 2021". Revised target date: 30th September 2021
Complaints	I	Complaints Monitoring: The current complaints processes do not include any corporate monitoring or reporting mechanisms. Without these it is difficult to assess whether complaints are being acknowledged investigated, escalated or responded to in line with procedures and timescales. It is also difficult to assess the number, nature and type of complaints received by the Council. This is important to support the identification of thematic issues and drive service improvement. The introduction of the corporate Feedback Policy and the new digital complaints solution provides a timely opportunity to introduce monitoring and reporting arrangements.	01/10/20	Reporting is planned to commence once the digital complaints solution has been implemented and new processes have been embedded (see above). Revised Target Date: 31st December 2021
This Land	I	Annual Assurance Statement: An annual assurance statement should be provided to the Shareholder considering whether or not a sound system of internal control exists within the company and that the obligations documented with the Loan Facility Agreements have been met. An independent Internal Audit function should deliver an annual opinion on whether this is in place and highlight any areas of concern. As a wholly owned company of the Council, a public body, the requirements of the Accounts and Audit Regulations apply and therefore the Council's Audit Committee has responsibilities to be assured regarding the governance,	01/05/21	A consultant has recently been appointed to review This Land and the report is due by the end of October.

		control and risk management operating within the company.		
This Land	I	Corporate Risk Register: The council captures the risks associated with This Land on its corporate risk register.	01/03/21	This will be included in the risk register ASAP. Revised date 30/9/21

APPENDIX C

National Fraud Initiative Update

1. The NFI compares different data sets provided nationally by local authorities and partner organisations. CCC social care data, for example, is compared with data from other local authorities to identify cases such as any individuals who are deceased or receiving services from more than one authority. This enables some errors to be highlighted, as well as potentially fraudulent transactions. Where a match is found it may mean that further investigation is required to establish any error or fraud and actions required.

2. The current exercise commenced in September 2020 when data was supplied for matching purposes by all relevant parties, including CCC. The matched output was released by the NFI in January 2021. The total amount of matches for CCC is 8629 across 31 reports which have a high or medium risk rating.

3. The list of data sets provided for matching purposes included:

   - LGPS (Local Government Pension Scheme);
   - Payroll;
   - Creditors;
   - Concessionary travel;
   - Residential parking;
   - VAT;
   - Blue badges; and
   - Procurement.

4. The NFI protocol requires Councils to record outcomes from the matches and place a monetary value where possible to reflect any overpayment or savings arising from the correction of the records. Sometimes this is an actual monetary saving, for instance where a pension overpayment is calculated, and sometimes this can be an estimated saving for instance where a blue badge is cancelled the NFI apply a notional saving figure of £575 per badge.

5. Due to the confidential nature of some of the matches the Senior Auditor will review all matches for Payroll and Procurement throughout the year. For Payroll this will include liaising with HR Advisory Services, Education Personnel Management (EPM) and contacting other local authorities. For Procurement this will include reviewing information on Companies House, the internet and liaising with the HR Advisory Service. There are officers at CCC that investigate matches for Blue Badge Parking Permits, Concessionary Travel, Creditors, Pensions, Residential Parking Permits and VAT.

6. The Creditors reports include high amounts of matches. In line with the approach taken previously for these, a sample is selected by the Senior Auditor and sent through to Account Payable for investigation. This approach was taken on the basis that the Accounts Payable Team have a fiscal report which is run daily and will identify any potential duplicate payments for investigation.

7. The matched data is contained within a secure website portal and access is granted to selected officers from each relevant service so that they can examine their own particular output and evaluate each match for the likelihood of fraud or error.

8. The NFI has its own inbuilt risk assessment system used as a guideline to prioritise those matches which need attention. Together with match type explanations, these help officers determine the order for investigation when coupled together with the local knowledge of the Council's data systems and services. Each match type is subjected to a preliminary assessment by the Services and the high rated risk matches are reviewed first. There are extremely large volumes of matches received and consequently the risk rating allocated by the NFI is essential in helping to prioritise the workload. It must also be noted these are data set matches and not fraud referrals and therefore outcomes are likely to include errors and overpayments as well as mismatches. Errors may include overpayments and whilst these give rise to potential for recovery of monies, they are not evidence of fraud. A fraud is defined as a matter subject to criminal proceedings or disciplinary hearings.

9. Details of the number of matches processed to date by Internal Audit and supported by service area contacts across the Council are provided in Table 1. Progress is dependent on priority needs and resource availability in the individual service areas but is subject to ongoing monitoring and review by the Internal Audit team. Information from customers for example Pensions is requested from next of kin of the individuals concerned which understandably takes time to write out and respond to.

Table 1: Progress to date (August 2021)

Match type	Number of high and medium risk matches	Progress to date on all matches (where checks have been completed and closed)	Outcomes to date
Blue Badge Parking Permit	1134	222 closed	7 badges have been cancelled giving a Cabinet Office estimated saving of £4,025.00. All of the 1134 matches have been reviewed by the Service and will be added to the NFI portal.
Concessionary Travel	1772	56 closed	26 currently being investigated by the service. No errors or issues identified in the 56 closed.
Creditors	4930	0 closed	Samples are being tested by the service area.
Payroll	122	105 closed	No errors identified in the 105 closed, the remaining 17 are being investigated by Internal Audit.
Pensions	553	242 closed	Overpayments totalling £63,440.03 has already been identified and being recovered to date. This sum relates

			to pension payments made to a deceased person and the Pension Team Leader (West Northamptonshire) is progressing these cases. These errors are un-notified date of death and are ongoing due to the process taken by the service to contact next of kin and verification.
Residential Parking Permits	6	0 closed	These are being investigated by the Service.
VAT	46	0 closed	These have been investigated by the service and need to be updated on the NFI portal.
Procurement	66	9 closed	No errors or issues identified in the 9 closed, the remaining 57 are being investigated by Internal Audit.
Total	8629	634 of the high/medium matches closed	£63,440.03 overpayments identified and being recovered £4,025.00 in notional savings.

Agenda Item No. 10

Internal Audit Risk and Assurance ratings

To: Audit & Accounts Committee

Date: 28th September, 2021

From: Neil Hunter, Head of Internal Audit and Risk Management

1. Purpose

1.1 The Council's Internal Audit service is proposing a change to the risk and assurance ratings used in audit reports to quantify the level of risk associated with recommendations and/or audit findings.

1.2 This report sets out the proposed changes to the rating system and the reasons for the changes for consideration and approval by Audit & Accounts Committee.

2. Recommendation

2.1 The Committee is asked to note and comment on the report

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Proposed Changes to Internal Audit's Risk & Assurance Ratings

1 Internal Audit Risk Ratings

1.1 Current Risk Ratings

1.1.1 As part of every piece of audit work, Internal Audit seeks to identify actions that can be taken to mitigate risk, improve efficiency and maximise value. These recommended actions are discussed and agreed with management to develop a formal 'management action plan', incorporated into every Internal Audit report.

1.1.2 Every agreed action is given a risk rating in the management action plan, to make it clear how important it is for the action to be implemented. Currently, the risk ratings in use are:

- **Essential** – Action is imperative to ensure that the objectives for the area under review are met.

- **Important** – Requires action to avoid exposure to significant risks in achieving objectives for the area under review.

- **Standard** – Action recommended to enhance control or improving operational efficiency.

1.2 What are the proposed changes?

1.2.1 Cambridgeshire's Internal Audit team have been working to review processes and procedures, since the service has moved back in-house from LGSS. In discussion with Peterborough City Council's Internal Audit service, it was identified that Peterborough use a four-level risk rating system for their recommended actions, and each risk rating has a standard expected timescale, within which the associated action should be implemented. The ratings used at Peterborough are:

- Essential
- High
- Medium
- Low

1.2.2 Cambridgeshire's Internal Audit service has identified that there would be some benefit to partially aligning our approach to that of the Peterborough service. In particular, agreeing timescales for implementation of agreed actions can often be a problem at the end of an audit which causes delay in issuing the final report; having standard timescales would ensure a more streamlined process.

1.2.3 Moving to a four-rating system would allow more detailed prioritisation of recommended actions, and would also ensure more consistency between the two Internal Audit services, which is likely to be beneficial in auditing Council services which are shared across both authorities.

1.2.4 Cambridgeshire's Internal Audit service are therefore proposing to implement the following four rating system, with standard timescales for expected implementation of remedial actions:

- **Essential** – Action is imperative to avoid exposure to a significant organisational risk.

- **High** – Action is imperative to avoid exposure to a significant risk to the service area.

- **Medium** – Action is required to avoid exposure to a risk to the service area.

- **Advisory** – This captures consultancy recommendations which are intended to improve operational efficiency or enhance value.

1.2.5 CCC are proposing to use the following standard timescales, which would ordinarily apply to all actions, although services could request an adjustment in exceptional circumstances (for instance, if a major procurement was required to remediate a high risk and it would not be possible to complete this within three months):

- **Essential** – maximum 2 months to implement remedial action and Internal Audit will provide additional assurance over implementation.

- **High** – 3 months to implement remedial action

- **Medium** – 6 months to implement remedial action

- **Advisory** – implementation not followed up by Internal Audit

2. Internal Audit Assurance Ratings

2.1 Current Assurance Ratings

2.1.1 Every Internal Audit review has three key elements:

- Firstly, the <u>control environment</u> is reviewed by identifying the objectives of the system and then assessing the controls in place mitigating the risk of those objectives not being achieved. Completion of this work enables Internal Audit to give an assurance on the control environment.

- However, controls are not always complied with, which will in itself increase risk, so the second part of an audit is to ascertain the extent to which the <u>controls are being complied with in practice</u>. This enables Internal Audit to give an opinion on the extent to which the control environment, designed to mitigate risk, is being complied with.

- Finally, where there are significant control environment weaknesses or where key controls are not being complied with, further substantive testing is undertaken to ascertain the impact these control weaknesses are likely to have on the organisation's control environment as a whole.

2.1.2 Three assurance ratings are therefore given at the conclusion of each audit: control environment assurance, compliance assurance, and organisational impact.

2.1.3 Currently the following definitions of audit assurance ratings are used for reporting control environment and compliance assurance opinions:

	Compliance Assurance	**Control Environment Assurance**
Substantial Assurance	The control environment has substantially operated as intended although some minor errors have been detected.	There are minimal control weaknesses that present very low risk to the control environment
Good Assurance	The control environment has largely operated as intended although some errors have been detected.	There are minor control weaknesses that present low risk to the control environment.
Satisfactory Assurance	The control environment has mainly operated as intended although some errors have been detected.	There are some control weaknesses that present a medium risk to the control environment.
Limited Assurance	The control environment has not operated as intended. Significant errors have been detected.	There are significant control weaknesses that present a high risk to the control environment.
No Assurance	The control environment has fundamentally broken down and is open to significant error or abuse.	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment.

2.1.4 The following definitions of assurance ratings are currently used for organisational impact assurance opinions:

Organisational Impact	
Level	**Definitions**
Major	The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it

	would have a major impact upon the organisation as a whole.
Moderate	The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole.
Minor	The weaknesses identified during the review have left the Council open to low risk. This could have a minor impact on the organisation as a whole.

2.2 What are the proposed changes?

2.2.1 Internal Audit are proposing to change the ‘satisfactory’ rating for control environment and compliance assurance. This rating is given when issues identified by Internal Audit are considered to represent a medium level of risk; however in practice the word ‘satisfactory’ is often interpreted as representing a very positive level of assurance. There is therefore a disconnect between the level of assurance the rating is intending to communicate, and the interpretation of the rating by officers outside Internal Audit.

2.2.2 In light of this, it is proposed to re-name the ‘satisfactory’ ratings, replacing it with a ‘moderate’ rating. It is intended that this will more effectively communicate the fact that this is a mid-range level of assurance associated with a medium level of risk.

2.2.3 Some minor elements of re-wording to the definitions of each level of assurance are also proposed, again with the intention of clarifying the level of risk associated with each. Proposed changes are set out in the table below, with additions underlined:

	Compliance Assurance	**Control Environment Assurance**
Substantial Assurance	The control environment has substantially operated as intended although some minor errors <u>may</u> have been detected.	There are minimal control weaknesses that present very low risk to the control environment
Good Assurance	The control environment has largely operated as intended although some errors have been detected.	There are minor control weaknesses that present low risk to the control environment.
<u>Moderate</u> **~~Satisfactory~~** **Assurance**	The control environment has mainly operated as intended although ~~some~~ errors have been detected.	There are ~~some~~ control weaknesses that present a medium risk to the control environment.

Limited Assurance	The control environment has not operated as intended. Significant errors have been detected.	There are significant control weaknesses that present a high risk to the control environment.
No Assurance	The control environment has fundamentally broken down and is open to significant error or abuse.	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment OR it has not been possible for Internal Audit to provide an assurance due to lack of available evidence.

2.2.3 No changes to the organisational impact ratings are proposed.

Integrated Finance Monitoring Report for the period ending 31 July 2021

To:	Audit and Accounts Committee
Meeting Date:	28 September 2021
From:	Chief Finance Officer
Outcome:	The Committee will have received information setting out the key exceptions in the latest report on the current financial position of the Council; the same report that was presented to Strategy & Resources Committee on 21 September 2021. This will enable it to undertake its function to provide independent scrutiny of the Council's financial performance.

Recommendation:

1. To note and comment on the report. In doing so, members may wish to focus on the key summaries and exceptions in the revenue and capital position set out in section 2, 3.3, and 8.3

2. To note the recommendations that were made to Strategy & Resources Committee (S&R):

a) Note the additional £292k extended rights to free home to school travel grant for 2021-22, as set out in section 6.1;

b) Note the allocation by CCC of £109k for biodiversity activities as set out in section 6.2;

c) Approve the debt write-offs of £71,737 and £27,253 relating to the estates of service users where there is now no prospect of debts being recovered, as set out in section 7.2;

d) Approve the -£4.2m revised phasing of the capital programme variations budgets as set out in section 8.6;

e) Note the additional £0.4m grant funding awarded for the Papworth to Cambourne cycling scheme as set out in section 8.6;

f) Note the receipt of £21.955m as the local transport capital grant allocation for 2021/22 and its application towards the spending plans set for the 2021/22 budget, as set out in section 8.7;

g) Approve additional prudential borrowing of £432k in 2021/22 for the Building Maintenance scheme as set out in section 8.8;

h) Note and comment on the Transformation Fund Monitoring Report as set out in Appendix 4;

i) Note and comment on the Finance Monitoring Report for Corporate Services (appendix 5);

j) Delegate authority to the Chief Finance Officer, in consultation with the Chair and Vice-Chair, to progress and/or settle litigation in relation to a property in Fenland… [set out separately to S&R committee], including a potential debt write-off exceeding the normal officer threshold.

k) Approve additional prudential borrowing in 2021/22 for the Waterbeach Waste Treatment Facilities scheme… … [set out separately to S&R committee],

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1. Purpose

1.1 To present financial and performance information to assess progress in delivering the Council's Business Plan.

2. Overview

2.1 The following summary provides the Authority's forecast financial position at year-end and its key activity data for care budgets.

Finance and Key Activity

Revenue budget forecast outturn -£0.930m (0.2%) forecast year end variance, however there continues to be uncertainty about the pandemic impact in the coming months Green	This is a £0.923m increase in the forecast revenue underspend compared to last month. There is a £1.0m decrease in the forecast capital year-end expenditure compared to last month.	Capital programme forecast outturn -£1.0m (-0.6%) forecast year end variance Green

Number of service users supported by key care budgets

Older people aged 65+ receiving long term services	July 21	May 21	Trend since May 21
Nursing	508	492	Increasing
Residential	876	864	Increasing
Community	1,981	1,932	Increasing

Working Age Adults receiving long term services	July 21	May 21	Trend since May 21
Nursing	72	69	Stayed the same
Residential	359	358	Stayed the same
Community	2,900	2,868	Increasing

Children open to social care	July 21	Apr 21	Trend since Apr 21
Children in Care	647	660	Decreasing
Child Protection	429	443	Decreasing

Further details can be found in the quarterly service committee performance reports.

2.2 The key issues included in the summary analysis are:

- The overall revenue budget position is showing a forecast year-end underspend of -£0.930m. The forecast pressures are largely within Corporate Services (CS) (+£1.1m). These are offset by forecast underspends in Funding Items (-£1.4m), People & Communities (P&C) (-£0.4m) and Place & Economy (P&E) (-£0.2m). See section 3 for details.

- The Capital Programme is forecasting a year-end underspend of -£1.0m at year-end. This includes use of the capital programme variations budget. See section 8 for details

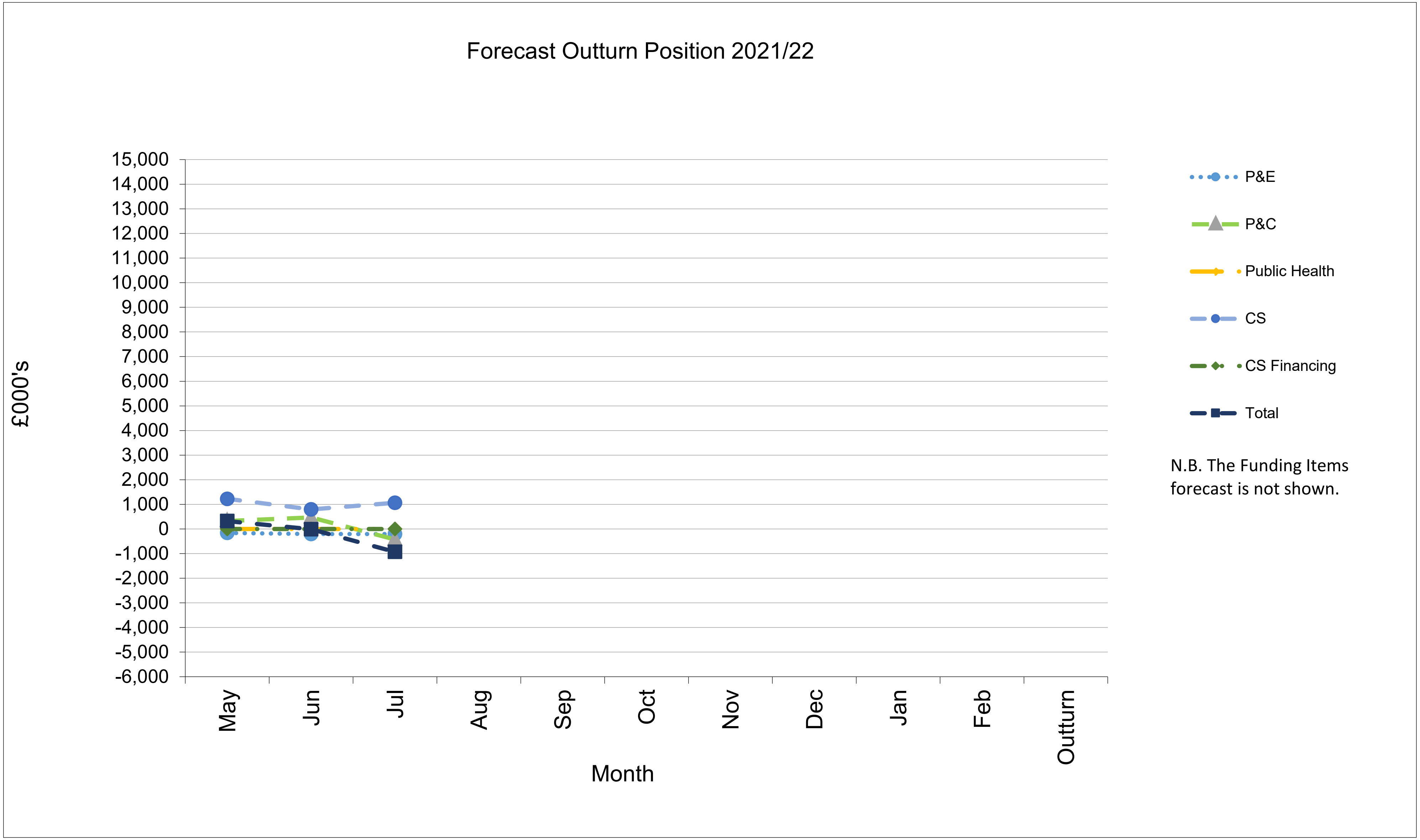
3. Revenue Budget

3.1 A more detailed analysis of financial performance is included below:

Key to abbreviations
CS Financing – Corporate Services Financing
DoT – Direction of Travel (up arrow means the position has improved since last month)

Original Budget as per Business Plan £000	Forecast Variance (June) £000	Service	Current Budget for 2021/22 £000	Actual (July) £000	Forecast Variance (July) £000	Forecast Variance (July) %	Overall Status	DoT
64,317	-200	Place & Economy	64,266	9,587	-205	-0.3%	Green	↑
302,530	469	People & Communities	300,076	69,465	-426	-0.1%	Green	↑
0	0	Public Health	0	-28,386	0	-	Green	↑
25,489	795	Corporate Services	26,300	9,476	1,064	4.0%	Amber	↓
31,295	0	CS Financing	31,295	2,628	0	0.0%	Green	↔
423,632	**1,064**	**Service Net Spending**	**421,938**	**62,771**	**433**	**0.1%**	Green	↑
11,745	-1,070	Funding Items	13,440	13,440	-1,362	-	Green	↑
435,377	**-6**	**Grand Total Net Spending**	**435,378**	**76,211**	**-930**	**-0.2%**	Green	↑
155,583		Schools	155,583					
590,960		**Total Spending 2021/22**	**590,961**					

1 The budget figures in this table are net.
2 For budget virements between Services throughout the year, please see Appendix 1.
3 The budget of £0k stated for Public Health is its cash limit budget. In addition to this, Public Health has a budget of £26.8m from ring-fenced public health grant, £15.6m from the Contain Outbreak Management Fund, £2.6m from the Enduring Transmission Grant, £1.8m from the Community Testing Grant, £1.1m from Test and Trace Support Grant and £0.5m from other grants which make up its gross budget.
4 The ‘Funding Items’ budget comprises the £9.2m Combined Authority Levy, the £424k Flood Authority Levy and £3.8m change in general and corporate reserves budget requirement. The forecast outturn on this line reflects any variance in the amount received from corporate grants and business rates from what was budgeted; a negative outturn indicates a favourable variance, i.e. more income received than budgeted.



Forecast Outturn Position 2021/22
£000's
15,000
14,000
13,000
12,000
11,000
10,000
9,000
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
0
-1,000
-2,000
-3,000
-4,000
-5,000
-6,000
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Outturn
Month
P&E
P&C
Public Health
CS
CS Financing
Total
N.B. The Funding Items forecast is not shown.

3.2 Summary of Forecast Covid-19 Related Costs by Directorate for 2021/22

Directorate	Net Covid-19 Pressure £000
Place & Economy	2,538
People & Communities	13,379
Public Health	130
Corporate Services	2,545
Total	**18,592**

These Covid-19 related costs are a mixture of additional expenditure, reduced income, and savings not delivered as a result of the pandemic. They are also net of any external funding received to cover specific functions and pressures (such as the Contain Outbreak Management Fund). Increasingly, some of these additional costs have been included within initial budgets and as such do not impact on the services' forecast outturns reported elsewhere within this report. However, the overall costs related to Covid-19 are still required to be categorized and reported to central government.

3.3 Key exceptions this month are identified below.

3.3.1 Place & Economy:

-£0.205m (-0.3%) underspend is forecast.

- Lost Sales, Fees & Charges Compensation

Outturn Variance £m	Outturn Variance %
-1.414	(-45%)

-£1.414m compensation is forecast. This is a decrease of £1.378m on the underspend position previously reported last month. Budget has been set aside to cover expected shortfalls in income due to COVID. The budget has been built on assumptions on the level of income and these will be closely monitored during the year. The level of income is currently greater than the initial assumptions and so budget that is no longer required will be handed back to the corporate centre.

- Traffic Management

Outturn Variance £m	Outturn Variance %
+0.052	N/A

A +£0.052m pressure is forecast. This is a decrease of £0.552m on the position previously reported in May, of which £0.549m relates to a change since last month. Income from permitting is projected to be lower than the budget set due to COVID. This is currently projected on certain assumptions and these assumptions will be closely monitored during the year. Income to date is higher than expected and this is shown in the reduction in the outturn forecast since last month. Budget to cover this shortfall is held within 'Lost Sales, Fees & Charges Compensation' line above.

- Bus Operations including Park & Ride

Outturn Variance £m	Outturn Variance %
+0.200	N/A

A +£0.200m pressure is forecast. This is a decrease of £0.500m on the position previously reported in May, which relates in full to a change since last month. Income is projected to be lower than the budget set due to COVID. This is currently projected on certain assumptions and these assumptions will be closely monitored during the year. Currently income is ahead of the initial assumptions but not yet at pre-Covid levels. Budget to cover this shortfall is held within 'Lost Sales, Fees & Charges Compensation' line.

- A combination of more minor variances sum with the above to lead to an overall forecast outturn of -£0.205m. For full and previously reported details, see the P&E Finance Monitoring Report.

3.3.2 People & Communities:

-£0.426m (-0.1%) underspend is forecast at year-end.

- Strategic Management - Adults

Outturn Variance £m	Outturn Variance %
-0.471	(-8%)

A -£0.471m underspend is forecast. Funding from government grants for Adult Social Care is held centrally and is offsetting increased pressures in Learning Disabilities which have emerged this month, as reported below.

- Learning Disabilities

Outturn Variance £m	Outturn Variance %
+0.927	(+1%)

A +£0.927m pressure is forecast. This is an increase of £0.517m on the pressure previously reported in May, of which £0.514m relates to an increase since last month. Levels of need have risen greatly over the last year, and this is exacerbated by several new LD care packages with very complex health needs that cost much more than we budget for an average new care package. Additionally, one of our providers who offers specialist placements to service users who cannot easily be placed elsewhere has substantially increased their rates on care packages for our existing service users placed with them. This latter pressure has caused the majority of the increase in forecast outturn since June. LD services in Cambridgeshire work in a pooled budget with the NHS, so any increase in cost in-year is shared.

- Physical Disabilities

Outturn Variance £m	Outturn Variance %
-0.300	(-2%)

A -£0.300m underspend is forecast. Previously identified pressures resulting from increased demand for community-based care have been recognised through the business planning process and are manageable within current budget. A peak in demand for bed-based care in the last quarter of 2020/21 has now reversed, resulting in the reported underspend, in conjunction with an increase in income due from clients contributing towards the cost of their care.

- Older People’s Services

Outturn Variance £m	Outturn Variance %
-2.000	(-3%)

A -£2.000m underspend is forecast. This is an increase of £1m on the underspend position previously reported in May. As was reported throughout 2020/21, the impact of the pandemic has led to a notable reduction in the number of people having their care and support needs met in care homes, and this short-term impact has carried forward into early forecasting for 2021/22. As a result, spend today is below the level budgeted for, even after factoring in expected growth through the rest of the year. This is causing the forecasted underspend on the Older People’s budget, but the financial position of this service is considerably uncertain. There is likely to be an increase in need for care services as Covid restrictions ease, and as NHS discharge funding ends in the middle of the year, as well as evidence of a rising complexity of need which will increase costs. Care provider support may also be required if government funding is not aligned to how long infection control requirements last. The forecast underspend assumes a lot of growth in cost from this month to the end of the year.

We will review in detail on a quarterly basis the activity information and other cost drivers to validate this forecast position, and so this remains subject to variation as circumstances change. In particular, a budget rebaselining exercise will be undertaken at the mid-year point to assess the full impact of Covid on the numbers of older people being supported.

- Mental Health Services

Outturn Variance £m	Outturn Variance %
+0.867	(+6%)

A +£0.867m pressure is forecast. This is an increase of £0.567m on the pressure position previously reported in May, of which £0.418m relates to a change since last month. It was reported last year that the Covid pandemic had a significant impact on elderly clients with the most acute needs in the short-term. However, there was a significant increase in placements into care homes over the final quarter of 2020/21, and this is continuing into 2021/22 with current placement numbers close to pre-pandemic levels. Similar to Older People’s Services, there is considerable uncertainty around impact of the pandemic on longer-term demand for services, and so it is not yet clear whether the increase in placements is indicative of an emerging trend or a short-term outcome of the second wave.

In addition, pressure is emerging in community based-care with a number of high-cost supported living placements being made by Adult Mental Health services since the start of the year. It has previously been reported that Mental Health care teams are experiencing a significant increase in demand for Approved Mental Health Professional (AMHP) services, and the anticipated increase in the provision of packages for working age adults with mental health needs may now be manifesting in reported commitment.

We will continue to review in detail the activity information and other cost drivers to validate this forecast position. This remains subject to variation as circumstances change and more data comes through the system.

- Children in Care Placements

Outturn Variance £m	Outturn Variance %
+1.250	(+6%)

A +£1.250m pressure is forecast. Despite a relatively stable position in the number of Children in Care (CiC) we are seeing increasing cost pressures due to changes in complexity of need, and continuing cost inflation within the sector. Since April we have seen a rise of 7 young people in residential homes, representing a 20% increase in numbers, and a 33% increase in overall financial commitment. Weekly cost for this type of provision is significantly higher than foster care, so any shift towards residential will have significant impact on the budgetary position. Higher cost placements are reviewed regularly to ensure they are the correct level and step downs can be initiated appropriately; however, we are continuing to see an increase in demand for this placement type. We are also seeing the impact of Tier 4 step-downs which can lead to high placement costs, and demand for this placement type is also expected to rise.

- Fostering and Supervised Contact Services

Outturn Variance £m	Outturn Variance %
-0.884	(-9%)

A -£0.884m underspend is forecast. The Foster Carer budget is underspending by £802k, this is due to the budget being built for a higher number of placements (236) than the service currently holds (208) and also a lower average cost than budgeted. Associated Foster Carer mileage claims are also down, mainly impacted by Covid. There is a further £82k underspend across the Link Carers, Supported Lodgings and Staying Put budget lines.

- Corporate Parenting

Outturn Variance £m	Outturn Variance %
-0.400	(-5%)

A -£0.400m underspend is forecast. In the Unaccompanied Asylum Seeker Children (UASC)/Leaving Care budgets activity undertaken in the service to support moves for unaccompanied young people to lower cost but appropriate accommodation and the decision by the Home Office to increase grant allowances from 1 April 2020 has contributed to an improved budget position.

- Children´s Disability Service

Outturn Variance £m	Outturn Variance %
+0.400	(+6%)

A +£0.400m pressure is forecast. This is due to the in-sourcing of Children's Homes which was taken on with a known £300k pressure from the previous provider. In addition to this, staff who TUPE over on the previous provider's Terms and Conditions, are opting to apply for new vacancies which are being advertised under CCC Terms and Conditions causing additional budget pressures. Furthermore, under CCC Terms and Conditions certain posts (e.g. night support staff) are entitled to 'enhancements' at an additional cost to the service. The position remains under review and future funding requirements are being explored.

- Adoption

Outturn Variance £m	Outturn Variance %
-0.375	(-7%)

A -£0.375m underspend is forecast. During this reporting year the service has, and will continue to have, a number of young people in care turning 18 years old and for the majority of children this will see the special guardianship allowances paid to their carers ceasing. The Council also introduced a new allowance policy in April 2020 which clearly set out the parameters for new allowances and introduced a new means test in line with Department for Education (DfE) recommendations that is broadly lower than the previous means test utilised by the Council. We are however recently starting to see more challenge in the court process with regard to allowances post order so will continue to focus on this area of activity to ensure allowances received by carers are in line with children's needs and family circumstances.

- A combination of more minor variances sum with the above to lead to an overall forecast outturn of -£0.426m. For full and previously reported details, see the P&C and PH Finance Monitoring Report.

3.3.3 Public Health:

A balanced budget is forecast for year-end. The -£1,027k underspend being reported in the Public Health directorate will be transferred to the Public Health ring-fenced grant reserve at year-end, leading to a balanced budget overall. There are no exceptions to report this month; for full and previously reported details, see the P&C and PH Finance Monitoring Report.

3.3.4 Corporate Services:

+£1.064m (4.0%) pressure is forecast for year-end. There are no exceptions to report this month; for full and previously reported details, see the CS Finance Monitoring Report.

3.3.5 CS Financing:

A balanced budget is forecast for year-end. There are no exceptions to report this month; for full and previously reported details, see the CS Finance Monitoring Report.

3.3.6 Funding Items:

-£1.362m underspend is forecast for year-end. This is an increase of £292k on the position previously reported in May and relates in full to a change since last month. This is due to an additional £292k due this year for extended rights to free home to school travel for 2021-22 as reported in section 6.1.

Note: exceptions relate to Forecast Outturns that are considered to be in excess of +/- £250k

4. Savings Tracker

4.1 The “Savings Tracker” report is a tool for summarising delivery of savings. Within the tracker the forecast is shown against the original saving approved as part of the 2021-22 Business Planning process. Currently, the Council is on track to deliver £8.6m of savings against its original plan. Green rated savings total £6.7m. The Savings Tracker as at the end of quarter 1 is included as Appendix 3 to this report. It is also important to note the relationship with the reported position within this report. As pressures arise in-year, further mitigation and/or additional savings will be required to deliver a balanced position.

A summary of Business Plan savings achieved in previous years as per the savings tracker is shown below for comparison:

Financial Year	Business Plan Original Savings £m	Savings Delivered £m	Total Variance £m
2016-17	43.4	35.5	7.9
2017-18	33.4	27.1	6.3
2018-19	38.3	27.8	10.5
2019-20	15.8	13.2	2.6
2020-21	15.9	8.9	7.1
TOTAL	146.8	112.5	34.3

4.2 A summary of 2021-22 Business Plan savings by RAG rating is shown below:

RAG Status	Number of Savings	Total Original Savings £000	Total Variance £000	RAG Status	Number of Savings	Total Original Savings £000	Total Variance £000	RAG Status	Number of Savings	Total Original Savings £000	Total Variance £000	RAG Status	Number of Savings	Total Original Savings £000	Total Variance £000	RAG Status	Number of Savings	Total Original Savings £000	Total Variance £000	Total Original Savings	Total Variance
Blue	**0**	**0**	**0**	**Green**	**30**	**-6,650**	**0**	**Amber**	**1**	**-200**	**100**	**Red**	**1**	**-2,339**	**460**	**Black**	**6**	**-2,185**	**-2,185**	**-11,374**	**2,745**

5. Key Activity Data

5.1 The latest key activity data for: Children in Care Placements; Special Educational Needs (SEN) Placements; Adults & Safeguarding; Adult Mental Health; Older People (OP); and Older People Mental Health (OPMH) can be found in the latest P&C and PH Finance Monitoring Report (section 5).

6. Funding Changes

6.1 Local authority grant allocations for extended rights to free home to school travel for 2021-22

The Council is due to receive an additional £292k this financial year from the Department for Education (DfE) for extended rights to free home to school travel for 2021-22. Local authorities' allocations have been calculated using estimates of the number of pupils eligible for extended rights transport using data collected in the January 2020 census. DfE have also taken account of whether each local authority is classified as rural, urban or London. This funding is not ring-fenced, but local authorities must meet the statutory duty in respect of extended rights to home to school transport set out in section 508B and schedule 35B of the Education Act 1996, which CCC does through the budget allocation (increasing year on year) of the transport service. The total grant allocated to Cambridgeshire County Council is £816,800 which is £292k higher than budgeted.

Strategy & Resources Committee is asked to note the additional £292k extended rights to free home to school travel grant for 2021-22

6.2 Biodiversity Activities

The Chair and Vice Chair of the Strategy & Resources Committee have received a request from the Chair & Vice Chair of the Environment & Green Investment Committee to make available additional funds for investment in biodiversity activities during 2021/22. The need for expedited resources during the current financial year has been identified as a result of: increased use of public open spaces (including several council owned scheduled monuments), the doubling nature agenda and the commitment to 20% biodiversity net gain (and the need to undertake an audit of these across the CCC estate) and the objectives under the Climate Change & Environment Strategy. Allocation of £109k during the current financial year towards staff capacity, a biodiversity audit and site repairs enables earlier progress on these priorities, mindful of a seasonal dependency to much of this work.

The funds have been made available by way of a re-allocation of reserves from the transformation fund and fall within the delegation limit for officers. An ongoing allocation for biodiversity will be considered as part of business planning for 2022-27.

Strategy & Resources Committee is asked to note the allocation of £109k for biodiversity activities.

7. Debt Write-Offs

7.1 As per the Scheme of Financial Management, debts over £25,000 recommended to be written off will be reported to the Strategy & Resources Committee to seek authorisation to write off.

7.2 Request to write-off debts owed by estates of two service-users

There are two debts of over £25,000 relating to the estates of service users in receipt of council arranged adult social care who have died and where we believe there is no prospect of recovering debts. One of these debts is £72k in total, and the other £27k. Write-offs of this scale require approval by Strategy & Resources Committee.

In the case of the larger debt, invoices for residential care contributions between 2017 and the service-user's death in 2020 went unpaid. Care was arranged and paid by CCC, but the service-user owed the full cost of their care. This was to ensure the placement did not collapse due to previous non-payment of invoices to the care provider by the service-user's son (who was named as official deputy, managing his parent's finances, before the Council was involved). The Council assessed it to be in the best interests of the service-user that the placement continue and that we pursue the deputy for payment, despite the clear risk of non-payment. The deputy is now suspected to have unlawfully depleted his mother's assets prior to Council involvement and so was never going to be able to reimburse us. This case has been referred to the police and the Office of the Public Guardian, but realistically the Council cannot presume that this debt will be paid.

In the smaller case, any assets held by the service-user are after investigation thought to be overseas and unable to be secured against the Council's debt.

We believe that some gaps in communications within the Council inhibited the collection of these debts, as formal debt recovery was not proceeded with until late in the process. There is now much improved communications between the Council's debt recovery team and its social work teams, including monthly meetings to review cases causing concern, which should flag complex cases much earlier. Care teams have received updated guidance around dealing with concerns of financial abuse or mismanagement of funds.

It should be emphasised that debt write offs are used exceptionally, and social care contributions are collected successfully from thousands of clients and their estates each month. Updates on the Council's debt position and recovery processes have been provided to Audit and Account Committee.

Strategy & Resources Committee is asked to approve debt write-offs of £71,737 and £27,253 relating to the estates of these service users, where there is now no prospect of debts being recovered.

8. Capital Programme

8.1 Capital financial performance

A summary of capital financial performance is shown below:

Original 2021/22 Budget as per Business Plan £000	Forecast Variance - Outturn (June) £000	Service	Revised Budget for 2021/22 £000	Actual-Year to Date (July) £000	Forecast Variance - Outturn (July) £000	Forecast Variance - Outturn (July) %	Total Scheme Revised Budget (July) £000	Total Scheme Forecast Variance (July) £000
96,983	-	P&E	101,932	8,495	-	0.0%	545,839	-
44,588	-	P&C	43,473	4,316	0	0.0%	534,966	-651
10,261	-	Corporate Services	23,266	4,957	-1,004	-4.3%	191,143	-
-	-	Outturn adjustment	-	-	-	-	-	-
151,832	**-**	**Total Spending**	**168,671**	**17,768**	**-1,004**	**-0.6%**	**1,271,948**	**-651**

Notes:

1. The ‘Revised Budget’ incorporates any changes in the funding available to what was originally budgeted. A breakdown of the use of the capital programme variations budget by service is shown in section 8.2.

2. The reported P&E capital figures do not include Greater Cambridge Partnership, which has a budget for 2021/22 of £40.0m and is currently forecasting a balanced budget at year-end.

3. The ‘Total Scheme Forecast Variance’ reflects the forecast variance against budget of the total expenditure for all active capital schemes across all financial years.

8.2 2021-22 capital programme variations budgets

8.2.1 A summary of the use of the 2021-22 capital programme variations budgets by services is shown below. As forecast underspends are reported, these are offset with a forecast outturn for the variation budget, leading to a balanced outturn overall up to the point when rephasing exceeds this budget.

Service	Capital Programme Variations Budget £000	Forecast Variance - Outturn (July) £000	Capital Programme Variations Budget Used £000	Capital Programme Variations Budget Used %	Revised Forecast Variance - Outturn (July) £000
P&E	-25,237	-517	517	2.05%	0
P&C	-5,805	-3,492	3,492	60.15%	0
CS	-5,620	-6,624	5,620	100.00%	-1,004
Outturn adjustment	-	-	-	-	-
Total Spending	**-36,662**	**-10,633**	**9,629**	**26.26%**	**-1,004**

8.2.2 As at the end of July, Corporate Services schemes have exceeded the capital variations budget allocated to them, forecasting an in-year underspend of -£1.0m. The current overall forecast position is therefore a -£1.0m underspend; the forecast will be updated as the year progresses.

8.3 Capital Current Year Key Exceptions

A more detailed analysis of current year key exceptions this month by programme for individual schemes of £0.25m or greater is identified below.

8.3.1 Place & Economy:

A balanced budget is forecast at year-end. There are no exceptions to report this month; for full and previously reported details, see the P&E Finance Monitoring Report.

8.3.2 People & Communities:

A balanced budget is forecast at year-end.

- Basic Need- Early Years

Revised Budget for 2021/22 £'000	Forecast Spend - Outturn (July) £'000	Forecast Spend - Outturn Variance (July) £'000	Variance Last Month (June) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
1,578	598	-980	-1,265	285	-300	-680

- An in-year underspend of -£1.0m is forecast across Basic Need- Early Years schemes. This is a decrease of £0.285m on the position previously reported last month. The change relates to the scheme overleaf:

- Meldreth Caretaker House

Revised Budget for 2021/22 £'000	Forecast Spend - Outturn (July) £'000	Forecast Spend - Outturn Variance (July) £'000	Variance Last Month (June) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
15	300	285	0	285	0	285

Rephasing has taken place in the scheme as work is expected to progress and complete earlier than anticipated. The total scheme forecast is unaffected.

- P&C Capital Variation

Revised Budget for 2021/22 £'000	Forecast Spend - Outturn (July) £'000	Forecast Spend - Outturn Variance (July) £'000	Variance Last Month (June) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
-5,805	-2,313	3,492	3,887	-395	0	3,492

- As agreed by the Capital Programme Board, any forecast underspend in the capital programme is offset against the capital programme variations budget, leading to a balanced outturn overall up to the point when rephasing exceeds this budget. Therefore, the net £3.5m underspend is balanced by use of the capital variations budget, which is a change of £0.4m since last month. This relates primarily to the accelerated spend on the Meldreth Caretaker House scheme as reported above, together with more minor variances.

- For full and previously reported details, see the P&C and PH Finance Monitoring Report.

8.3.3 Corporate Services:

A -£1.004m (-4.3%) underspend is forecast at year-end. There are no exceptions to report this month; for full and previously reported details, see the CS Finance Monitoring Report.

8.4 Capital Total Scheme Key Exceptions

A more detailed analysis of total scheme key exceptions this month by programme for individual schemes of £0.25m or greater is identified below:

8.4.1 Place & Economy:

A total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details, see the P&E Finance Monitoring Report.

8.4.2 People & Communities:

A -£0.7m (-0.1%) total scheme underspend is forecast. There are no exceptions to report this month; for full and previously reported details, see the P&C Finance Monitoring Report.

8.4.3 Corporate Services:

A total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details, see the CS Finance Monitoring Report.

8.5 Capital Funding Changes

A breakdown of the changes to funding has been identified in the table below.

Funding Source	B'ness Plan Budget £m	Rolled Forward Funding1 £m	Revised Phasing £m	Additional/ Reduction in Funding £m	Revised Budget £m	Outturn Funding £m	Funding Variance £m
Department for Transport (DfT) Grant	16.1	3.5	-2.0	4.0	**21.6**	21.6	-
Basic Need Grant	-	1.0	-	-	**1.0**	1.0	-
Capital Maintenance Grant	3.1	2.2	-	0.7	**6.1**	6.1	-
Devolved Formula Capital	0.8	1.3	-	-0.0	**2.0**	2.0	-
Specific Grants	20.3	4.0	-2.4	5.0	**26.9**	23.9	-2.9
S106 Contributions & Community Infrastructure Levy	23.5	-0.3	-3.8	0.5	**19.8**	19.9	0.1
Capital Receipts	1.6	-	0.0	-0.3	**1.3**	1.7	0.3
Other Contributions	16.0	0.6	-2.8	6.7	**20.5**	18.9	-1.6
Revenue Contributions	-	-	-	-	**-**	-	-
Prudential Borrowing	70.4	21.6	-18.6	-3.9	**69.5**	72.6	3.1
TOTAL	**151.8**	**33.8**	**-29.6**	**12.6**	**168.7**	**167.7**	**-1.0**

1 Reflects the difference between the anticipated 2020/21 year-end position used at the time of building the initial Capital Programme budget, as incorporated within the 2021/22 Business Plan, and the actual 2020/21 year-end position.

8.6 Key funding changes (of greater than £0.25m or requiring approval):

Funding	Service	Amount (£m)	Reason for Change
Revised Phasing	All Services	-£4.2	Capital programme variations budgets, -£4.2m: In 2016/17 the Capital Programme Board recommended that a 'Capital Programme Variations' line be included for each Service, which effectively reduces the capital programme budget. Capital programme variations budgets were included in the 2021/22 Business Plan, but these have been revised for 2021/22 as a result of the rolled forward and revised phasing exercise carried out in May 2021. Strategy & Resources Committee is asked to approve the -£4.2m revised phasing of the capital programme variations budgets.
Additional/ Reduction in Funding (Specific Grants)	P&E	+£0.4	Additional grant funding of £0.4m has been awarded by Highways England for the Papworth to Cambourne cycling scheme. Strategy & Resources Committee is asked to note the additional £0.4m grant funding awarded for the Papworth to Cambourne cycling scheme as above.

8.7 Local Transport Capital Grant allocation

On the 8 July 2021, the County Council received formal notification of its Local Transport Capital Grant Allocation 2021/22 from the Combined Authority. This was £21.955m comprising of the elements set out below. This is in alignment with the expectations derived from the detailed announcement by the Department for Transport in February 2021. The grant will be used for intended purposes and applied to spending plans set in the budget agreed by Full Council in 2021. The amount of prudential borrowing required alongside the grant, in 2021/22, to deliver the agreed plans is £1.68m, within the authorisation set by Council. The full budget and forecast for 2021/22 is reported through the Place & Economy Finance Monitoring Report.

Funding	**CCC, £**
Integrated Transport Block	3,215,000
Highways Maintenance Block Needs element	8,329,000
Highways Maintenance Block Incentive element	2,082,000
Pothole Funding	8,329,000
Total	**21,955,000**

8.8 Building Maintenance

Capital Programme Board has supported an additional funding of up to £432k in 2021/22 for Building Maintenance. This request is in order to undertake statutory works across 15 CCC buildings, highlighted in condition surveys. The request relates to works such as heating and ventilation, fire alarm upgrades and accessible toilet compliance. The scheme will be funded by borrowing; the estimated annual cost of borrowing for this scheme will start in 2022/23 at £48k, and decreases each year thereafter.

Where works have an environmental benefit as a result of improved insultation, consideration will be given to whether these are eligible for funding from the existing Environment Fund within the capital budget. Property services has recently undergone a CIPFA Asset Management review. Through an increased focus on the corporate landlord approach, resourcing of the property service improvement plan and forward planning of maintenance requirements through pro-active condition surveys more accurate budgeting for this area will be achieved in future.

Strategy & Resources Committee is asked to approve additional prudential borrowing of up to £432k in 2021/22 for the Building Maintenance scheme.

8.9 Shire Hall Campus Future Options NPV – Discount Rate

This note is provided under action number 7 arising from the Future of Shire Hall Campus item at the July Committee.

The report to that meeting compared the 50% and 61.5% rent cover options for Shire Hall using a discount rate (for the analysis of present values of future cashflows) of 5%. Presented below is the NPV results from the same analysis with discount rates of 3.5% (being the standard green book discount rate) of 4.27% (which is a proxy for the Council’s cost of additional borrowing today, based on a 40 year loan and asset life, the length of the income strip), completed as part of the sensitivity analysis.

Option NPV	**3.5% discount rate**	**4.27% discount rate**	**5% discount rate**
61.5% rent cover	£93.61m	£78.25m	£66.83m
50% rent cover	£95.70m	£80.20m	£68.63m

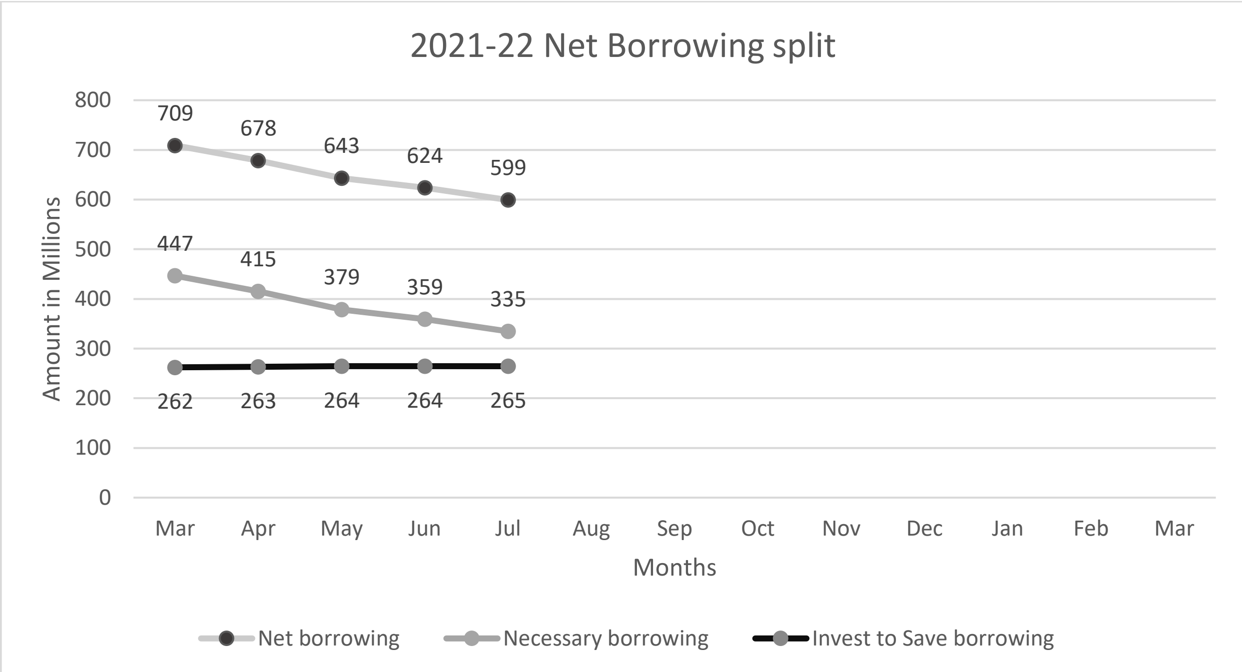
The 50% rent cover option is preferable using all three discount rates, improving marginally relative to the 61.5% rent cover option as the discount rate decreases. The Committee selected the 50% rent cover option at its meeting in July.

9. Balance Sheet

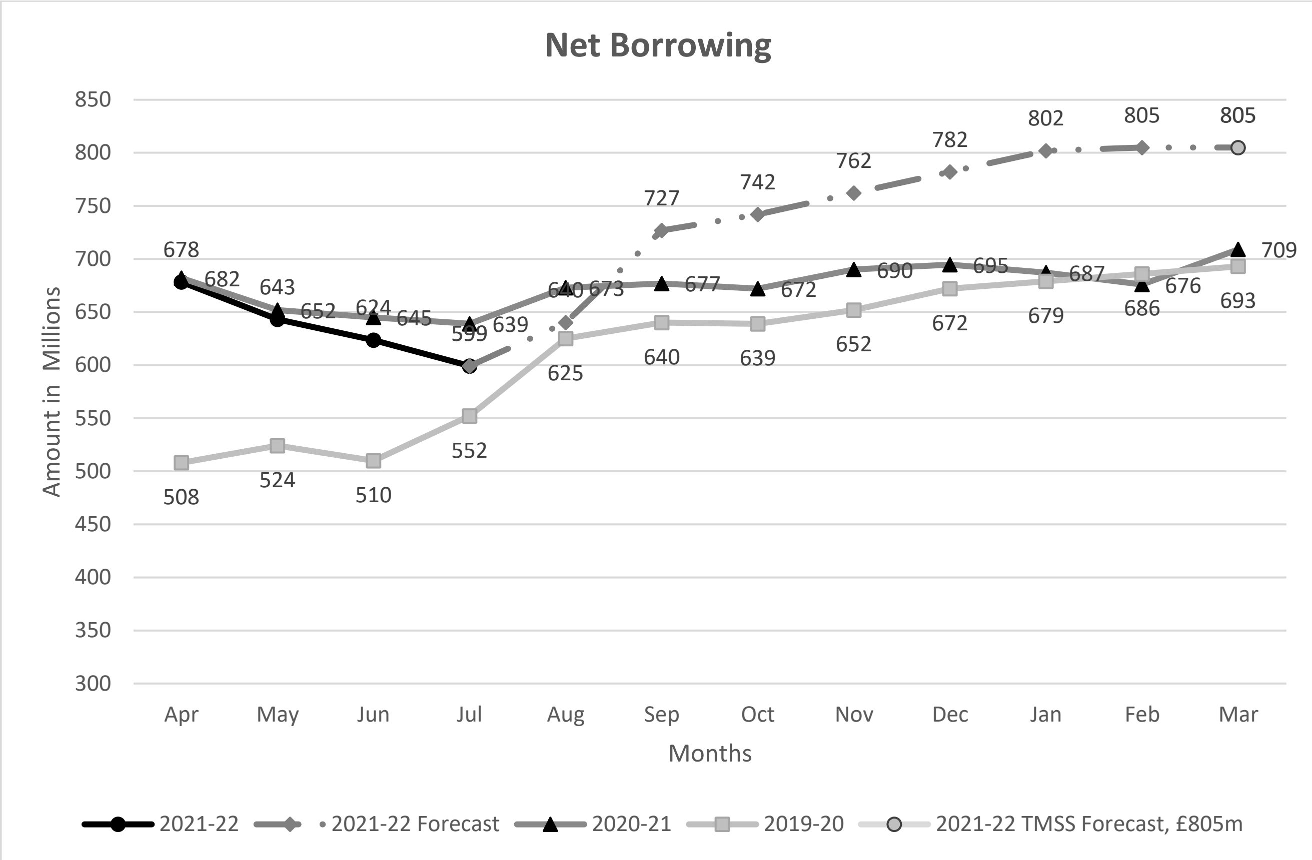
9.1 A more detailed analysis of balance sheet health issues is included below:

Measure	Year End Target	Actual as at the end of July 2021
% of income collected (owed to the council) within 90 days: Adult Social Care	85%	54%
% of income collected (owed to the council) within 90 days: Sundry	90%	65%
% of Undisputed Commercial Supplier Invoices Paid Within 30 Days	95.0%	94.6%
% of Undisputed Commercial Supplier Invoices Paid Within Terms	85.0%	77.0%

9.2 The graph below shows the estimated split of the net borrowing between necessary borrowing and Invest to Save borrowing. Of the gross borrowing in 2021-22, it is estimated that £265m relates to borrowing for Invest to Save or Invest to Earn schemes, including loans we have issued to 3rd parties in order to receive a financial return.



9.3 The graph below shows net borrowing (borrowings less investments) on a month-by-month basis and compares the position with previous financial years. At the end of July 2021, investments held totalled £187.4m (excluding all 3rd party loans, Equity and This Land) and gross borrowing totalled £786.6m, equating to a net borrowing position of £599.2m.



9.4 The Council's cash flow profile – which influences the net borrowing requirement - varies considerably during the year, due to the timing difference between outgoing payments (payroll, supplier payments etc.) and income streams (grants, council tax etc.). As illustrated by 2020-21 actual net borrowing positions, cash flows at the beginning of the year are typically stronger than at the end of the year, as many grant receipts are received in advance of spend (and due to the current Covid-19 pandemic the Council is in receipt of further grants compared to before the pandemic). The 2021-22 net borrowing position is expected to take a similar path, rising more substantially towards the end of the financial year as capital projects are progressed to completion and financed.

9.5 The Treasury Management Strategy Statement (TMSS) sets out the plan for treasury management activities over the forthcoming year. It identifies the expected levels of borrowing and investments based upon the Council's financial position and forecast capital programme. When the 2021-22 TMSS was set in February 2021, it anticipated that net borrowing would reach £805.0m by the end of this financial year.

9.6 From a strategic perspective, the Council continues to temporarily utilise cash-backed resources in lieu of additional borrowing (known as internal borrowing) and where borrowing is undertaken loans are raised for shorter terms, both to generate net interest cost savings and consequently holding less investments reduces the Council's exposure to credit risk. However, this approach carries with it interest rate risk and officers continue to monitor options as to the timing of any potential longer-term borrowing should underlying interest rates be forecast to rise in a sustained manner.

9.7 There is a link between the capital financing borrowing requirement, the net borrowing position and consequently net interest costs. However, the Debt Charges budget is prudently formulated with sensitivity to additional factors including projected levels of cash-backed reserves, forecast movements in interest rates, and the overall borrowing requirement for the Council over the life of the Business Plan and beyond.

9.8 Further detail around the Treasury Management activities can be found in the latest Treasury Management Report.

9.9 The Council's reserves include various earmarked reserves (held for specific purposes), as well as provisions (held for potential liabilities) and capital funding. A schedule of the Council's reserves and provisions can be found in Appendix 2.

10. Alignment with corporate priorities

10.1 Communities at the heart of everything we do

There are no significant implications for this priority.

10.2 A good quality of life for everyone

There are no significant implications for this priority.

10.3 Helping our children learn, develop and live life to the full

There are no significant implications for this priority.

10.4 Cambridgeshire: a well-connected, safe, clean, green environment

There are no significant implications for this priority.

10.5 Protecting and caring for those who need us

There are no significant implications for this priority.

11. Significant Implications

11.1 Resource Implications

This report provides the latest resources information for the Council and so has a direct impact.

11.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

11.3 Statutory, Legal and Risk Implications

There are no significant implications within this category.

11.4 Equality and Diversity Implications

There are no significant implications within this category.

11.5 Engagement and Consultation Implications

No public engagement or consultation is required for the purpose of this report.

11.6 Localism and Local Member Involvement

There are no significant implications within this category.

11.7 Public Health Implications

There are no significant implications within this category.

11.8 Environment and Climate Change Implications on Priority Areas

11.8.1 Implication 1: Energy efficient, low carbon buildings.

Status: Neutral

Explanation: While this paper proposes no significant implications within this category, it should be noted that section 8.8 under Building Maintenance, where works have an environmental benefit as a result of improved insultation, consideration will be given to whether these are eligible for funding from the existing Environment Fund within the capital budget.

11.8.2 Implication 2: Low carbon transport.

Status: Positive

Explanation: In section 8.6 additional grant funding of £0.4m has been awarded by Highways England for the Papworth to Cambourne cycling scheme. The delivery of cycle-way related projects will assist in modal shift towards low carbon options.

11.8.3 Implication 3: Green spaces, peatland, afforestation, habitats and land management.

Status: Positive

Explanation: In section 6.2 £109k is being allocated to biodiversity activities.

11.8.4 Implication 4: Waste Management and Tackling Plastic Pollution.

Status: Positive

Explanation: In confidential Appendix 6 prudential borrowing is being requested for the Waterbeach Waste Treatment Facilities scheme.

11.8.5 Implication 5: Water use, availability and management:

Status: Neutral

Explanation: There are no significant implications within this category

11.8.6 Implication 6: Air Pollution.

Status: Positive

Explanation: In section 8.6 additional grant funding of £0.4m has been awarded by Highways England for the Papworth to Cambourne cycling scheme. The delivery of cycle-way related projects will assist in modal shift towards non-polluting transport options.

11.8.7 Implication 7: Resilience of our services and infrastructure, and supporting vulnerable people to cope with climate change.

Status: Neutral

Explanation: There are no significant implications within this category

Have the resource implications been cleared by Finance? Yes
Name of Financial Officer: Tom Kelly

Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the Head of Procurement? No
Name of Officer: Not applicable

Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or LGSS Law? No
Name of Legal Officer: Not applicable

Have the equality and diversity implications been cleared by your Service Contact? No
Name of Officer: Not applicable

Have any engagement and communication implications been cleared by Communications? No
Name of Officer: Not applicable

Have any localism and Local Member involvement issues been cleared by your Service Contact? No
Name of Officer: Not applicable

Have any Public Health implications been cleared by Public Health? No
Name of Officer: Not applicable

If a Key decision, have any Environment and Climate Change implications been cleared by the Climate Change Officer? Yes
Name of Officer: Emily Bolton

12. Source documents

12.1 Source documents

P&E Finance Monitoring Report (July 21)
P&C and PH Finance Monitoring Report (July 21)
CS Finance Monitoring Report (July 21)
Capital Monitoring Report (July 21)

CCC Debt Reporting Pack (July 2021)
CCC Prompt Payment Report (July 2021)

Appendix 1 – transfers between Services throughout the year

(Only virements of £1k and above (total value) are shown below)

Budgets and Movements	P&C £'000	P&E £'000	CS Financing £'000	Corporate Services £'000	Financing Items £'000
Opening Cash Limits as per Business Plan	302,530	64,317	31,295	25,489	11,745
Adult's and Children's Recruitment transfer to HR	-177			177	
Permanent element of 2021-26 BP mileage saving C/R.6.104	-164	-5		169	
Centralisation of postage budget	-93	-40		133	
Redundancy and Pensions Corporate Services budget move to P&C	846			-846	
ICT Service (Education) transfer from CS to P&C	-200			200	
Communications transfer	-21			21	
Budget rebaselining as approved by S&R, 6th July	-2,411			716	1,695
Transfer of Qtr 1 Mileage Savings	-234	-7		240	
Current budget	**300,076**	**64,266**	**31,295**	**26,299**	**13,440**
Rounding	0	0	0	0	0

Appendix 2 – Reserves and Provisions

Fund Description	Balance at 31 March 2021 £000s	Movements in 2021-22 £000s	Balance at 31 July 2021 £000s	Forecast Balance at 31 March 2022 £000s	Notes
- County Fund Balance	26,094	1,619	27,713	28,643	
1 P&C	0	0	0	0	
2 P&E	0	0	0	0	
3 CS (LGSS Cambridge & Shared Services)	925	0	925	925	
General Reserves subtotal	27,019	1,619	28,638	29,568	
4 Insurance	4,830	5	4,835	4,835	
Specific Earmarked Reserves subtotal	4,830	5	4,835	4,835	
5 P&C	0	0	0	0	
6 P&E	0	0	0	0	
7 Corporate Services	0	0	0	0	
Equipment Earmarked Reserves subtotal	0	0	0	0	
8 P&C	8,540	168	8,708	3,434	
9 PH	2,801	0	2,801	2,513	
10 P&E	5,184	18	5,202	3,626	
11 Corporate Services	3,867	-20	3,847	2,818	
12 Transformation Fund	30,653	-4,063	26,590	22,694	Savings realised through change in MRP policy.
13 Innovate & Cultivate Fund	687	300	987	383	
14 Corporate- COVID	26,987	0	26,987	26,987	Includes remainder of COVID-19 Support Grant 1st, 2nd, 3rd and 4th tranches
15 Specific Risks Reserve	2,140	0	2,140	2,140	
16 This Land Credit Loss & Equity Offset	5,850	0	5,850	5,850	
17 Revaluation & Repair Usable (Commercial Property)	2,940	0	2,940	2,940	
18 Collection Fund Volatility & Appeals Account	3,690	0	3,690	3,690	
19 Grant carry forwards	20,332	-20,332	0	0	Carry forward of grant to spend in accordance with set purposes. At 2020-21 year-end £14.6m related to specific Covid related grants.
Other Earmarked Funds subtotal	113,671	-23,929	89,741	77,075	
SUBTOTAL	**145,520**	**-22,305**	**123,215**	**111,478**	
20 P&C	3,592	0	3,592	0	
21 P&E	7,315	1,276	8,591	0	
22 Corporate Services	10,861	1,151	12,012	0	
23 Corporate	49,816	15,537	65,353	53,478	Section 106 and Community Infrastructure Levy balances.
Capital Reserves subtotal	71,584	17,964	89,548	53,478	
GRAND TOTAL	**217,105**	**-4,342**	**212,763**	**164,956**	

In addition to the above reserves, specific provisions have been made that set aside sums to meet both current and long-term liabilities that are likely or certain to be incurred, but where the amount or timing of the payments are not known. These are:

Fund Description	**Balance at 31 March 2021 £000s**	**Movements in 2021-22 £000s**	**Balance at 31 July 2021 £000s**	**Forecast Balance at 31 March 2022 £000s**	**Notes**
1 P&E	0	0	0	0	
2 P&C	1,955	0	1,955	1,955	
3 Corporate Services	2,093	0	2,093	2,093	
Short Term Provisions subtotal	4,048	0	4,048	4,048	
4 Corporate Services	3,613	0	3,613	3,613	
Long Term Provisions subtotal	3,613	0	3,613	3,613	
GRAND TOTAL	**7,661**	**0**	**7,661**	**7,661**	

Appendix 3 - Savings Tracker 2021-22 Quarter 1

RAG	Reference	Title	Description	Budgeted Investment - Prior Years £000	Actual Investment - Prior Years £000	Budgeted Investment - 20-21 £000	Actual Investment - 20-21 £000	Original Saving - Prior Years	Original Phasing - Q1	Original Phasing - Q2	Original Phasing - Q3	Original Phasing - Q4	Original Saving 20-21	Savings Achieved - Prior Years	Current Forecast Phasing - Q1	Current Forecast Phasing - Q2	Current Forecast Phasing - Q3	Current Forecast Phasing - Q4	Forecast Saving 20-21	Variance from Plan £000	Saving complete ?	% Variance	Direction of travel	Forecast Commentary
Green	A/R.6.114	Learning Disabilities Commissioning	A programme of work commenced in Learning Disability Services in 2016/17 to ensure service-users had the appropriate level of care; some additional work remains, particularly focussing on high cost placements outside of Cambridgeshire and commissioning approaches, as well as the remaining part-year impact of savings made part-way through 2019/20.	1,536	1,520				-62	-63	-62	-63	-250		0	-62	-62	-126	-250	**0**	No	**0.00**	↔	On track
Red	A/R.6.176	Adults Positive Challenge Programme - demand management	New Saving 21/22 £100k Carry-forward saving 20/21 £2,239k Through the Adults Positive Challenge Programme, the County Council has set out to design a new service model for Adult Social Care, which will continue to improve outcomes whilst also being economically sustainable in the face of the huge pressure on the sector. This is the second year of saving through demand management, building on work undertaken through 2019/20, focussing on promoting independence and changing the conversation with staff and service-users to enable people to stay independent for longer. The programme also has a focus of working collaboratively with partner organisations in 2020/21. In later years, the effect of the Preparing for Adulthood workstream will continue to have an effect by reducing the level of demand on services from young people transitioning into adulthood.	2,000	2,213				-825	-675	-475	-364	-2,339						-1,879	**460**	No	**19.67**	↓	The pandemic continues to impact on the delivery of this demand management saving, particularly in the Reablement workstream as that service continues to support the NHS
Green	A/R.6.179	Mental Health Commissioning	A retender of supported living contracts gives an opportunity to increase capacity and prevent escalation to higher cost services, over several years. In addition, a number of contract changes have taken place in 2019/20 that have enabled a saving to be taken.					-144	-6	-6	-6	-6	-24		-6	-6	-6	-6	-24	**0**	No	**0.00**	↔	On track.
Green	A/R.6.185	Additional block beds - inflation saving	Through commissioning additional block beds, referred to in A/R.5.005, we can reduce the amount of inflation funding needed for residential and nursing care. Block contracts have set uplifts each year, rather than seeing inflationary increases each time new spot places are commissioned.						-152	-151	-152	-151	-606		-152	-151	-152	-151	-606	**0**	No	**0.00**	↔	On track.
Green	A/R.6.186	Adult Social Care Transport	Savings can be made in transport costs through a project to review commissioning arrangements, best value, route optimisation and demand management opportunities. This may require transformation funded resource to achieve fully.			70	70		0	-63	-63	-124	-250		0	-100	-100	-50	-250	**0**	No	**0.00**	↔	On track
Green	A/R.6.187	Additional vacancy factor	Whilst effort is made to ensure all critical posts are filled within People and Communities, slippage in staffing spend always occurs. For many years, a vacancy factor has existed in P&C budgets to account for this; following a review of the level of vacancy savings achieved in recent years we are able to increase that vacancy factor.						-38	-37	-38	-37	-150		-40	-40	-40	-30	-150	**0**	No	**0.00**	↔	On track.
Green	A/R.6.188	Micro-enterprises Support	Transformation funding has been agreed for new approach to supporting the care market, focussing on using micro-enterprises to enable a more local approach to domiciliary care and personal assistants. As well as benefits to an increased local approach and competition, this work should result in a lower cost of care overall.			60			-8	-8	-8	-8	-30		0	0	-15	-15	-30	**0**	No	**0.00**	↔	On track
Green	A/R.6.210	Unaccompanied Asylum Seeking Young People: Support Costs	During 2020/21, the Government increased the weekly amount it provides to local authorities to support unaccompanied asylum seeking young people. This means that the grant now covers more of the costs of meeting the accommodation and support needs of unaccompanied asylum seeking young people and care leavers. Accordingly, it is possible to make a saving in the contribution to these costs that the Council has historically made from core budgets of						-75	-75	-75	-75	-300		-75	-75	-75	-75	-300	**0**	No	**0.00**	↔	On track

RAG	Reference	Title	Description	Budgeted Investment - Prior Years £000	Actual Investment - Prior Years £000	Budgeted Investment - 20-21 £000	Actual Investment - 20-21 £000	Original Saving - Prior Years	Original Phasing - Q1	Original Phasing - Q2	Original Phasing - Q3	Original Phasing - Q4	Original Saving 20-21	Savings Achieved - Prior Years	Current Forecast Phasing - Q1	Current Forecast Phasing - Q2	Current Forecast Phasing - Q3	Current Forecast Phasing - Q4	Forecast Saving 20-21	Variance from Plan £000	Saving complete ?	% Variance	Direction of travel	Forecast Commentary
			£300K per annum. Also the service has worked to ensure that placement costs are kept a minimum, without compromising quality, and that young people move from their 'care' placement promptly at age 18 to appropriately supported housing provision.																					
Green	A/R.6.211	Adoption and Special Guardianship Order Allowances	A reduction in the number of children coming into care , due to implementation of the Family Safeguarding model and less active care proceedings, means that there are fewer children progressing to adoption or to permanent arrangements with relatives under Special Guardianship Orders. This in turn means that there are fewer carers who require and/or are entitled to receiving financial support in the form of adoption and Special Guardianship Order allowances.						-125	-125	-125	-125	-500		-125	-125	-125	-125	-500	**0**	No	**0.00**	↔	On track
Green	A/R.6.212	Clinical Services; Children and young people	Changes to the clinical offer will include a reduction in clinical staff input in the Family Safeguarding Service (previously social work Units) due to changes resulting from the implementation of the Family Safeguarding model, including the introduction of non-case holding Team Managers and Adult practitioners. Additional investment is to be made in developing a shared clinical service for Cambridgeshire and Peterborough for corporate parenting, however a residual saving of £250k can be released. In 2022-23 this will be re-invested in the Family Group Conferencing Service (see proposal A/R.5.008)						-63	-63	-63	-63	-250		-62	-62	-62	-64	-250	**0**	No	**0.00**	↔	On track
Black	A/R.6.255	Children in Care - Placement composition and reduction in numbers	Through a mixture of continued recruitment of our own foster carers (thus reducing our use of Independent Foster Agencies) and a reduction in overall numbers of children in care, overall costs of looking after children and young people can be reduced in 2021/22.	2,271	1,367			-4,445	-62	-61	-62	-61	-246		0	0	0	0	0	**246**	No	**100.00**	↔	Due to increasing pressure around placement mix and complexity of need, we do not anticipate meeting this saving target.
Black	A/R.6.266	Children in Care Stretch Target - Demand Management	Please see A/R.6.255 above.	2,271	1,367			-1,500	-250	-250	-250	-250	-1,000		0	0	0	0	0	**1,000**	No	**100.00**	↓	Due to increasing pressure around changes in placement mix and complexity of need, we do not anticipate meeting this saving target
Green	A/R.6.267	Children's Disability: Reduce overprescribing	The Children's Disability 0-25 service has been restructured into teams (from units) to align with the structure in the rest of children's social care. This has released a £50k saving on staffing budgets. In future years, ways to reduce expenditure on providing services to children will be explored in order to bring our costs down to a level closer to that of our statistical neighbours.					-50	-50				-50		-50				-50	**0**	Yes	**0.00**	↑	On track
Green	A/R.6.268	Transport - Children in Care	The impact of ongoing process improvements in the commissioning of transport for children in care.						-75	-75	-75	-75	-300		-75	-75	-75	-75	-300	**0**	No	**0.00**	↔	On track
Amber	A/R.6.269	Communities and Partnership Review	A review of services within C&P where efficiencies, or increased income, can be found.						-50	-50	-50	-50	-200		-25	-25	-25	-25	-100	**100**	No	**50.00**	↓	Under review
Green	A/R.7.105	Income from utilisation of vacant block care provision by self-funders	Carry-forward saving - incomplete in 20/21. We currently have some vacancies in block purchased provision in care homes. Income can be generated to offset the vacancy cost by allowing people who pay for their own care to use these beds					-150	-37	-38	-37	-38	-150	-12	-37	-38	-37	-38	-150	**0**	No	**0.00**	↔	Annual in-year savings target of £150k on track.
Green	A/R.7.106	Client Contributions Policy Change	Carry-forward saving - incomplete in 20/21 In January 2020, Adults Committee agreed a set of changes to the charging policy for adult social care service-user contributions. We expect this to generate new income of around £1.4m in 2020/21, and are modelling the full-year impact into 2021/22.	153				-1,400	-298	-298	-298	-298	-1,192	-208	-298	-298	-298	-298	-1,192	**0**	No	**0.00**	↔	On track
Green	B/R.6.201	Review Winter Operations							-4	-4	-4	-4	-17		0	0	-17	0	-17	**0**	No	**0.00**	↔	

RAG	Reference	Title	Description	Budgeted Investment - Prior Years £000	Actual Investment - Prior Years £000	Budgeted Investment - 20-21 £000	Actual Investment - 20-21 £000	Original Saving - Prior Years	Original Phasing - Q1	Original Phasing - Q2	Original Phasing - Q3	Original Phasing - Q4	Original Saving 20-21	Savings Achieved - Prior Years	Current Forecast Phasing - Q1	Current Forecast Phasing - Q2	Current Forecast Phasing - Q3	Current Forecast Phasing - Q4	Forecast Saving 20-21	Variance from Plan £000	Saving complete ?	% Variance	Direction of travel	Forecast Commentary
			Review winter operations – increase number of weather domains from 3 to 5																					
Green	B/R.6.202	Highways: Removal of Old VAS Signs	Removal of old VAS signs						-1	-1	-1	-1	-4		-4				-4	**0**	No	**0.00**	↔	
Green	B/R.7.119	Income from Bus Lane Enforcement	Carry-forward saving - unachieved in 20/21. Due to COVID, existing income target not met in 20/21 Utilising additional bus lane enforcement income to fund highways and transport works, as allowed by current legislation.						-163	-162	-163	-162	-650	0	-163	-162	-163	-162	-650	**0**	No	**0.00**	↔	
Green	B/R.7.120	Deployment of current surpluses in civil parking enforcement to transport activities	Carry-forward saving - unachieved in 20/21 Due to COVID, existing income target not met in 20/21. Deployment of current surpluses in civil parking enforcement to transport activities, including a contribution to Park & Ride, as allowed by current legislation.					-340	-85	-85	-85	-85	-340	0	-85	-85	-85	-85	-340	**0**	No	**0.00**	↔	
Green	C/R.6.103	External Auditor fee	Carry-forward saving - not achieved in 20/21 Saving to be achieved from reduction in expenditure on External Audit, as per fees set by Public Sector Audit Appointments					-15	-3	-4	-4	-4	-15	0	-3	-4	-4	-4	-15	**0**	No	**0.00**	↔	
Green	C/R.6.104	Reduction in staff mileage	A reduction in staff travel is expected to continue.						-141	-141	-141	-141	-564		-300	-264			-564	**0**	No	**0.00**	↔	
Green	C/R.6.105	Customer Services	Customer Services have scrutinised their budget, and trends over recent years, and have determined a reduction of £85k is achievable from their base revenue. This is the equivalent to 3 full-time Customer Service Advisors. This reduction will be delivered by removing vacant posts.						-21	-21	-21	-22	-85		-20	-20	-20	-25	-85	**0**	No	**0.00**	↔	
Green	E/R.6.033	Drug & Alcohol service - funding reduction built into new service contract	This saving has been built into the contract for Adult Drug and Alcohol Treatment Services which was awarded to Change Grow Live (CGL) and implemented in October 2018. The savings are being achieved through a new service model with strengthened recovery services using cost effective peer support models to avoid readmission, different staffing models, and a mobile outreach service.					-289	-16	-16	-16	-16	-63		-16	-16	-16	-16	-63	**0**	No	**0.00**	↔	On track
Green	E/R.6.043	Joint re-procurement of Integrated Lifestyle Services	Carry-forward saving - incomplete in 20/21 Delivery of this saving has been delayed due to Covid-19 Re-commissioning of the integrated lifestyle services as one service across Cambridgeshire and Peterborough. Peterborough City Council will delegate authority to Cambridgeshire County Council to commission, contract and performance manage the new provider.					-50	-4	-4	-4	-4	-17	-33	-4	-4	-4	-4	-17	**0**	No	**0.00**	↔	On track
Green	F/R.6.003	Babbage House closure	The lease on Babbage House is due to end in 2020-21, and will not be renewed.	369	239			-397	-50	-50	-50	-48	-198		-198				-198	**0**	No	**0.00**	↔	
Black	F/R.6.109	Cambs 2020 Operational Savings	Savings to the running costs of corporate buildings as a result of the Cambs 2020 programme.						-151	-151	-151	-152	-605		0	0	0	0	0	**605**	No	**100.00**	↓	The savings from Shire Hall will not be achieved until such time as the sale is complete.
Black	F/R.7.106	Utilisation/commercialisation of physical assets	Carry-forward saving - unachieved in 20/21. One Public Estate					-57	-9	-9	-9	-9	-36	-21	0	0	0	0	0	**36**	No	**100.00**	↔	There has been no development in this area.

RAG	Reference	Title	Description	Budgeted Investment - Prior Years £000	Actual Investment - Prior Years £000	Budgeted Investment - 20-21 £000	Actual Investment - 20-21 £000	Original Saving - Prior Years	Original Phasing - Q1	Original Phasing - Q2	Original Phasing - Q3	Original Phasing - Q4	Original Saving 20-21	Savings Achieved - Prior Years	Current Forecast Phasing - Q1	Current Forecast Phasing - Q2	Current Forecast Phasing - Q3	Current Forecast Phasing - Q4	Forecast Saving 20-21	Variance from Plan £000	Saving complete ?	% Variance	Direction of travel	Forecast Commentary
Green	F/R.7.110	Return on Commercial Property Investments	Carry-forward saving - unachieved in 20/21 The Council is developing a portfolio of commercial property investments. This is the rental income generated from the leases of these properties.					-4,805	-26	-26	-26	-27	-105	-2,600	-26	-26	-26	-27	-105	**0**	No	**0.00**	↔	
Green	F/R.7.127	County Farms - Commercial uses	Conversion of barns on the County Farms Estate for non-agricultural commercial uses, including storage and distribution.						-11	-11	-11	-12	-45		-11	-11	-11	-12	-45	**0**	No	**0.00**	↔	
Black	F/R.7.131	Commercial Income	Commercial return from the Council's Commercial Strategy, to be generated by the newly developed Commercial Team.						-58	-58	-58	-58	-232		0	0	0	0	0	**232**	No	**100.00**	↔	Saving not achieved. However, as part of the budget rebaselining exercise approved by S&R at the July 2021 meeting this pressure is now removed.
Green	F/R.7.140	Tesco - Income Generation	Estimated annual rent increase.						-19	-19	-19	-20	-77		0	0	0	-77	-77	**0**	No	**0.00**	↔	
Green	F/R.7.141	Evolution Business Park - Income Generation	Estimated annual rent increase.						-3	-3	-3	-3	-12		-3	-3	-3	-3	-12	**0**	No	**0.00**	↔	
Green	F/R.7.142	Kingsbridge - Income Generation	Estimated annual rent increase.						-3	-3	-3	-2	-11		-3	-3	-3	-2	-11	**0**	No	**0.00**	↔	
Black	F/R.7.143	Brunswick House - Income Generation	Estimated annual rent increase.						-16	-17	-16	-17	-66		0	0	0	0	0	**66**	No	**100.00**	↓	
Green	F/R.7.144	County Farms	Increase in rental income for the county farms estate.						-10	-10	-10	-10	-40		0	0	-20	-20	-40	**0**	No	**0.00**	↔	
Green	G/R.6.003	MRP: Accountable Body (effect of capital swaps)	As Accountable Body the Council incurs certain administrative costs in undertaking this role. However it also holds the cash on an interim basis pending utilisation by those parties. The Council maximises the use of these resources whilst not detrimentally affecting those resources. This is only possible where the body or partnership does not use the funds that have been awarded in the financial year in which they are provided. This is an adverse effect, it is the reversal of savings made in previous years as the cash received in prior years is utilised by the parties for whom we hold the funds and can no longer be used to offset borrowing requirements						-88	-89	-89	-89	-355		-88	-89	-89	-89	-355	**0**	No	**0.00**	↔	

Key to RAG ratings

Total saving	**Over £500k**	**£100-500k**	**Below £100k**
Black	100% non-achieving	100% non-achieving	100% non-achieving
Red	Percentage variance more than 19%	-	-
Amber	Under-achieving by 14% to 19%	Percentage variance more than 19%	Percentage variance more than 19%
Green	Percentage variance less than 14%	Percentage variance less than 19%	Percentage variance less than 19%
Blue	Over-achieving	Over-achieving	Over-achieving

Appendix 4 – Transformation Fund Monitoring Report Quarter 1 2021/22

1. Background

1.1 Strategy and Resources Committee (S&R) has responsibility for the stewardship of the Transformation Fund, approving business cases for new proposals and reviewing progress of the existing projects. This role was previously held by General Purposes Committee (GPC).

1.2 The Transformation Fund provides one off funding to encourage projects where an invest to save, invest to improve, or invest to innovate bid can underpin service improvements and deliver improved outcomes and future efficiencies.

1.3 This report provides the Strategy and Resources Committee with a broad overview of the performance of the Transformation Fund to date together with details of how the proposals which are currently drawing down funding are performing. The Service Committees continue to review their relevant projects in detail as appropriate.

2. Current Projects

2.1 The table below gives an overview of all the current projects linked to Business Plan savings, outlines their non-financial outcomes and anticipated benefits.

Project	Brief description of project	Outcomes and benefits
Support Investment in modernising Social Care Payments	Investing in modern payment mechanisms in social care; including payment cards and establishing a direct debit system	• Provide an efficient and easy to engage with system for service users
Housing Review	To carry out a review of the initiatives funded by Housing Related Support and inform recommendations, ensuring that any impacts of the proposed savings are understood and taken into account. Working with partners to identify innovative solutions to meet our housing needs.	• To re-design the service in order to meet the changing pattern of demand and need • To be able to respond more effectively to client need in a more systematic way and deliver better outcomes for clients.
LAC Placement Budget Savings	Campaign to recruit more in house foster carers to reduce the reliance on independent fostering association (IFA) foster carers, a review of high cost placements and fee negotiations with IFA providers.	• Increased the number of in-house foster carers to place children with. • LAC are placed in the most appropriate placement with the right level of care and support.
Learning services review	Investment in specialist programme management to review the current model, facilitating delivery of a new approach and the establishment of new partnerships across the education sector.	• Better outcomes for customers • Providing a more effective and flexible service

Project	Brief description of project	Outcomes and benefits
Case reviews of specialist transport provision	Provide additional capacity within the Social, Education Transport Team to review LAC Transport processes and provision	• To ensure that all placements are offering value for money and to deliver savings
Library Service	To provide time limited business development capacity. Investment to also include budget for marketing, minor building works, and investments in new technology solutions	• Maximising the impact of libraries to communities • Generating new income streams

2.2 This table shows the trend in financial RAG rating over the previous four quarters for these projects.

	Financial RAG				
Project	**Q1 2020-21**	**Q2 2020-21**	**Q3 2020-21**	**Q4 2020-21**	**Q1 2021-22**
Support Investment in modernising Social Care Payments	**Green**	**Green**	**Green**	**Green**	**Green**
Housing Review	**Red**	**Red**	**Red**	**Red**	**Red**
LAC Placement Budget Savings	**Blue**	**Blue**	**Blue**	**Blue**	**Blue**
Learning services review	**Green**	**Green**	**Green**	**Green**	**Green**
Case reviews of specialist transport provision	**Green**	**Green**	**Green**	**Green**	**Green**
Library Service	**Green**	**Green**	**Green**	**Green**	**Green**

2.3 This table summarises the overall financial performance of the current projects.

RAG Rating (lifetime of saving)	No. of Schemes	Investment to Q1 (including prior years) (£000)	Total Investment Committed (including approved future years allocation) (£000)	Forecast savings / income to Q1 (including previous years' savings achieved) (£000)	Forecast savings / income up to end of 2021/22 (including previous years' savings achieved) (£000)	Budgeted future years savings (as per 2021/22 Business Plan, 2022/23 onwards) (£000)
Blue	1	499	705	-2,818	-2,818	0
Green	4	156	348	-1,886	-1,886	0
Amber	0	0	0	0	0	0
Red	1	44	250	-325	-325	0
Total	**6**	**699**	**1,303**	**-5,029**	**-5,029**	**0**

2.4 In addition to the projects directly linked to the business plan, the following projects with Transformation Funding continue to be monitored through their relevant Service Committee:

Project	**Money drawn down in Q1**	**Total spent to date**	**Total approved**
Positive Behaviour Support	33,733	292,967	490,000
Cambs 2020 Programme	10,701	463,731	645,667
Think Communities – Creating a unified approach	201,770	707,165	1,686,000

It is recommended that Strategy & Resources Committee note and comment on this Transformation Fund Monitoring Report

Service: Corporate Services
Subject: Finance Monitoring Report – July 2021
Date: 21 September 2021

Key Indicators

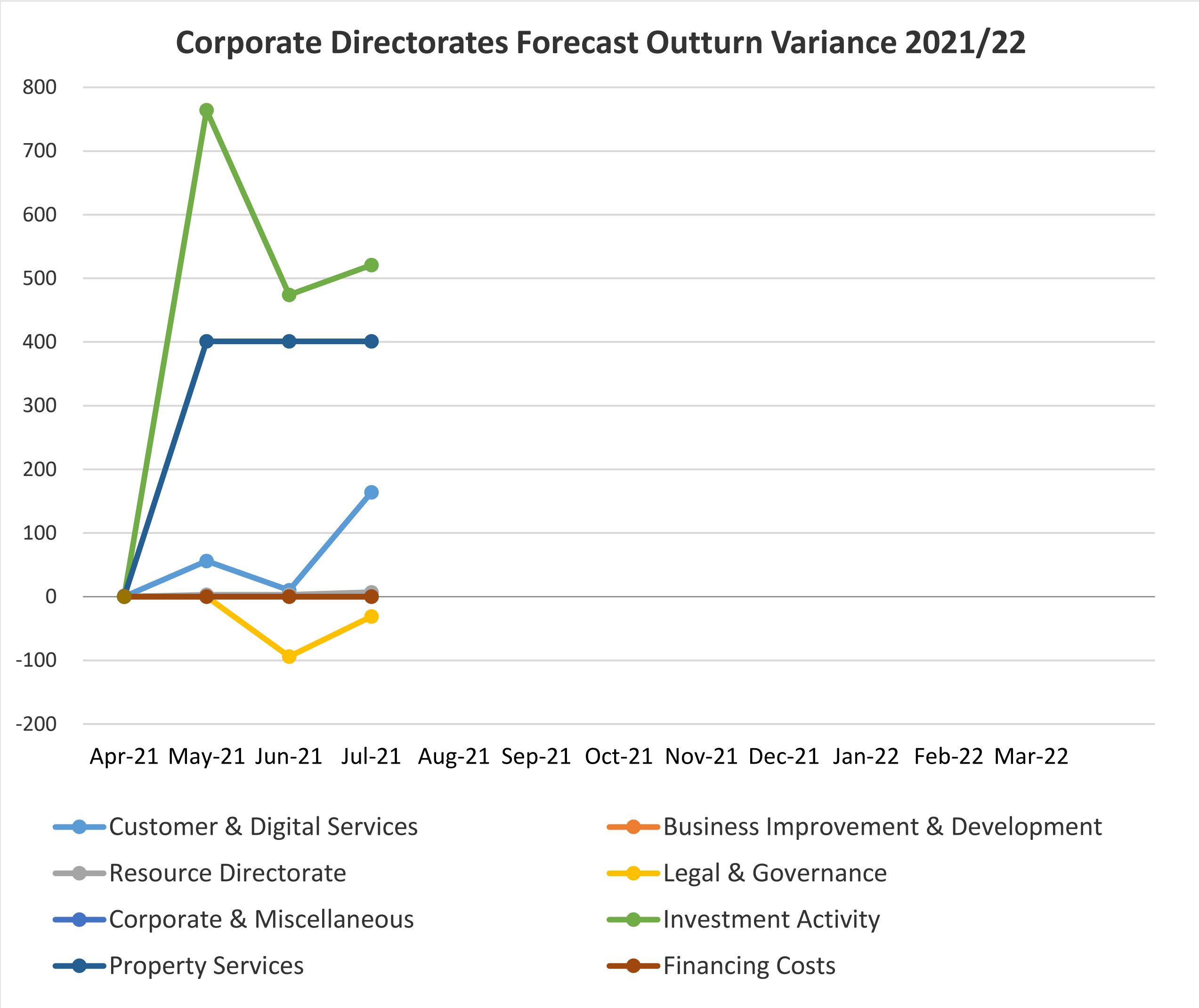
Previous Status	Category	Target	Current Status	Section Ref.
Green	Income and Expenditure	Balanced year end position	Amber	1.1 – 1.3
Green	Capital Programme	Remain within overall resources	Green	2

Contents

1. Revenue Executive Summary

1.1 Overall Position

Corporate Services & Financing has a budget of £57,595k in 2021/22 and is currently forecasting an overspend of £1,064k.



1.2 Summary of Revenue position by Directorate

The service level budgetary control report for Corporate Services & Financing Costs for the year 2021/22 can be found in appendix 1.

Outturn Variance (previous) £'000	Directorate	Budget £'000	Actual £'000	Outturn Variance £'000	*Outturn Variance %*	Status
10	Customer & Digital Services	16,942	8,580	164	1.0%	Amber
0	Business Improvement & Development	1,656	-1,312	0	0%	Green
3	Resources Directorate	6,986	-300	7	0%	Green
-94	Legal & Governance	2,345	731	-31	-1.3%	Green
0	Corporate & Miscellaneous	6,877	1,310	0	0%	Green
474	Investment Activity	-11,056	-1,197	521	5%	Amber
401	Property Services	2,550	1,663	401	16%	Amber
0	Financing Costs	31,295	2,628	0	0%	Green
795	**Total**	**57,595**	**12,104**	**1,064**	**2%**	**Amber**

Further analysis can be found in appendix 2 for Corporate Services

1.3 Significant Issues

Corporate Services are currently forecasting an overspend of £1,064k an increase of £269k since last month.

Significant issues are detailed below:

Customer & Digital Services

Corporate and Digital Services budgets are currently forecasting an overspend of £164k, an increased forecast overspend of £154k since last month.

This is mainly due to additional pressures of £215k in IT and Digital Services, including the cost of £106k for IT licences and £110k hosting Outsystems a legacy system from LGSS. This is partly mitigated by an increase in staff vacancy savings in Customer Services of £24k and £42k vacancy savings in Human Resources.

Business Improvement & Development

Business Improvement & Development budgets are currently forecasting a balanced position.

There are no exceptions to report this month.

Resources Directorate

Resources Directorate budgets are currently forecasting an overspend of £7k.

There are no exceptions to report this month.

Legal and Governance

Legal and Governance budgets are currently forecasting an underspend of £31k, a decrease of £63k from the previous forecast.

The identified underspend in the Member's Allowances budget is due to changes to their allowance following approval by full Council of the Independent Remuneration Panel's report. This underspend is partly offset by £12k to hire venues and audio-visual equipment for Council meetings in Democratic services.

Corporate & Miscellaneous

Corporate & Miscellaneous budgets are currently forecasting a balanced position.

There are no exceptions to report this month.

Investment Activity

Investment Activity is currently forecasting an overspend of £521k, a change of £47k due to updates to the latest rent forecasts.

There are no exceptions to report this month.

Property Services

Property Services is currently forecasting an overspend of £401k, same as the previous forecast.

There are no exceptions to report this month.

Financing Costs

Financing costs are currently predicting a balanced position.

There are no exceptions to report this month.

Covid 19 – Financial Impact

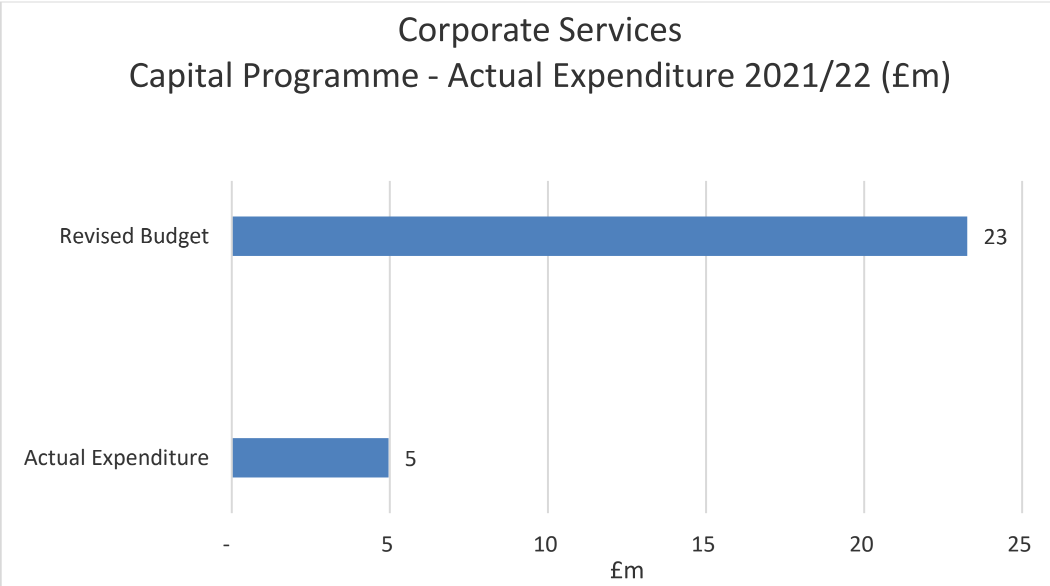
Financial costs associated with managing the implications of the Coronavirus pandemic, including any loss of income:

Service Area	Details	Estimated cost 2021/22 £000	July 2021 impact £000
IT – continued remote working	Remote working continues as per govt. guidance	378	126
Postage	Postage directly related to Covid-19	4	1
Temporary mortuary	Site cost for Provision of Body Storage	30	16
Communications- Test and Trace	Staff and Advertising costs towards Test and Trace Service	130	44
Information Management	Cambs 2020 programme removal costs – Delays due to Covid-19 pandemic	50	20
Member's Allowance	Hire of External Venues for Council AGM	8	7
Elections	25% uplift in costs expected for the election	161	0
Council Tax	Income saving rephased due to pressures on the District Council's Revenue & Benefits teams impacting timeline for project mobilisation	650	217
Cromwell Leisure	We anticipate that in the current climate, two of the restaurant units will generate minimal income during 2021-22 and the cinema is facing further challenges	395	106
County Farms	Reduction in income from new investments & a small decline on existing income	205	0
Pools Property Fund Investment	Expecting the risk of further challenges ahead a forecast of 5% income reduction is likely.	21	0
Property Services	Health and Safety supplies, cleaning, water testing, additional resource.	30	16
Brunswick House	A reduction in the occupancy levels since it is expected that some students will stay at home and opt for online learning and a drop in international student numbers is expected.	648	265

2. Capital Executive Summary

2.1 Expenditure

Corporate Services has a capital budget of £23,266k and expenditure to date of £4,957k in 2021/22.



There are no exceptions to report this month.

Please note the variations budget has been updated to reflect the recent changes to the hierarchy, resulting in a lower figure and therefore increasing the overall budget from £15m to £23m.

Details of the capital variances and funding can be found in appendix 3

2.2 Funding

Corporate Services has a capital budget of £15m in 2021/22. This includes £5m of funding carried forward from 2020/21.

3. Savings Tracker Summary

The savings tracker is produced quarterly. The Q1 table can be found in appendix 4

4. Technical Notes

A technical financial appendix has been included as appendix 5 for Corporate Services.

This appendix covers:

- Grants that have been received by the service, and where these have been more or less than expected

- Budget movements (virements) into or out of corporate services from other services (but not within corporate services), to show why the budget might be different from that agreed by Full Council
- Service reserves – funds held for specific purposes that may be drawn down in-year or carried-forward – including use of funds and forecast draw-down.

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Appendix 1 – Corporate Services Level Financial Information

Previous Forecast Outturn Variance £000's	Service	Budget 2021/22 £000's	Actual July 2021 £000's	Forecast Outturn Variance £000's	Forecast Outturn Variance %
	Customer & Digital Services				
30	Director, Customer & Digital Services	415	52	30	7%
0	Chief Executive	171	-5	3	2%
17	Communication and Information	737	336	17	2%
-67	Customer Services	2,034	974	-91	-4%
0	IT & Digital Service	2,499	1,881	215	8%
0	IT Managed	7,197	4,175	-3	0%
0	Elections	170	14	0	0%
3	Human Resources	1,622	526	-42	-3%
0	Health, Safety & Wellbeing	181	21	0	0%
26	Learning & Development	1,916	607	34	2%
10	**Customer & Digital Services Total**	**16,942**	**8,580**	**164**	**1%**
	Business Improvement & Development				
2	Policy, Design and Delivery	613	-1,833	1	0%
-1	Business Intelligence	1,043	521	-1	0%
0	**Business Improvement & Development Total**	**1,656**	**-1,312**	**0**	**0%**
	Resources Directorate				
0	Resources Directorate	374	120	0	0%
3	Professional Finance	1,835	891	7	0%
0	Procurement	613	221	0	0%
0	CCC Finance Operations	288	87	-2	-1%
0	Shared Finance Operations	484	347	0	0%
0	Insurance	2,229	145	0	0%
0	External Audit	75	-170	0	0%
0	Shared Services	1,088	-1,940	1	0%
3	**Resources Directorate Total**	**6,986**	**-300**	**7**	**0%**
	Legal & Governance				
0	Legal & Governance Services	103	48	0	0%
-2	Information Management	875	290	0	0%
0	Democratic & Member Services	326	79	12	4%
-92	Members´ Allowances	1,041	315	-43	-4%
-94	**Legal & Governance Total**	**2,345**	**731**	**-31**	**-1%**
	Corporate & Miscellaneous				
0	Central Services and Organisation-Wide Risks	3,989	0	0	0%
0	Investment in Social Care Capacity	1,300	0	0	0%
0	Subscriptions	110	32	0	0%
0	Authority-wide Miscellaneous	48	-151	0	0%
0	Transformation Fund	1,429	1,429	0	0%
0	**Corporate & Miscellaneous Total**	**6,877**	**1,310**	**0**	**0%**
	Investment Activity				
474	Property Investments	-3,544	-128	521	15%
0	Shareholder Company Dividends & Fees	-491	16	0	0%
0	Housing Investment (This Land Company)	-6,063	-710	0	0%
0	Contract Efficiencies & Other Income	-201	-0	0	0%
0	Collective Investment Funds	-544	11	0	0%
0	Investments	26	86	0	0%
0	Renewable Energy Investments	-239	-473	0	0%
474	**Commercial Activity Total**	**-11,056**	**-1,197**	**521**	**5%**
	Property Services				
400	Facilities Management	5,174	1,763	400	8%
0	Property Services	799	314	0	0%
1	Property Compliance	204	-275	1	0%
0	County Farms	-4,329	138	-0	0%
1	Strategic Assets	703	-277	1	0%

Previous Forecast Outturn Variance £000's	Service	Budget 2021/22 £000's	Actual July 2021 £000's	Forecast Outturn Variance £000's	Forecast Outturn Variance %
401	**Property Services Total**	**2,550**	**1,663**	**401**	**16%**
	Financing Costs				
0	Debt Charges and Interest	31,295	2,628	0	0%
0	**Financing Costs Total**	**31,295**	**2,628**	**0**	**0%**
795	**Total**	**57,595**	**12,104**	**1,064**	**2%**

Appendix 2 – Service Commentaries on the Outturn Position

Narrative is given below where there is an adverse/positive variance greater than 2% of annual budget or £100,000 whichever is greater for a service area.

Director, Customer & Digital Services

Current Budget for 2021/22 £'000	Outturn £'000	Outturn %
415	30	7%

Director, Customer & Digital Services is forecasting an overspend of £30k. This is mainly due to statutory duty for providing the temporary Mortuary facility due to Covid-19.

Customer Services

Current Budget for 2021/22 £'000	Outturn £'000	Outturn %
2,034	-91	-4%

Customer Services is currently forecasting an underspend of £91k due to staff vacancies.

IT & Digital Services

Current Budget for 2021/22 £'000	Outturn £'000	Outturn %
2,499	215	8%

IT & Digital Services is currently forecasting an overspend of £215k due to an additional pressure of £215k in IT and Digital Services for the cost of £106k for IT licences and £110k hosting Outsystems, a legacy system from LGSS.

Human Resources

Current Budget for 2021/22 £'000	Outturn £'000	Outturn %
1,622	-42	-3%

Human Resources is currently forecasting an underspend of £42k due to vacancy savings.

Democratic & Member Services

Current Budget for 2021/22 £'000	Outturn £'000	Outturn %
326	12	4%

Democratic & Member Services are currently forecasting an overspend of £12k due to the need to hire venues and audio-visual equipment for Council meetings since the Government is not extending the virtual meetings regulations and New Shire Hall is not yet available.

Member’s Allowance

Current Budget for 2021/22 £’000	Outturn £’000	Outturn %
1,041	-43	-4%

Member’s Allowance are currently predicting an underspend of £43k. This is due to changes to Members’ Allowances following approval by full Council of the Independent Remuneration Panel’s report.

Property Investments

Current Budget for 2021/22 £’000	Outturn £’000	Outturn %
-3,544	521	15%

Investment Activity are currently predicting an overspend of £521k. This is due to the reduction in rental income anticipated from the leisure property and the student accommodation property as a result of the impact of the pandemic on income streams. The shortfall is higher than expected at budget setting creating a pressure in year of £457k. The income from office/research, retail and manufacturing properties are expected to be impaired by £64k.

Collective Investment Funds

Current Budget for 2021/22 £’000	Outturn £’000	Outturn %
-544	0	0%

The Collective Investment Fund budget was forecasting a £290k shortfall in returns on investment. There is an overall reduction in the anticipated value of the returns from 5.7% to 2.9% reflecting the environmental, social and governance factors used in selecting an appropriate investment fund. The decision was made to reduce the income budget to reflect the current return in investment.

Property Services

Current Budget for 2021/22 £’000	Outturn £’000	Outturn %
5,174	400	8%

Property Services budgets are currently predicting an overspend of £400k. This is the estimated pressure expected due to the continued increase in the cost of maintaining libraries, and other corporate properties.

Appendix 3 – Capital Position

3.1 Capital Expenditure 2021/22

Total Scheme Revised Budget £000	Original 2021/22 Budget as per BP £000	Scheme	Revised Budget for 2021/22 £000	Actual Spend 2021/22 £000	Forecast Spend - Outturn £000	Forecast Variance 2021/22 £000
		Corporate Services and Transformation				
750	150	Essential CCC Business Systems Upgrade	183	74	183	-
8,382	1,682	Capitalisation of Transformation Team	1,682	-	1,682	-
5,408	2,440	Data Centre Relocation	2,909	177	2,909	-
3,259	1,554	IT Strategy - Infrastructure & Corporate Systems	280	-	280	-
		IT Strategy - Microsoft	100	147	100	-
		IT Strategy - Data	120	12	120	-
		IT Strategy - Business Systems	940	140	940	-
-	135	IT Infrastructure refresh	144	22	144	-
		Investments				
152,395	6,321	Housing Schemes	6,674	8	50	(6,624)
1,600	200	Development Funding	388	79	388	-
		Property Services				
7,163	600	Building Maintenance	1,907	882	1,907	-
5,518	1,663	Investment in the CCC asset portfolio	2,779	682	2,779	-
		Strategic Assets				
3,814	25	Lower Portland Farm	75	-	75	-
900	100	Local Plans Representations	100	5	100	-
2,700	300	County Farms Investment	300	(10)	300	-
1,981	1,484	Community Hubs - East Barnwell	1,552	18	1,552	-
18,737	6,279	Shire Hall Relocation	7,329	2,532	7,329	-
-	-	Arbury Road Site	150	-	150	-
500	-	Mill Rd - Former Library	489	243	489	-
213,107	**22,933**		**28,101**	**4,957**	**21,477**	**(6,624)**
1,472	785	Capitalisation of Interest Budget	785	-	785	-
(24,260)	(13,757)	Capital Programme Variations Budget	(5,620)	-	-	5,620
190,319	**9,961**	**TOTAL**	**23,266**	**4,957**	**22,262**	**(1,004)**

3.2 Capital Funding 2021/22

Original 2021/22 Funding Allocation as per BP £000	Source of Funding	Revised Funding for 2021/22 £000	Forecast Spend £000	Variance £000
1,645	Capital Receipts	1,345	1,682	337
1,590	Other Contributions	1,740	150	(1,590)
260	Developer Contributions	260	260	-
14,959	Prudential Borrowing	19,921	20,170	249
18,454	**TOTAL**	**23,266**	**22,262**	**(1,004)**

3.3 Corporate Services Capital Variation 2021/22

Service	Capital Programme Variations Budget £'000	Outturn Variance £'000	Capital Programme Variations Budget Used £'000	Capital Programme Variations Budget Used %	Revised Outturn Variance £'000
Corporate Services	(5,620)	(6,624)	5,620	100%	(1,004)

3.4 Service Commentaries on the Capital Position

The schemes with significant variances (>£250k) either due to changes in phasing or changes in overall scheme costs can be found in the following table:

Housing Schemes

Revised Budget for 2021/22 £'000	Forecast Spend - Outturn (July) £'000	Forecast Spend - Outturn Variance (July) £'000	Variance Last Month (June) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
6,674	50	-6,624	-6,624	0	0	-6,624

Housing Schemes capital scheme budget is forecasting an in-year underspend of £6,624. This Land's cashflow position is such that they do not currently require any further loan financing, the next loan request is expected in mid-2022.

Appendix 4 – Quarter 1 Savings Tracker

Reference	Title	Description	Q1	Q2	Q3	Q4	Forecast Saving 21-22	Variance from Plan £000	Saving complete?	% Variance	Forecast Commentary	RAG
C/R.6.103	External Auditor fee	Saving to be achieved from reduction in expenditure on External Audit, as per fees set by Public Sector Audit Appointments	-3	-4	-4	-4	-15	**0**	No	**0**		Green
C/R.6.104	Reduction in staff mileage	A reduction in staff travel is expected to continue.	-300	-264			-564	**0**	No	**0**	Q1 saving achieved.	Green
C/R.6.105	Customer Services	Trends over recent years have determined a reduction of £85k is achievable. This reduction will be delivered by removing 3 vacant posts.	-85				-85	**0**	Yes	**0**	Vacant posts removed.	Green
F/R.6.003	Babbage House closure	The lease on Babbage House is due to end in 2020-21 and will not be renewed.	-198				-198	**0**	Yes	**0**	Lease has ended.	Green
F/R.6.109	Cambs 2020 Operational Savings	Savings to the running costs of corporate buildings because of the Cambs 2020 programme.	0	0	0	0	0	**605**	No	**100**	The savings from Shire Hall will not be achieved until such time as the sale is complete.	Black
F/R.7.106	Utilisation/ commercialisation of physical assets	Carry-forward saving - unachieved in 20/21. One Public Estate	0	0	0	0	0	**36**	No	**100**	There has been no development in this area.	Black
F/R.7.110	Return on Commercial Property Investments	The Council is developing a portfolio of commercial property investments. This is	-26	-26	-26	-27	-105	**0**	No	**0**		Green

Reference	Title	Description	Q1	Q2	Q3	Q4	Forecast Saving 21-22	Variance from Plan £000	Saving complete?	% Variance	Forecast Commentary	RAG
	(Carry-forward saving - unachieved in 20/21)	the rental income generated from the lease.										
F/R.7.127	County Farms - Commercial uses	Conversion of barns on the County Farms Estate for non-agricultural commercial uses, including storage and distribution.	-11	-11	-11	-12	-45	**0**	No	**0**		Green
F/R.7.131	Commercial Income	Commercial return from the Council's Commercial Strategy, to be generated by the newly developed Commercial Team.	0	0	0	0	0	**232**	No	**100**	Saving not achieved. However, as part of the budget rebasing exercise approved by S&R at the July 2021 meeting this pressure is now removed	Black
F/R.7.140	Tesco - Income Generation	Estimated annual rent increase.	0	0	0	-77	-77	**0**	No	**0**		Green
F/R.7.141	Evolution Business Park - Income Generation	Estimated annual rent increase.	-3	-3	-3	-3	-12	**0**	No	**0**		Green
F/R.7.142	Kingsbridge - Income Generation	Estimated annual rent increase.	-3	-3	-3	-2	-11	**0**	No	**0**		Green

Reference	Title	Description	Q1	Q2	Q3	Q4	Forecast Saving 21-22	Variance from Plan £000	Saving complete?	% Variance	Forecast Commentary	RAG
F/R.7.143	Brunswick House - Income Generation	Estimated annual rent increase.	0	0	0	0	0	**66**	No	**100**		Black
F/R.7.144	County Farms	Increase in rental income for the county farms estate.	0	0	-20	-20	-40	**0**	No	**0**		Green
G/R.6.003	MRP: Accountable Body (effect of capital swaps)	As Accountable Body the Council incurs certain administrative costs in undertaking this role. However, it also holds the cash on an interim basis pending utilisation by those parties. The Council maximises the use of these resources whilst not detrimentally affecting those resources. This is only possible where the body or partnership does not use the funds that have been awarded in the financial year in which they are provided. This is an adverse effect; it is the reversal of savings made in previous years as the cash received in prior years is utilised by the parties for whom we hold the funds and can no longer be used to offset borrowing requirements	-88	-89	-89	-89	-355	**0**	No	**0**		Green

Appendix 5 – Technical Note

5.1 Grant Income Analysis

Grant	Awarding Body	Expected Amount £'000
Skills for Care	ASYE Children	44
Skills for Care	ASYE Adults	20
ARU from Education Support Grant	SW Student Placement	87
Non-material grants (+/- £30k)	New Burdens: Data Transparency Funding	13
Total Grant Funding 2021/22		**164**

5.2 Virements and Budget Reconciliation

Customer & Digital Services

Budgets and movements	£000	Notes
Budget as per Business Plan	**17,708**	
Redundancy, Pensions & Injury	-846	Transferred to P&C
IT and Digital Services	46	Transferred from P&C: Baseline adjustment for Total Mobile
Non-material virements (+/- £30k)	7	April
Non-material virements (+/- £30k)	29	May
Non-material virements (+/- £30k)	21	June
Non-material virements (+/- £30k)	-23	July
Current Budget 2021/22	**16,942**	

Business Improvement & Development

Budgets and movements	£000	Notes
Budget as per Business Plan	**1,449**	
Policy, Design and Delivery	209	Transferring Investment team budget to new service area
Non-material virements (+/- £30k)	-2	
Current Budget 2021/22	**1,656**	

Resources Directorate

Budgets and movements	£000	Notes
Budget as per Business Plan	**6,995**	
Non-material virements (+/- £30k)	-9	
Current Budget 2021/22	**6,986**	

Legal & Governance

Budgets and movements	£000	Notes
Budget as per Business Plan	**2,302**	
Information Management	56	From Central Services and Organisation-Wide Risks to cover the costs of extra resources
Non-material virements (+/- £30k)	-13	
Current Budget 2021/22	**2,345**	

Corporate & Miscellaneous

Budgets and movements	£000	Notes
Budget as per Business Plan	**6,680**	
Central Services Organisation-Wide Risks	-56	To cover the costs of extra resources in Information Management
Central Services Organisation-Wide Risks	288	
Non-material virements (+/- £30k)	-29	
Non-material virements (+/- £30k)	-6	
Current Budget 2021/22	**6,877**	

Investment Activity

Budgets and movements	£000	Notes
Budget as per Business Plan	**-11,518**	
Investments	-209	Transferring budget to new service area
Collective Investment Funds	435	Baseline adjustments approved in July
Investments	235	Baseline adjustments approved in July
Non-material virements (+/- £30k)	0	
Current Budget 2021/22	**-11,056**	

Property Services

Budgets and movements	£000	Notes
Budget as per Business Plan	**2,551**	
Non-material virements (+/- £30k)	-1	
Current Budget 2021/22	**2,550**	

Financing Costs

Budgets and movements	£000	Notes
Budget as per Business Plan	**31,295**	
Non-material virements (+/- £30k)	0	
Current Budget 2021/22	**31,295**	

5.3 Reserves Schedule

Corporate Services Reserves

Fund Description	Balance at 01 April 2021 £'000	Movements in 2021/22 £'000	Balance as 31 July 2021 £'000	Forecast Balance at 31 March 2022 £'000	Notes
Other Earmarked Funds					
Election Processes	37	0	37	37	1
City Deal - NHB funding	2,455	0	2,455	2,000	2
CCC Finance Office	58	0	58	58	3
Records Management	50	-19	31	0	4
subtotal	2,600	-19	2,580	2,095	
Other Earmarked Funds					
CPSN Partnership Funds	98	0	98	98	
subtotal	98	0	98	98	
Short Term Provisions					
Insurance Short-term Provision	911	0	911	911	
Insurance MMI Provision	1,182	0	1,182	1,182	
subtotal	2,093	0	2,093	2,093	
Long Term Provisions					
Insurance Long-term Provision	3,613	0	3,613	3,613	
subtotal	3,613	0	3,613	3,613	
Other Earmarked Funds					
North Cambridge Academy site demolition costs	686	0	686	400	5
Shire Hall Relocation	483	0	483	225	6
subtotal	1,169	0	1,169	625	
Capital Reserves					
General Capital Receipts	10,861	1,151	12,012	0	7
subtotal	10,861	1,151	12,012	0	
TOTAL	**20,433**	**1,131**	**21,565**	**8,524**	

(+) positive figures represent surplus funds
(-) negative figures represent deficit funds

Notes

1. Election budget to be transferred to reserve
2. New Homes Bonus funding - Greater Cambridge Partnership
3. Recharged costs for CCC Investigation
4. Earmarked reserved for Records Management
5. Rental income from Bellerbys buildings on the North Cambridge Academy site is being held to offset demolition costs when the lease expires in 2021
6. Shire Hall relocation costs were previously part of the central contingency reserve but are now shown separately
7. General Capital Receipts received during 2021/22 will be used to fund the capital programme at year-end, and This Land Capital Receipts will be used for Commercial Investment

Audit and Accounts Committee Forward Agenda Plan

Updated 20th September 2021

The following are standing agenda items which are considered at every Committee meeting:

- Minutes of previous meeting and Action Log
- Financial Reporting and Related Matters Update – Monitoring at each meeting. Lead officers: Tom Kelly/Justine Hartley/Michelle Parker
- Integrated Finance Monitoring Report: this is always the latest report to be considered by Strategy & Resources Committee. Lead officers: Tom Kelly/ Rebecca Barnes
- Internal Audit Progress Report including progress of Implementation of Management Actions, Internal Audit Plan Update and Update on the value of the National Fraud Initiative. Relevant officers to attend the Committee to be invited by Head of Internal Audit where management actions have gone beyond the next agreed target date. Lead Officers: Neil Hunter/Mairead Claydon
- Agenda Plan/Training

Meeting Date/ (report deadline)	Report title	Frequency of report	Director/ responsible officer	Report author
28/09/21 (15/09/21)	Update Report in respect of Consultancy expenditure and compliance with the Policy		HR/ Procurement	Janet Aitkin
	Section 106 Update Report	Annual	Director of Resources and Chief Financial Officer	Tom Kelly/ Sarah Heywood
	2020/21 External Audit Plan – County Council Accounts	Annual Report	External Audit	Mark Hodgson Associate Partner Ernst & Young LLP
	2020/21 External Audit Plan and External Audit Results – Pension Fund	Annual Report	External Audit	Mark Hodgson Associate Partner Ernst & Young LLP
	Internal Audit Risk and Assurance ratings		Head of Internal Audit	Neil Hunter
25/11/21 (12/11/21)	Arrangements for appointment of an external auditor from 2023		Director of Resources and Chief Financial Officer	Tom Kelly

	Use of Regulation of Investigatory Powers Act 2000 (RIPA)		Data Protection Officer/Head of Information Governance	Ben Stevenson
	BDO External Audit Final report on investigations into Objections to the 2016/17 and 2017/18 Accounts	Out-standing report from Previous External Auditors	Lead partner - East Anglia/Head of Public Sector Assurance BDO	Lisa Clampin, BDO Barry Pryke, BDO
	Performance Report	Quarterly	Head of Business Intelligence	Tom Barden
22/02/22 (11/02/22)	Update Report in respect of Consultancy expenditure and compliance with the Policy		HR/ Procurement	Janet Aitkin
	MID Update (to be included in the Internal Audit Report)		Head of Internal Audit	Neil Hunter
	External Audit Annual Plan	Annual	Ernst Young	Mark Hodgson
Meeting Date/ (report deadline)	Report title	Frequency of report	Director/ responsible officer	Report author
31/05/22 (17/05/22)	Section 106 Update Report	Annual	Deputy Section 151 Officer	Tom Kelly
	Performance Report Quarter 3	Quarterly	Head of Business Intelligence	Tom Barden

Annual Whistle Blowing Report	Annual Report	Head of Internal Audit / Audit and Risk Manager	Neil Hunter
Annual Governance Statement	Annual Report	Head of Internal Audit / Audit and Risk Manager	Neil Hunter
Internal Audit Annual Report	Annual Report	Head of Internal Audit / Audit and Risk Manager	Neil Hunter

+ = indicates Exempt report

REPORTS TO BE PROGRAMMED AS SUBJECT TO ONGOING INVESTIGATIONS/ADDITIONAL WORK

FACT, HACT and ESACT Recovery of Monies	One-off Report	Director of Resources and Chief Financial Officer /	Tom Kelly

This is currently the subject of a Police investigation	When the report comes forward it may require a separate confidential appendix if it contains commercially sensitive information for the Council and other parties. This is being led by FACT and so until negotiations are concluded, any updates remain commercially sensitive.	Service Director Highways and Finance	