

***Annual Report and
Statement of Accounts
2017-18***

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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 2017-18*.

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 Cambridgeshire Fund's County Council website, <http://cambridgeshire.gov.uk>.

Mr C Malyon

Chief Finance Officer
(Section 151 Officer)

Dated 2018

STATEMENT OF RESPONSIBILITIES

The Council's Responsibilities

The 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.

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 2018 and of its income and expenditure for the year 2017-18, and authorise the accounts for issue.

Mr C Malyon

Chief Finance Officer
(Section 151 Officer)

Dated 2018

CHAIRMAN'S FOREWORD

It is my pleasure, as Chairman of the Pension Fund Committee to introduce the Cambridgeshire County Council Pension Fund Annual Report and Statement of Accounts for 2017-18. I was appointed Chairman of the Pension Fund Committee in October 2017 and would like to thank my predecessor, Councillor Roger Hickford, for his hard work and dedication in his time as Chairman.

During 2017-18 there has been a steady growth of members in the Fund from 77,323 to 80,816, whilst the number of employers has increased from 182 to 208 at 31 March 2018. At 31 March 2018 the Fund was valued at £2.969bn, an increase of £116m from the previous year. The Fund's investment asset return of 2.5% for the year underperformed the Fund's benchmark return of 3.0% and the average Local Authority Pension Fund (4.5%) (Source PIRC Ltd Local Authority Universe) reflecting weaker markets compared to last year's fund return of 24.5% which beat the benchmark by 0.8%.

The Fund's investment strategy is under review but currently remains focused on growth assets which are expected to earn more attractive returns over the longer term than lower risk investments.

Over the year, the funding level for the Fund has decreased slightly from 81.0% to 80.7%. This is principally due to the previous strong returns on investments. The results of the 2016 triennial valuation published in April 2017 showed a funding level of 78% compared to 72% at the 2013 valuation. The improvement in funding position between 2013 and 2016 was mainly due to strong investment performance over the inter-valuation period, coupled with the positive impact of pay and benefit growth being lower than expected.

Cambridgeshire County Council and Northamptonshire County Council operate under a joint partnership, namely LGSS, which provides back office shared services including pension's administration. This arrangement provides efficient converged processes, sharing of resources and economies of scale to both funds.

Following the Autumn Statement on 25 November 2015, the Department for Communities and Local Government (DCLG) published criteria for Local Government Pension Scheme (LGPS) investment pooling. This focussed on 4 criteria: scale, strong governance, reduced costs and improved capacity to invest in infrastructure.

In response to this, eleven like-minded LGPS Funds (including Cambridgeshire) are working together to pool their investments under the name of ACCESS (A Collaboration of Central, Eastern and Southern Shires). Collectively the ACCESS Pool has significant scale with assets of £43bn, managed on behalf of c3,000 employers and c900,000 members. Significant progress has been made to establish the asset pool under the governance of the ACCESS Joint Committee (AJC) comprising the Chairman of the eleven LGPS Funds.

ACCESS has appointed Link Fund Solutions (Link) as the pool's Financial Conduct Authority (FCA) authorised Operator. The appointment means a significant shift in governance arrangements, with the Operator responsible for selecting and contracting with managers on behalf of the authorities participating in the pool.

With the procurement phase completed, the implementation phase of the project is progressing well. Link is preparing documentation for the FCA authorisation of an umbrella Authorised Contractual Scheme (ACS) and first sub-fund for submission in summer 2018.

ACCESS has appointed UBS to manage its passive mandates (approx. £11bn). The indicative saving of £5.2m per annum exceeds the estimated saving projection of £4m per annum stated in the July 2016 submission of the pool's plans to HM Government. The Fund has benefitted from these savings since February 2018.

I consider that it has been a successful year for the Fund as a result of the hard work invested by the members of the Pension Fund Committee and 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 investment management of the Fund. Furthermore, I am confident that LGSS Pension Services will continue to provide high standards of service delivery and meet new and existing challenges into 2018-19 and beyond.

Councillor Terry Rogers
Chairman of Cambridgeshire County Council Pension Fund

SCHEME FRAMEWORK

The Local Government Pension Scheme is a statutory funded pension scheme. It is “contracted-out” of the state scheme and is termed a defined benefit 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 2016. The results of the valuation were a funding level of 78% and an average primary employer contribution rate of 18.1%. The primary rate includes an allowance of 0.6% of the pensionable pay for the Fund’s expenses. The average employee contribution rate is 6.3% of pensionable pay. At the previous formal valuation at 31 March 2013 a different regulatory regime was in force and therefore contribution rates that are directly comparable to the rates given above are not available.

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. 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’s pay when the individual leaves the LGPS.

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.

The below table compares the 2008 and 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	1/160 th accrual based on Tier 1 ill health pension enhancement	1/160 th 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

Active Employers (208)

Note: Academy Trusts (marked in bold) are classified as one employer, with members of each trust listed in italics.

Scheduled Bodies: Total (counting a trust and its members as one) 62, total of all individual bodies 183.

Abbey College Academy

Aces Academies Trust

Hitchingbrooke School

Active Learning Trust

Active Learning Trust

Burrowmoor Primary Academy.

Chesterton Primary Academy

Cromwell Community College

Earith Primary Academy

Highfield Ely Academy

Highfield Littleport Academy

Isle of Ely Academy

Kingsfield Primary School Academy

Littleport & East Cambridgeshire Academy

Neale Wade Academy

Affinity Multi Academy Trust

Meadowgate Academy

Alderman Jacobs Academy

All Saints Inter Church Academy

Anglian Learning Trust

Bassingbourn Village College Academy

Bottisham Village College Academy

Netherhall School Academy

Sawston Village College Academy

Aspire Learning Trust (Whittlesey)

New Road Primary School

Park Lane Primary & Nursery School

Sir Harry Smith Community College

Astrea Multi Academy Trust

Cottenham Village College Academy

The Centre School Academy

Bourne C of E Primary Academy

Brooke Weston Multi Academy Trust

Peckover Primary Academy

Thomas Clarkson Community Academy

Buckden C of E Primary Academy

Cambridge City Council

Cambridge Meridian Academy Trust

Cambridge Meridian Academy Trust

Downham Feoffees Primary Academy

Cambridge Meridian Academy Trust (cont...)

Ely (City of) College Academy

Nene Park Academy

North Cambridge Academy

Sawtry Village Academy

Sawtry Junior Academy

Swavesey Village College Academy

West Town Primary

Cambridge Primary Education Trust

Hatton Park School

Histon and Impington Infants School

Histon and Impington Junior School

Trumpington Park Primary Academy

Cambridge Regional College

Cambridgeshire County Council

Cambridgeshire & Peterborough Fire Authority

Cambridgeshire Chief Constable

Cambridgeshire Police & Crime Commissioner

Chesterton Academy

Chilford Hundred Education Trust

Linton Village College Academy

Meadow Primary School

Linton Heights Junior Academy

City College Peterborough

Crosshall Infants Academy Trust

Crosshall Juniors School Limited

Diocese of Ely Multi-Academy Trust

Babraham Church of England Primary Academy

Bury Church of England Primary School

Elm C of E Primary Academy

Ermine Street Church Academy

Guilden Morden Academy

Mepal & Wicham Cof E Primary Academy

Milton Primary Academy

Orchards C of E Primary Academy

St Andrew's C of E Academy

St John's Academy

The Diocese of Ely Multi-Academy Trust (cont...)

St John's C of E Primary Academy

St Mary's C of E Junior School

St Marys St Neots Academy

St Peters C of E Academy

Thriplow C of E Primary Academy

William De Yaxley C of E Academy

Wisbech St Marys C of E Primary Academy

East Cambridgeshire District Council

Elliot Foundation Academies Trust

Cavalry Primary Academy

Elm Road Primary School Academy

Eyrescroft Primary School Academy

Highlees Primary Academy

Millfield Primary School Academy

Nene Infants Academy

Ramnoth Primary Academy

Ramsey Community Junior Academy

Ramsey Spinning Infant Academy

Fenland District Council

Four C's Multi Academy Trust

Arthur Mellows Village College Academy

Fulbride Academy

Godmanchester Community Educational Trust

Godmanchester Bridge Academy (combined with Trust)

Greater Peterborough UTC

Greenwood Academies Trust

Bishop Creighton Academy

City of Peterborough Academy

City of Peterborough Academy Special School

Dogsthorpe Academy

Newark Hill Primary Academy

Stanground Academy

Welland Primary School

Hampton Academies Trust

Hampton College Academy

Hampton Gardens Academy

Hills Road Sixth Form College

Huntingdonshire College

Scheduled Bodies (cont...)

Huntingdonshire District Council
 Long Road Sixth Form College
Ormiston Academies Trust
Ormiston Bushfield Academy
Ormiston Meadows Academy
 Peterborough City Council
 Peterborough Regional College
Samuel Ward Academy Trust
Detton Lodge Primary School
Soke Education Trust
Werrington Primary School
Wittering Primary School
John Clare Primary School
Gunthorpe Primary School
 South Cambridgeshire District Council
 Spring Common Academy
 St Bedes Inter Church School
 St Ivo School Academy
St. Neots Learning Partnership
Emulf Academy
Longsands Academy
Staploe Education Trust
Kennett Community School
Shade Primary School
Soham Village College Academy
Weatheralls Academy

TBAP Multi Academy Trust
Cambridge AP Academy
Octavia AP Academy
Unity School (St Neots)
The Cam Academy Trust
Hartford Infant School
Hartford Junior School
Jeavons Wood Primary Academy
St Peter's School HD Academy
Cambourne Village College
 Academy
Comberton Village College
 Academy
Gamlingay First School Academy
Melbourn Village College Academy
The Diamond Learning Trust
Cromwell Academy
Glebelands Primary Academy
Great Staughton Academy
Kimbolton Primary Academy
Leverington Primary Academy
Middlefield Community Primary
 School
Murrow Primary School Academy
The Round House Academy
Thomas Eaton Primary Academy
Winhills Primary School

The Kings School Academy
The Lime Academy Trust
The Lime Academy Abbotsmede
The Lime Academy Parnwell
The Lime Academy Watergall
The Morris Education Trust
Impington Village College Academy
Witchford Village College Academy
 The Pathfinder C of E Primary School
Thomas Deacon Education Trust
Gladstone Primary Academy
Queen Katherine Academy (prev. known as The Voyager Academy)
Thomas Deacon Academy
United Learning (Combined)
United Learning Head Quarters
UPC
University of Cambridge Primary School
 UTC Cambridge
 William Law C of E Primary Academy

Designated Bodies (47):

Balsham Parish Council
 Bar Hill Parish Council
 Bretton Parish Council
 Burnt Fen Internal Drainage Board
 Burwell Parish Council
 Caldecote Parish Council
 Cambourne Parish Council
 Chatteris Town Council
 City of Ely Council
 Eye Parish Council
 Farcet Parish Council
 Feldale Internal Drainage Board
 Gamlingay Parish Council
 Haddenham Level Drainage Commissioners
 Haddenham Parish Council
 Histon and Impington Parish Council

Holmewood & District Internal Drainage Board
 Huntingdon Town Council
 LGSS Law Ltd
 Linton Parish Council
 Little Downham Parish Council
 Little Paxton Parish Council
 Littleport & Downham Internal Drainage Board
 Middle Fen & Mere Internal Drainage Board
 Middle Level Commissioners
 Newborough Parish Council
 North Level Internal Drainage Board
 Orton Waterville Parish Council
 Sawston Parish Council
 Sawtry Parish Council
 Soham Town Council

Somersham Parish Council
 St Ives Town Council
 St Neots Town Council
 Sutton Parish Council
 Swaffham Internal Drainage Board
 Swavesey Parish Council
 Thoney Parish Council
 Tydd St Giles Parish Council
 Waterbeach Level Internal Drainage Board
 Waterbeach Parish Council
 Whittlesey Internal Drainage Board
 Whittlesey Town Council
 Wimblington Parish Council
 Wisbech Town Council
 Witcham Parish Council
 Yaxley Parish Council

Admitted Bodies (97):

ABM Catering (Morley Memorial)	CPFT	Lunchtime Company Ltd (Gorefield & Kinderley)
ABM Catering (Orchard Park)	CRCC - Cambridge Rape Crisis Centre	Lunchtime Company Ltd (Grove Primary)
Action for Children	Cross Keys Homes Ltd	Lunchtime Company Ltd (Over)
Action for Children (London Road)	Cucina Ltd	Lunchtime Company Ltd (St Matthews)
ADeC	Cucina Ltd (Arthur Mellows)	Lunchtime Company Ltd (Waterbeach)
Advanced Cleaning Services (Burwell & Netherhall)	Drinksence (prev. C.A.A.S)	Mears Ltd
Advanced Cleaning Services (Ridgeway)	East of England Local Government Association (EEDA/EERA)	Mears Ltd (SCDC)
Advanced Cleaning Services (Weatheralls)	Easy Clean (Eastfield Infants)	Mitie PFI Limited
Alliance in Partnership	Easy Clean (Godmanchester)	Mountain Healthcare Ltd
Aspens Services Ltd (Fen Drayton)	Easy Clean (Hemingford Grey)	NPS Property Consultants Ltd
Aspens Services Ltd (Hemingford Grey)	Easy Clean (Kings Hedges)	Oxford Archaeology
Aspens Services Ltd (Staploe Education Trust)	Ecovert FM Ltd	Pabulum Catering Ltd
Aspens Services Ltd (Swavesey)	Edmund Trust	Pabulum Catering Ltd (Cottenham)
Balfour Beatty	Edwards & Blake (Godmanchester)	Pabulum Catering Ltd (Ely College)
Cambridge LIVE	Edwards & Blake (Little Paxton Primary)	Pabulum Catering Ltd (Sawtry Junior Academy)
Cambridgeshire & Peterborough CCG	Edwards & Blake -Stukley Meadows	Pabulum Catering Ltd (Sawtry Village Academy)
Care Quality Commission	Elior UK	Radis Community Care
Carers Trust	Enterprise Managed Services	Sanctuary Group
Cater Link Ltd	Etheldred House (Excelcare)	Serco Limited (ITNET/CCC)
Cater Link Ltd (Diamond Learning Partnership Trust)	Everyone Health	Serco Limited (PCC)
Cater Link (Ernulf Academy)	Friends Therapeutic Community	Skanska
Chartwells Catering (Bottisham Village College)	GLL – Greenwich Leisure Ltd	Solutions 4 Heath
Chartwells Catering (Netherhall)	Home Close Ltd	Sport and Leisure Management (Everyone Active)
Churchill Contract Services	Homerton College	St Columa Centre (Group Therapy)
Churchill Contract Services (Thorndown)	Improve IT Ltd	Stephen Perse Foundation
Collections Trust	Kealey HR Ltd	Tactcare
Compass Contract Services	Kelkey Kerridge Sports Hall	Total Fun Limited
Compass Contract Services Chartwells	LCC Support Services	TSG Building Services Ltd
Conservators of the River Cam	Luminus Group Limited	VHS Cleaning Services Ltd
Coram Cambridgeshire Adoption Limited	Lunchtime Company Ltd	Visit Cambridge and Beyond
	Lunchtime Company Ltd (Abbey Meadows)	Vivacity
	Lunchtime Company Ltd (Bury Primary)	Wisbech and Fenland Museum
	Lunchtime Company Ltd (Ditton Lodge Primary)	Wisbech Grammar School
	Lunchtime Company Ltd (Fulbourn Primary)	

SCHEME MANAGEMENT AND ADVISERS

Registered Pension Scheme Number: 10038487

Administering Authority

Cambridgeshire County Council
Shire Hall
Castle Hill
Cambridgeshire
CB3 0AP

Administrator

Mr C Malyon
Chief Finance Officer
S151 Officer Cambridgeshire County Council

Pension Fund Committee and Investment Sub-Committee

County Council Members

Cllr Peter Ashcroft (retired May 2017)
Cllr Peter Downes (appointed May 2017)
Cllr Anne Hay (appointed May 2017)
Cllr Roger Hickford
Cllr Noel Kavanagh (retired May 2017)
Cllr Gail Kenney (retired May 2017)
Cllr Maurice Leeke (retired May 2017)
Cllr Terry Rogers (appointed May 2017)
Cllr Joshua Schumann
Cllr Michael Shellens (appointed May 2017)

All other Local Authorities, Police and Fire (Unitary Representative)

Cllr David Seaton (Peterborough City Council)

All other Local Authorities, Police and Fire (Borough and District Representatives)

Cllr Andrew Fraser (South Cambridgeshire District Council)

Other Employers' Representatives

Gareth Deeble (retired March 2017)
Tracy Roden (appointed June 2017)

Member Representatives

Matthew Pink
John Walker

Local Pension Board Members

Employer representatives

Cllr Mac McGuire (retired May 2017)
Cllr Peter Downes (retired May 2017)
Cllr Simon King (appointed May 2017)
Cllr Ian Manning (appointed May 2017)
Cllr Denis Payne

Scheme member representatives

Barry O'Sullivan
John Stokes
David Brooks

Key Officers supporting the Fund

Head of Pensions Mark Whitby

Investment & Fund Accounting Manager Paul Tysoe

Operations Manager Akhtar Pepper

Employer and Systems Team Manager Cory Blose

Governance & Regulations Manager Joanne Walton

Fund Financial Managers Ben Barlow
Tracy Pegram
Richard Perry

Investment Advisers Mercer Investment Consulting
Belvedere
12 Booth Street
Manchester M2 4AW

Investment Managers Adams Street Partners
4th Floor
75 Davies Street
London W1K 5JN

Allianz Global Investors
199 Bishopgate
London EC2M 3TY

AMP Capital Investors Ltd
Berkeley Square House
Berkeley Square
London W1J 6BX

Dodge & Cox Worldwide Investments Ltd
6 Duke Street
St. James's
London SW1Y 6BN

Equitix Limited
Welken House,
10-11 Charterhouse Square
London EC1M 6EH

HarbourVest Partners (UK) Ltd
3rd Floor
33 Jermyn Street
London SW1Y 6DN

J O Hambro Capital Management Limited
Ground Floor
Ryder Court
14 Ryder Street
London SW1Y 6QB

M & G Group
Governor's House
Laurence Pountney Hill
London EC4R 0HH

Partners Group (UK) Ltd
14th Floor
Heron Tower
110 Bishopsgate
London EC2N 4AY

Schroders Investment Management Ltd
31 Gresham Street
London EC2V 7QA

State Street Global Advisors Ltd
20 Churchill Place
Canary Wharf
London E14 5HJ

UBS Global Asset Management (UK) Ltd
5 Broadgate,
London EC2M 2QS

Custodian

Northern Trust
50 Bank Street
Canary Wharf
London E14 5NT

AVC Providers

Equitable Life
PO Box 177
Walton Street
Aylesbury,
Bucks HP21 7YH

Prudential Assurance Co Ltd
Laurence Pountney Hill
London EC4R 0HH

Fund Actuary

Hymans Robertson LLP
20 Waterloo Street
Glasgow G2 6DB

Auditor

BDO LLP
16 The Havens
Ransomes Europark
Ipswich,
Suffolk IP3 9SJ

Legal Advisor

LGSS Law Limited
Shire Hall
Castle Hill
Cambridge CB3 0AP

Performance reporting

Mercer Investment Consulting
Belvedere
12 Booth Street
Manchester M2 4AW

Banker

Barclays Bank Plc
1 Churchill Place
Canary Wharf
London E14 5HP

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

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Tel: 01604 368671

Enquiries relating to benefits and administration should be directed to:

Mark Whitby,
Head of Pensions, LGSS
MWhitby@northamptonshire.gov.uk
Tel: 01604 368502

RISK MANAGEMENT

Cambridgeshire County Council, the Administering Authority to the Cambridgeshire Pension Fund, has a process in place to identify, evaluate, mitigate and monitor risks associated with the activities that the Fund carries out. The arrangements in place which provide for the management of risk are described below.

A Risk Strategy was formally produced in 2015-16 and subsequently the risk register was formally agreed in October 2016, both of which will be reviewed in the 2018/19 financial year.

The risk strategy can be found at - <http://pensions.northamptonshire.gov.uk/wp-content/uploads/2016/04/Risk-Strategy.pdf>

The risk register can be found at - <http://pensions.cambridgeshire.gov.uk/index.php/governance2/key-documents/>

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 administration, investment, accounting 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.

In April 2017, the Cambridgeshire Full Council acknowledged the establishment of the ACCESS Joint Governance Committee (AJGC) delegating powers to this body in response to the Government's pooling agenda. The Chairman and Vice Chairman of the PFC represent the Fund on the AJGC, 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.

Managing investment and funding risks

The Cambridgeshire Pension Fund has over £2.9 billion of assets under management as well as even larger long-term liabilities. It is essential that the Fund's assets are managed appropriately to ensure the Fund can meet the payment of its current and future liabilities.

The Fund currently has fifteen investment mandates with twelve fund managers. The Fund is also joint owner of Cambridge and Counties Bank and has an investment in the Cambridge Building Society.

An Investment Management Agreement or Subscription Agreement is in place for each fund manager, setting out the relevant benchmark, performance target, asset allocation ranges and any statutory restrictions or other restrictions determined by the Pension Fund Committee and/or Investment Sub-Committee as appropriate.

The constant monitoring of performance relative to a performance target constrains fund managers from deviating significantly from the intended approach, whilst permitting flexibility to manage mandates in such a way as to enhance returns. The appointment of more than one fund manager provides diversification of manager risk and investment style.

Fund managers will bias their portfolios towards stocks which are expected to out-perform in rising or falling markets and are required to operate in such a way that the possibility of underperformance against the target is kept within acceptable risk tolerances.

The Fund uses third party providers for investment management and custodian services. The risk of misstatement or error in the processes operated by the third parties is mitigated by reviewing the ISAE3402 service auditors' assurance reports provided by the investment managers and the Custodian.

The Fund's investment performance is reviewed by the Investment Sub-Committee and should remedial action be required the Sub-Committee will determine and undertake appropriate implementation.

Annually the PFC reviews the work of the ISC in July in addition to receiving the Fund's Annual Report and Statement of Accounts. The focus of this review meeting is the annual and longer term view of the Fund's investment strategy from the Fund's Investment Consultant in addition to reports on the Local Authority Universe, and the performance of the Fund's third party providers.

Managing funding risks

The fundamental objective of the Fund is to ensure that all future liabilities can be met from the Fund's assets. Asset Liability Studies are undertaken to help the Pension Fund Committee and Investment Sub-Committee determine appropriate asset allocation ranges. The aim of these is to ensure that the Fund's assets are prudently spread across a range of asset types and markets. As the Fund's liabilities are based in sterling, the majority of the Fund's assets are likely to be sterling denominated. The asset allocation is formally reviewed following publication of each triennial valuation, and at other times as required.

To minimise risk a broadly based portfolio of stocks is held, spread across different countries and different industrial sectors.

At present the Fund has a positive cash flow and is forecast to remain positive for a number of years. However the Fund is acutely aware of significant potential pressures such as members opting out of the scheme, financial pressures on employers, and the general economic climate. The Fund is actively monitoring these pressures to ensure it can act quickly should the need arise. The Fund does sell investments from time to time as part of normal investment management activities.

Managing scheme employer related risks

At 31 March 2018 there were 344 scheme employers in the Cambridgeshire Pension Fund, of which 208 were active, all of which have different risks associated with their financial positions. Therefore it is important that close monitoring processes are in place to ensure the Fund and its stakeholders are protected from these risks.

The Fund is aware that it is possible for an increase in the employer contribution rate to become unaffordable for both existing scheme employers and to potential admissions of new employers to the scheme. In these instances the Fund would seek feedback and evidence from employers on their scope to absorb short-term contribution rises. It is also possible to mitigate the impact through deficit spreading and phasing in of contribution increases where this is possible and where this does not negatively impact the Fund. Another possible option is the "phasing" of contribution increases over a number of valuation periods. Whichever option is considered, it is essential that decisions are well informed through actuarial advice and account for current and future asset and liability expectations.

It is essential for the Fund to actively manage employers that cease to exist particularly those with insufficient funding or bonds in place to meet the liabilities that they leave behind. In some cases the liabilities will pass back to the ceding employer, or where this is not an option, the liabilities will be spread across the remaining employers within the Fund. The Fund has in place a comprehensive Admissions Policy which clearly sets out where a guarantee or bond is required in order for a new employer to secure admission to the Fund.

Scheme employers can also present the Fund with risks by submitting poor quality data. Inaccurate data can lead to the miscalculation of pension benefits which can lead to the misstatement of the benefits to which a member is entitled. Any inaccuracy of data could have a detrimental effect on the size of the employer's liabilities which may result in a higher and potentially unaffordable employer contribution rate at the next valuation. The Fund has and will continue to actively engage with scheme employers to provide training, tools and support to so

improve the accuracy of data. The Fund also monitors employer performance in the form of key performance indicators which are regularly fed back to employers.

Managing demographic risks

The increasing life expectancy of scheme members over the years has increased the value of the Fund's liabilities which has resulted in a decrease in the funding position. Employer contribution rates have been increased at each triennial valuation to ensure that the funding position does not continue to deteriorate. The Fund also uses analysis of changing life expectancy trends which is fed into the Fund's valuation process to ensure that employer contribution rates are calculated based on the most accurate data available.

FINANCIAL PERFORMANCE

Timeliness of contributions

The following tables provide details regarding the management of the Fund's income and expenditure.

Three year forecast of income and expenditure

	2017-18 Estimated Outturn	2017-18 Final Outturn	2018-19 Estimate	2019-20 Estimate	2020-21 Estimate
	£000	£000	£000	£000	£000
Contributions ¹	128,000	128,410	129,000	132,000	135,000
Transfers in from other pension funds	5,400	4,932	4,907	4,907	4,907
Total Income	133,400	133,342	133,907	136,907	139,907
Benefits payable	(100,000)	(99,345)	(101,000)	(103,000)	(105,000)
Payments to and on account of leavers.	(5,400)	(10,126)	(7,246)	(7,246)	(7,246)
Total Benefits	(105,400)	(109,471)	(108,246)	(110,246)	(112,246)
Surplus of contributions over benefits	28,000	23,871	25,661	26,661	27,661
Management Expenses	(15,405)	(16,954)	(17,493)	(17,486)	(17,950)
Total Income less Expenses	12,595	6,917	8,168	9,175	9,711
Investment Income	29,000	38,142	30,000	31,000	32,000
Taxes on income	-	(329)	-	-	-
Profit and (losses) on disposal of investments and changes in the market value of investments	75,000	70,988	77,000	79,000	81,000
Net return on investments	104,000	108,811	107,000	110,000	113,000
Net increase/(decrease) in the net assets available for benefits during the year	116,595	115,728	115,168	119,175	122,711

Performance against budget – net operational expenses

The following table shows the Fund's forecast for total management expenses for 2017-18 compared with the outturn.

	2017-18 Forecast	2017-18 Outturn	Variance
	£'000	£'000	£'000
Administrative costs	2,274	2,170	(104)
Investment management expenses	12,839	14,609	9,019
Oversight and Governance costs	292	175	(117)
Total Management Expenses	15,405	16,954	8,798

Oversight and Governance costs were lower than expected due to a planned reconciliation project being partially completed during 2017-18. The remaining expenditure is due to be incurred in 2018-19.

Timeliness of contributions

The following table shows the amount of regular employee and employer contributions paid during 2017-18 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.

	Total Paid in 2017-18 £	Total Paid On Time £	% Paid On Time	Total Paid Late £	% Paid Late
Employer Contributions	103,041,529	100,286,705	97.3%	2,754,824	2.7%
Employee Contributions	25,368,147	24,522,956	96.7%	845,191	3.3%
Total	128,409,676	124,809,661	97.2%	3,600,015	2.8%

Late payments are reported quarterly to the Pension Fund Committee and where necessary to the Pensions Regulator.

Movement in assets and liabilities

The table below shows the forecast against the outturn on the Fund's cash flows and asset values in respect of 2017-18.

	2017-18 Estimated Outturn	2017-18 Final Outturn
	£'000	£'000
Cash flows		
Fund surplus / (deficit) cash from dealings with members	28,000	23,871
Management expenses	(8,156)	(16,954)
Returns on investments	104,000	108,811
Net increase /(decrease) in the net assets available for benefits during the year	123,844	115,728

	2017-18 Estimated Outturn	2017-18 Final Outturn
	£'000	£'000
Assets held		
Index-linked securities	77,574	74,578
Equities – directly held	372,042	371,765
Pooled investments	1,974,698	1,953,899
Pooled property investments	200,251	206,671
Private equity/infrastructure	256,026	274,393
Cash deposits	43,586	31,191
Other	1,640	3,535
Net investment assets	2,925,817	2,916,032

Recovery of overpayments of pension

The following tables show the analysis of pension overpayments that occurred during the last three years. A full 5 year record is not available but data will become so over time.

Financial Year	Overpayment	Recovered	Written Off
2014-15	£56,474	£15,133	£15,597
2015-16	£28,593	£8,782	£12,539
2016-17	£55,519	£21,033	£14,542
2017-18	£74,764.19	£55,517.69	£17,518.36

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 (excluding additional pension awarded by the employer)	£82,837,712
Total write off amount	£17,518.36
Write offs as a % of payroll	0.02%
Number of cases written off	211
Number of cases in the process of recovery	37
Number of cases recovered	44

The average write off amount per individual is £83.03 (2016-17: £85.04).

Cambridgeshire Pension Fund has an Overpayment of Pension Policy which details how overpayments should be managed once identified.

The Policy can be found at -

<http://pensions.cambridgeshire.gov.uk/wp-content/uploads/2015/11/Overpayments-of-Pension-Policy.pdf>

ADMINISTRATIVE MANAGEMENT PERFORMANCE

Key administration performance indicators

The below table shows the number and trend of the top 10 types of scheme administration cases.

Case Type	Target (working days)	Number Received	Number within target	Target	% within target
Confirm transfer-in payment and service credited to scheme member	10	177	163	90%	92%
Provide employer with requested estimate of benefits	10	286	258	90%	90%
Provide a maximum of one estimate to employees per request per year	10	842	706	90%	84%
Provide a maximum of one cash equivalent transfer to employees per year on request	10	604	519	90%	86%
Notify employees retiring from active membership of benefit award	5	484	469	95%	97%
Acknowledge death of active/deferred/pensioner member	5	513	513	100%	100%
Change of address	5	1,638	1,636	95%	99%
Expression of Wish form received	5	1,147	1,140	95%	99%
Opt out form received	5	420	420	95%	100%
Personal change update	5	275	274	95%	99%

The Fund has developed a number of 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.

Performance is a partnership between the administration team and the constituent employers of the Fund and the targets shown are well in excess of statutory guidance, therefore representing stretch targets. Where there is material shortfall on the stretch targets we are working with scheme employers to improve timeliness and quality of data received to improve delivery as well as addressing any internal inefficiencies in business processes.

Financial indicators of administrative efficiency

The table below shows the unit costs per member of administering the Fund.

	Cambridgeshire Pension Fund	CIPFA Benchmarking Average
Unit costs per member excluding investment management expenses	£ 19.25 (2016-17)*	£20.14 (2016-17) *
Unit costs per member including investment manager expenses	(£15,163,000/77,323 members) £196.10	N/A
<i>*Results from the 2017-18 CIPFA Benchmarking exercise will be published on the LGSS Pensions website once released by CIPFA.</i>		

Key staffing indicators

In 2017-18, the average staff to member ratio was one full-time member of staff to 2,621 members (2016-17: 1:2,382) and the number of cases per full time member of staff was 666 (2016-17: 907).

5 Year analysis of Fund membership as at year ending 31 March

	2014	2015	2016	2017	2018
Active Members	24,854	25,345	26,744	26,785	27,497
Deferred Beneficiaries	25,793	28,255	30,889	33,235	35,265
Pensions in Payment	15,091	15,658	16,169	17,303	18,054
Total	65,738	69,258	73,802	77,323	80,816

Age Profile of Fund membership at 31 March 2018

Age Band Years	Member Type			
	Actives	Deferred	Pensioners*	Total
<20	230	62	93	385
20 - 24	1,242	619	30	1,891
25 - 29	1,799	2,061	2	3,862
30 - 34	2,267	3,117	10	5,394
35 - 39	3,173	4,027	14	7,214
40 - 44	3,587	4,427	21	8,035
45 - 49	4,617	6,143	54	10,814
50 - 54	4,611	6,590	129	11,330
55 - 59	3,471	5,369	525	9,365
60 - 64	2,000	2,465	3,106	7,571
65 - 69	399	286	4,845	5,530
70 - 74	95	84	4,108	4,287
75 - 79	6	12	2,311	2,329
80 - 84		2	1,450	1,452
85 - 89		1	884	885
90 - 94			365	365
95 - 99			99	99
100 - 104			7	7
105 - 109			1	1
Total	27,497	35,265	18,054	80,816

*Note: Pensioners aged 54 and below reflect benefits payable on early and ill health retirements and to dependants.

Employee and employer contributions 2017-18

The following table shows the contributions paid by the active employers in the Fund during 2017-18.

	Employee (£000)	Employer (£000)	Total (£000)
Abbey College Academy	74	283	357
Abbey Meadows Academy	13	46	59
Abbey Meadows Primary School	26	98	124
Abbotsmeade Primary Academy	17	70	87
ABM Catering Ltd (Morley Memorial)	1	5	6
Action for Children	2	-	2
Action for Children (London Road)	2	5	7
Active Learning Trust HQ	45	117	162
ADEC	3	17	20
Advance Cleaning Services	1	4	5
Alderman Jacobs School Academy	27	106	345
All Saints Inter Church VA Primary School (Academy)	13	53	66
Alliance in Partnership Ltd	1	3	4
Arthur Mellows Village College Academy	75	270	345
Aspens (Fen Drayton)	1	2	3
Aspens (Hemingford Grey)	1	3	4
Aspens Services Ltd (Staploe Contract)	3	13	16
Aspens Services Ltd (Swavesey)	1	3	4
Avocet Cleaning Services Ltd	-	-	-
Balfour Beatty	2	16	18
Balsham Parish Council	1	3	4
Bar Hill Parish Council	1	5	6
Bassingbourn Village College Academy	26	97	123
Bishop Creighton Academy	15	57	72
Bottisham Village Academy	74	233	307
Bourn Primary School Academy	14	44	58
Bretton Parish Council	2	12	14
Buckden CE School Academy	19	72	91
Burnt Fen IDB	4	20	24
Burrowmoor Primary Academy	33	123	156
Burwell Parish Council	1	5	6
Bury CE School	7	29	36
Caldecot Parish Council	-	2	2
Cambourne Parish Council	15	79	94
Cambourne Village College Academy	40	112	152
Cambridge & Peterborough NHS Foundation Trust	19	87	106
Cambridge AP Academy	36	18	144
Cambridge Live	43	126	169
Cambridge Meridian Academy	59	191	250
Cambridge Rape Crisis Centre	6	21	27

	Employee (£000)	Employer (£000)	Total (£000)
Cambridge Regional College	451	1,610	2,061
Cambridgeshire County Council	8,265	30,333	38,598
Cambs & Peterborough Clinical Commissioning Group	10	71	81
Cambs Chief Constable	1,472	5,659	7,131
Cambs Coun On Alcohol	3	14	17
Cambs Fire Authority	323	1,251	1,574
Cambs Society M H Children	1	6	7
Carers Trust	5	17	22
Cater Link Ltd	6	24	30
Cater Link Ltd (Diamond Learning Partnership)	1	41	51
Cavalry Primary Academy	34	152	186
Chatteris Town Council	3	12	15
Chesterton Community College Academy	76	219	295
Chesterton Primary Academy	8	23	31
Churchill Contract Services	21	41	62
Circle Anglia Limited	1	2	3
City Of Cambridge	1,531	12,358	13,889
City Of Ely Council	15	87	102
City of Peterborough Academy	26	95	121
City of Peterborough Special School (Academy)	33	94	127
Colville Primary	15	58	73
Comberton Academy Trust HQ	30	63	93
Comberton Village College Academy	102	381	483
Compass Contract Services	4	14	18
Conservators of the River Cam	6	32	38
Coram Cambridge Adoption Ltd	18	60	78
Cottenham Village College Academy	60	228	288
Cromwell Community College (Academy)	64	245	309
Cromwell Primary Academy	9	43	52
Cross Keys Housing Association	7	213	220
Crosshall Infant School Academy Trust	34	132	166
Crosshall Junior School Academy Trust	31	121	152
Cucina Ltd	1	-	1
Ditton Lodge Academy	8	32	40
Dogsthorpe Academy	30	119	149
Downham Feoffes Academy	5	23	28
E&Ess&Herts Prov CIs	54	192	246
East Cambs District	292	973	1,265
EasyClean (Kings Hedges)	1	2	3
Easy Clean (Eastfields Infant LEA)	-	-	-
EasyClean (Godmanchester Primary)	1	3	4
ECOVERT	3	13	16
Elior UK	1	-	1
Elm Road Primary School (Academy)	15	61	76

	Employee (£000)	Employer (£000)	Total (£000)
Ely College	71	263	334
Enterprise Management Services Limited	137	407	544
Ermine Street Church Academy	5	20	25
Ernulf Academy	52	204	256
Etheldred House	-	4	4
Everyone Active	5	15	20
Eye Parish Council	-	3	3
Eyrescroft Primary School (Academy)	30	135	165
Family Psychology Mutual	3	14	17
Farcet Parish Council	1	4	5
Feldale IDB	-	1	1
Fenland District	479	2,337	2,816
Friends Therapeutic Community	83	376	459
Fulbridge Academy	80	306	386
Gamlingay First School Academy	9	36	45
Gamlingay Parish Council	4	22	26
Gamlingay School	-	12	12
Gladstone Primary Academy	28	117	145
Glebelands Primary Academy	11	43	54
Godmanchester Primary School (Academy)	23	90	113
Greater Peterborough UTC	13	51	64
Greenwich Leisure	9	36	45
Gt Staughton Academy	2	10	12
Guilden Morden C of E Primary Academy	4	17	21
Guyhirn C of E Primary Academy	6	26	32
Haddenham IDB	2	9	11
Haddenham Parish Council	1	5	6
Hampton College Academy	76	279	355
Hampton Gardens Academy	5	15	20
Hartford Infants Academy	11	44	55
Hartford Junior Academy	17	68	85
Hatton Park (MAT)	12	50	62
Hemingford Grey Primary	9	34	43
Highfield Littleport	8	34	42
Highfield School	65	259	324
Highlees Primary Academy	31	124	155
Hills Road 6th Form College	103	374	477
Hinchingbrooke School Academy	99	340	439
Histon & Impington Infant School (MAT)	16	66	82
Histon & Impington Junior School (MAT)	13	52	65
Histon & Impington PC	6	34	40
Holmewood IDB	-	1	1
Home Close	2	57	59
Homerton College Cambridge	180	515	695

	Employee (£000)	Employer (£000)	Total (£000)
Huntingdon & Godmanchester	30	155	185
Huntingdon District	884	4,398	5,282
Huntingdon Primary (CCC)	33	126	159
Huntingdonshire College	39	225	264
Impington Village College	100	332	432
Improve It Ltd	1	5	6
Innovate Services Ltd	-	-	-
Isle of Ely Academy	10	23	33
Jeavon's Wood Primary Academy	19	63	82
Kealey HR Ltd	1	6	7
Kelsey Kerridge	17	97	114
Ken Stimpson (PCC)	43	168	211
Kennett Primary School (Academy)	4	17	21
Kimbolton Primary Academy	3	14	17
Kimbolton School	53	284	337
Kings Hedges Pension	47	176	223
Kings School Academy	63	233	296
Kingsfield Primary Academy	34	118	152
Leverington Primary Academy	19	75	94
LGSS Law Ltd (CCC)	154	477	631
Linton Heights Junior Academy	11	38	49
Linton Parish Council	-	3	3
Linton Village College Academy	56	189	245
Little Downham Parish Council	2	10	12
Little Paxton Parish Council	2	11	13
Littleport & Downham IDB	8	42	50
Littleport & East Cambridge Academy	4	16	20
Long Road 6th Form College	76	292	368
Longsands College Academy	94	35	399
Luminus Group	235	826	1,061
Lunchtime (Abbey Meadow)	1	3	4
Lunchtime (Gorefield & Kinderley)	1	5	6
Lunchtime (St Matthews)	-	2	2
Lunchtime (Swaffham Prior)	-	-	-
Lunchtime UK (Ditton Lodge)	-	1	1
Lunchtime UK (Fulbourn Primary)	1	6	7
Lunchtime UK (Grove Primary)	-	-	-
Lunchtime UK (Waterbeach)	1	3	4
Lunchtime UK Ltd	3	14	17
Matley Primary Academy	25	96	121
Meadowgate School	66	254	320
Mears Group	55	-	55
Mears Ltd (SCDC)	12	-	12
Melbourn Village College Academy	25	93	118

	Employee (£000)	Employer (£000)	Total (£000)
Mepal & Witcham C of E Primary Academy	4	14	18
Middle Fen & Mere IDB	17	79	96
Middle Level Commissioners	70	300	370
Middlefield Primary School (Academy)	13	54	67
Millfield Primary School Academy	20	78	98
MITIE Facilities Management	2	3	5
Mountain Healthcare Ltd	2	5	7
Museum Doc Assn	3	18	21
NCSC	9	35	44
Neale Wade Community College	87	334	421
Nene Infants Academy	37	150	187
Nene Park Academy	58	214	272
Netherall School Academy	46	181	227
New Road Primary Academy	8	30	38
Newark Hill Primary Academy	11	78	89
Newborough Parish Council	1	4	5
North Cambridge Academy	3	99	129
North Level Commissioners	36	170	206
North Peterborough PCT	-	-	-
NPS Property Consultants Ltd	8	33	41
Orchards C of E Primary	6	23	29
Ormiston Bushfield Academy	47	224	271
Orton Waterville Parish Council	1	5	6
Oxford Archaeology(East)	58	139	197
Pabulum (Ely)	7	38	45
Pabulum (Sawtry)	11	59	70
Pabulum Catering Ltd (Cottenham)	1	3	4
Pabulum Catering Ltd (Sawtry Junior School)	2	7	9
Pabulum Limited	2	3	5
Park Lane Primary Academy & Nursery	25	100	125
Parkside Federation Academy	90	309	399
Parnwell Primary Academy	14	58	72
Peckover Primary School (Academy)	25	101	126
Perse School For Girls	29	113	142
Peterborough College of Adult Education (PCAE)	148	541	689
Peterborough Cultural and Leisure Trust	58	162	220
Peterborough District	3,296	12,883	16,179
Peterborough Regional College	364	1,326	1,690
Peterborough Womens Aid	-	1	1
Police & Crime Commissioners	52	142	194
Radis Community Care	30	41	71
Ramnoth Junior Academy	19	77	96
Ramsey Community Junior Academy	9	39	48
Ramsey Spinning Infants Academy	12	48	60

	Employee (£000)	Employer (£000)	Total (£000)
Ravensthorpe Primary School	9	34	43
Roddons Housing Association	39	131	170
Round House Primary School	16	60	76
Sanctuary Housing	42	506	548
Sawston Parish Council	1	13	14
Sawston Village College Academy	74	310	384
Sawtry Community College Academy	45	191	236
Sawtry Junior Academy	11	44	55
Sawtry Parish Council	4	19	23
Serco	207	300	507
Serco Limited	36	15	51
Shade Primary School	10	33	43
Sir Harry Smith Community College (Academy)	60	243	303
Skanska PCC (Highways)	16	50	66
Soham Parish Council	5	27	32
Soham Village College Academy	117	228	345
Somersham Parish Council	2	11	13
South Cambs District	862	3,810	4,672
Spring Common Primary School Academy	75	300	375
Spurgeons	3	-	3
St Andrews C of E Primary Academy	24	98	122
St Bedes School (Academy)	39	157	196
St Columba Centre	9	7	16
St Ives Town Council	13	71	84
St Ivo School Academy	78	286	364
St John Fisher School	48	190	238
St John's Academy (Stanground)	21	79	100
St Marys C of E Junior (Ely)	24	99	123
St Marys Primary Academy(St Neots)	12	49	61
St Neots Town Council	36	197	233
St Peters C of E Junior Academy	18	70	88
St Peters School Academy	52	185	237
Stanground Academy	57	222	279
Sutton Parish Council	2	11	13
Swaffham IDB	2	9	11
Swavesey Parish Council	1	7	8
Swavesey Village College Academy	61	228	289
The Adolescent and Childrens Trust	51	128	179
The Centre School Academy	2	5	7
The Farmland Museum	-	56	56
The Pathfinder Academy	2	8	10
The Spinney Primary School (CCC)	11	45	56
The Voyager Academy	84	323	407
Thomas Clarkson Community College Academy	5	216	272

	Employee (£000)	Employer (£000)	Total (£000)
Thomas Deacon Academy	157	572	729
Thomas Eaton Community Primary Academy	7	29	36
Thorney Parish Council	1	5	6
Trumpington Park Academy	2	8	10
TSG Building Services	11	36	47
University of Cambridge Primary Academy	11	40	51
University Technical College Academy	12	36	48
VISIT Cambridge and Beyond	19	64	83
Waterbeach Level IDB	2	9	11
Waterbeach Parish Council	3	14	17
Watergall Primary Academy	14	58	72
Weatheralls Primary	29	118	147
Welland Primary Academy	23	82	105
West Town Primary Academy	17	68	85
Whittlesey I D B	1	6	7
Whittlesey Town Council	1	7	8
William de Yaxley C of E Junior Academy	12	47	59
William Law Primary Academy	46	184	230
Wimblington P C	-	3	3
Winhills Primary School (Academy)	45	120	165
Wisbech & Fenland Museum	2	11	13
Wisbech Grammar	1	9	10
Wisbech St Mary's C of E Primary Academy	16	65	81
Wisbech Town Council	5	28	33
Witcham Parish Council	-	1	1
Witchford Village College Academy	57	178	235
Wittering Primary	11	47	58
Yaxley Parish Council	7	38	45
Fund Account Contributions	25,368	103,042	128,410

INVESTMENT POLICY AND PERFORMANCE REPORT

The investment management of the Fund is governed by the provisions of the Local Government Pension Scheme – (Management and Investment of Funds) Regulations 2016 (“the 2016 Regulations”) which came into force on 1 November 2016. These seek to ensure that the Fund:

- has formulated an appropriate Investment Strategy;
- in formulating its Investment Strategy has considered and documented its approach to:
 - risk assessment and risk management,
 - pooling investments,
 - how environmental, social and governance issues are taken into account in investment selection,
 - having suitably diversified investments;
- has taken appropriate advice;
- has an appropriate number of investment managers who invest fund monies on its behalf;
- has relevant investment limits which are not exceeded;
- regularly monitors and reviews investments and investment arrangements;
- understands the restrictions on its powers to borrow; and
- operates a separate bank account.

The 2016 Regulations also set out the circumstances under which the Secretary of State would issue a direction to intervene in the management of the Fund’s investments.

Investment Asset Allocation

Asset allocation is determined by the Pension Fund Committee (PFC) upon recommendation from the Investment Sub-Committee (ISC), who are supported by officers and professional investment advisers on the categories of investment in which the Fund could invest.

The Fund monitors its asset allocation on an annual basis and conducts a comprehensive review following each triennial valuation.

A full review conducted in 2013-14 following the 2013 triennial valuation recommended no immediate change to the asset allocation. The triennial valuation indicated that the Fund expects to remain cash flow positive for many years to come.

The next full review of investment strategy commenced in late 2017-18 and is expected to be completed by December 2018.

Following the issue of the 2016 Regulations the investment strategy was reviewed and documented in the Investment Strategy Statement (“ISS”) which was approved by the PFC in March 2017. This confirmed the high level strategic allocation of 65% Equities, 12% Fixed income and 23% Alternatives.

As the performance and therefore relative value of each investment asset class will vary over time, the PFC has approved tolerance levels around the target asset allocation percentages by which actual values can vary from the target allocation for each investment asset class.

The Fund has held a series of Investment Information Days (IIDs) in 2017-18, incorporating stakeholders of both the Cambridgeshire and Northamptonshire Funds, including Local Pension Board members, to discuss all aspects of the ISS, supported by presentations from the Fund’s Investment Consultants, Actuary and third party Investment Managers. Topics included

investment styles, Responsible Investing, and key investment risks and other factors to be considered in the forthcoming review of investment strategy.

In accordance with plans to meet the Government's agenda for pooling LGPS funds' assets, in September 2017 the Investment Sub Committee approved the adoption of UBS as the new passive investment provider to the Fund, following completion of a mini competition by the ACCESS funds under the LGPS National Framework for passive investment management. Following a review of the range of funds offered by UBS the Fund agreed to reallocate its UK index and All World index passive funds to a range of regional market capitalisation and smart beta funds. This resulted in a change in geographic mix of the Fund's Equity strategic allocation from 21% UK and 44% Global to 12% UK and 53% Global. This change has been reflected in the amended ISS approved by the Pension Fund Committee in March 2018.

Role of Investment Managers

The Investment Sub-Committee manages the appointment, retention and replacement of external investment fund managers. Managers are responsible for all "day to day" investment decisions, providing them with the flexibility to manage the Fund in such a way as to enhance returns and achieve the performance objectives for the funds. The Fund monitors manager performance and ensures manager compliance with the constraints of their Investment Management Agreement (IMA).

The IMA for each investment manager includes:

- the specific class or classes in which they are permitted to invest, in line with the Fund's asset allocation, allowing little or no flexibility between asset classes;
- the value of the mandate under their management to invest. The Fund's allocation to a specific asset class may be divided between more than one manager to minimise disruption should the need arise to replace the manager;
- the relevant performance target above benchmark to reflect the intensity of their specific specialist investment brief; and
- any geographic or other constraints.

With the exception of one passive UK Equity and one passive Global Equity mandate and a buy and hold strategy for index-linked bonds, all investment managers have been given "active" briefs to outperform agreed specific benchmarks.

Transition of the Fund's passive assets of around £0.7bn from the previous provider, State Street, to UBS was completed in February 2018 following the joint procurement with fellow ACCESS fund for a passive provider. In November 2017 the ISC agreed a reallocation of the passive mandate amongst the funds offered by UBS. The implementation of the reallocation of the Funds passive mandate will be implemented in 2018/19, as follows: one third Smart Beta – equally split between fundamental indexation, quality and minimum volatility; two thirds market capitalisation –equally split between North America, Europe and Asia.

In November 2017 the ISC agreed to terminate the Emerging Markets equity mandate with Skagen Funds and transfer the proceeds of £121m to JO Hambro Capital Management as an additional investment in the existing Global equity mandate.

During the year the Fund committed to new investments in infrastructure with Partners Group and in infrastructure debt funds with AMP Capital Ltd and Allianz Global Investors.

There were no other new manager appointments or terminations effective during the year.

In addition to investments managed by third party managers, the Fund holds a direct investment in Cambridge and Counties Bank and during the year committed to a new investment in Core Capital Deferred Shares (CCDS) of Cambridge Building Society (the Society).

CCDS is an innovative new share class and this is the first time a regional building society has raised external capital in this form. The Fund's £15m investment in CCDS's, to be paid in three tranches of £5m, will increase the Society's regulatory capital by around 25%. This will allow the Society to supply new mortgages to around 1,000 families in the Cambridge and surrounding region over the next two years and will provide a stable and attractive investment return for the Fund.

MiFID II

The implementation of MiFID II (Markets in Financial Instruments Directive) on 3rd January 2018 reclassifies local and public authorities by default as retail investors. Such a reclassification would severely limit both the financial instruments and providers available to LGPS Funds which could be both costly and reduce the potential for returns.

To address this issue the Fund successfully applied to all applicable investment managers and advisers to be categorised as a Professional Client under the MiFID II regulations.

Pooling of investments

Spring Progress Update – Investment Reform

The Government is encouraging LGPS Funds to work together to put forward plans to “pool investments to significantly reduce costs, while maintaining investment performance.” In response to this, eleven like-minded LGPS Funds (including Cambridgeshire) are working together under the name of ACCESS (A Collaboration of Central, Eastern and Southern Shires). 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 the ACCESS Pool has significant scale with assets of £43bn, managed on behalf of c3,000 employers and c900,000 members. It is the Government's expectation that the asset pools are formed in order for assets to begin being transferred from individual LGPS Funds from 1 April 2018.

The ACCESS Pool submitted their Spring Progress report to the Ministry of Housing, Communities and Local Government (MHCLG) on 4 May 2018, which sets out the progress made by the ACCESS authorities to meet the Government's investment reform agenda.

The report highlighted the following:

- The July 2016 submission to MHCLG indicated that ACCESS authorities could benefit from eventual projected savings of £30m annually (excluding any assumptions on asset growth). These estimates of savings remain consistent with current evidence.
- ACCESS authorities have appointed UBS to manage its passive mandates (approx. £11b). The indicative saving of £5.2m per annum exceeds the estimated saving projection of £4m per annum stated in the July 2016 submission.
- The ACCESS authorities have appointed Link Fund Solutions (Link) as the pool's Financial Conduct Authority (FCA) authorised Operator. The appointment means a significant shift in governance arrangements, with the Operator responsible for selecting and contracting with managers on behalf of the authorities participating in the pool.
- With the procurement phase completed, the implementation phase of the project is progressing well. Link is preparing documentation for the FCA authorisation of an

umbrella Authorised Contractual Scheme (ACS) and first sub-fund for submission in May 2018.

- A key element of governance arrangements focuses on the robust management of the Operator contract and the Operator to ensure it is held to account by the administering authorities participating in ACCESS via the Joint Committee. ACCESS is also setting up the ACCESS Support Unit (ASU) which will manage the Operator contract against specified KPIs and provide technical and secretariat support services to the Joint Committee (JC) and Officer Working Group (OWG). Interim arrangements are already in place.
- The Pooling arrangements have been set up to ensure each administering local authority may exercise proper democratic accountability and continue to meet fiduciary responsibilities.
- The potential for greater savings in the longer term remains, as the ACCESS pool applies its leverage as one of the largest asset pools in the UK and collaborates with other pools to achieve further benefits of scale in investment management including new ways of investing in illiquid assets, in particular infrastructure.

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: www.accesspool.org.

Local investment

The Cambridgeshire County Council Pension Fund will not be pooling an allocation to local alternatives currently consisting of the Cambridge & Counties Bank and Cambridgeshire Building Society.

In addition the Fund will not pool cash held for the efficient administration of the scheme, which is needed to manage cash flow to meet statutory liabilities including monthly pension payroll payments.

Investment Manager Profiles and performance targets for 2017-18

The target asset and manager allocation, associated benchmarks and performance targets at 31 March 2018 is shown below.

At 31 March 2018	Weighting (%)	Market Benchmark Adopted	Target above bench-mark (%)
UK Equity	12.0		
Schroders	10.0	FTSE All-Share index	2
UBS	2.0*	FTSE All-Share index	n/a
Global Equity	53.0		
Dodge & Cox	12.5	MSCI World NDR Index	3
JO Hambro	19.5	MSCI AC World NDR Index	3
UBS	5.1*	FTSE North America	n/a
UBS	3.1*	FTSE Developed Europe ex UK	n/a
UBS	3.0*	FTSE Developed Asia Pacific ex Japan	n/a
UBS	2.0*	FTSE Japan	n/a
UBS	2.6*	FTSE RAFI Developed 1000	n/a
UBS	2.6*	MSCi World Quality	n/a
UBS	2.6*	MSCi World Minimum Volatility	n/a
TOTAL EQUITIES	65.0		
Bonds	12.0		
Schroders	12.0	7-day LIBOR	4
TOTAL BONDS	12.0		
Private Equity	5.0		
Adams Street	2.0	MSCI World	n/a
HarbourVest	2.0	MSCI World	n/a
Cambridge and Counties Bank	1.0	MSCI World	n/a
Infrastructure	5.0		
Alliance Global debt	Blended		n/a
AMP debt			n/a
Equitix		MSCI World	n/a
M & G Private Rental Sector			
Partners Group		MSCI World	n/a
UBS		MSCI World	n/a
Secured loans	3.0		
M&G	3.0	3m Libor +4%	n/a
Property	10.0		
Schroders	10.0	IPD UK All Balanced Property Fund Index	0.75
TOTAL ALTERNATIVES	23.0		
Total	100.0		+1.1**

* The Pension Fund Committee approved the revised strategic allocation of passive funds in March 2018. The changes will be implemented during Q1 2018-19.

** Overall Fund Target – the overall performance target is calculated taking into account the weightings for each manager.

The target asset and manager allocation, associated benchmarks and performance targets at 31 March 2017 is shown below.

At 31 March 2017	Weighting (%)	Market Benchmark Adopted	Target above benchmark (%)
UK Equity	21.0		
Schroders	10.0	Composite benchmark	1
State Street	11.0	FTSE All-Share index	n/a
Global Equity	44.0		
Dodge & Cox	12.5	MSCI World NDR Index	3
JO Hambro	12.5	MSCI AC World NDR Index	3
Skagen	7.0	MSCI Emerging Markets	2
State Street	12.0	FTSE All World	n/a
TOTAL EQUITIES	65.0		
Bonds	12.0		
Schroders	12.0	Composite benchmark	1
TOTAL BONDS	12.0		
Private Equity	5.0		
Adams Street	2.0	MSCI World	n/a
HarbourVest	2.0	MSCI World	n/a
Cambridge and Counties Bank	1.0	MSCI World	n/a
Infrastructure	5.0		
Equitix	Blended	MSCI World	n/a
Partners Group		MSCI World	n/a
UBS		MSCI World	n/a
Secured loans	3.0		
M&G	3.0	3m Libor +4%	n/a
Property	10.0		
Schroders	10.0	IPD UK All Balanced Property Fund Index	0.75
TOTAL ALTERNATIVES	23.0		
Total	100.0		+1.1*

* Overall Fund Target – the overall performance target is calculated taking into account the weightings for each manager

The values of actual manager allocations, the percentage of the Fund and variance from the target asset allocation at 31 March 2017 and 31 March 2018 are shown below:

31 March 2017					31 March 2018		
Market Value (£m)	Holding (%)	Above/ (below) target (%)	Asset Class	Manager	Market Value (£m)	Holding (%)	Above/ (below) target (%)
377.7	13.5	3.5	UK Equity	Schroders	387.6	13.3	3.3
253.3	9.0	(2.0)		State Street	-	-	-
-	-	-		UBS	257.9	8.8	6.8
482.1	17.1	4.6	Global Equity	Dodge & Cox	472.1	16.2	0.7
324.3	11.6	(0.9)		JO Hambro	472.5	16.2	(3.3)
115.9	4.1	(2.9)		Skagen	-	-	-
423.8	15.1	3.6		State Street	-	-	-
0.1	0.0	-		Schroders	-	-	-
-	-	-		UBS	435.7	15.0	(6.0)
1977.2	70.4	5.9	Total Equities		2,025.8	69.5	1.5
166.2	5.9	(1.1)	Government Bonds	Schroders – Bonds & Index-linked	169.8	5.8	(1.3)
142.0	5.0	-	Non-Government Bonds	Schroders	143.6	4.9	-
308.2	10.9	(1.1)	Total Bonds		313.4	10.7	(1.3)
197.6	7.0	(4.0)	Property	Schroders – Property	217.0	7.5	(2.5)
79.3	2.8	0.8	Private equity	Adams Street Partners	67.2	2.3	0.3
59.1	2.1	0.1		HarbourVest	46.6	1.6	(0.4)
54.7	1.9	0.9		Cambridge and Counties Bank (direct holding)	65.9	2.3	1.3
-	-	-		Cambridgeshire Building Society (direct holding)	10.0	0.3	0.3
22.2	0.8	*	Infra-structure	UBS Infrastructure	16.3	0.6	*
27.8	1.0	*		Equitix	32.7	1.1	*
27.1	1.0	*		Partners Group	26.5	0.9	*
-	-	-		AMP debt	9.6	0.3	*
-	-	-		Allianz debt	-	-	*
57.2	2.0	(0.5)	Secured loans	M&G	59.1	2.0	(1.0)
525.0	18.8	** (4.2)	Total Alternatives		550.9	18.9	** (4.1)
2.9	0.1	0.1	Cash		25.9	0.9	
2813.3	100.0		Total		2,916.0	100.0	

* No target allocated by individual manager.

**Total holding compared to total target holding.

Performance monitoring

Investment manager performance is reviewed quarterly by the Investment Sub-Committee. The Committee review a comprehensive quarterly performance report that includes the performance of each manager measured against benchmark and target and the actual asset allocation compared to the Fund's target allocation.

Investment Manager Performance for periods ending 2017-18

Asset Class /Manager	1 Year (%)			3 Years (% pa)			10 Years (% pa)		
	Return	Bench-mark	Var-iance	Return	Bench-mark	Var-iance	Return	Bench-mark	Var-iance
UK Equity									
Schroders	2.2	1.2	1.0	6.3	5.9	0.4	10	6.7	3.3
State Street ¹	3.2	3.1	0.1	7.0	6.9	0.1	n/a	n/a	n/a
UBS	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Global Equity									
Dodge & Cox	(2.1)	1.3	(3.4)	n/a	n/a	n/a	n/a	n/a	n/a
JO Hambro	7.1	2.4	4.7	n/a	n/a	n/a	n/a	n/a	n/a
Skagen ²	4.2	9.9	(5.7)	12.5	13.5	(1.0)	n/a	n/a	n/a
State Street ¹	4.8	6.0	(1.2)	12.0	12.2	(0.2)	n/a	n/a	n/a
UBS	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Bonds									
Schroders – Bonds & Index-linked	1.3	0.7	0.6	n/a	n/a	n/a	n/a	n/a	n/a
Schroders – Non-Gov't bonds	1.7	0.3	1.4	2.0	0.4	1.6	n/a	n/a	n/a
Alternatives									
Schroders – property	9.7	10.0	(0.3)	7.3	8.1	(0.8)	2.6	4.4	(1.8)
M&G - secured loans	3.0	4.3	(1.3)	4.4	4.5	(0.1)	n/a	n/a	n/a

Performance is reported net of investment manager fees.

¹ = performance to date of termination, 7 February 2018.

² = performance to termination, 5 December 2017.

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

Performance in comparison with Local Authority Universe

The Local Authority Universe is a national scheme consisting of 61 Pension Funds. This scheme compares many aspects of Fund performance, the key areas of which are shown on the following pages.

The Fund participates in PIRC Ltd's benchmarking of local authority investment performance, which provides useful information on how well the Fund has performed in comparison with other local authorities.

In 2017-18 the Fund's performance was ranked 83rd percentile out of the 61 Funds participating in the Local Authority Universe, returning 2.5%. The stand out performing manager in equities was JO Hambro and in Bonds, Schroders non-Government bonds.

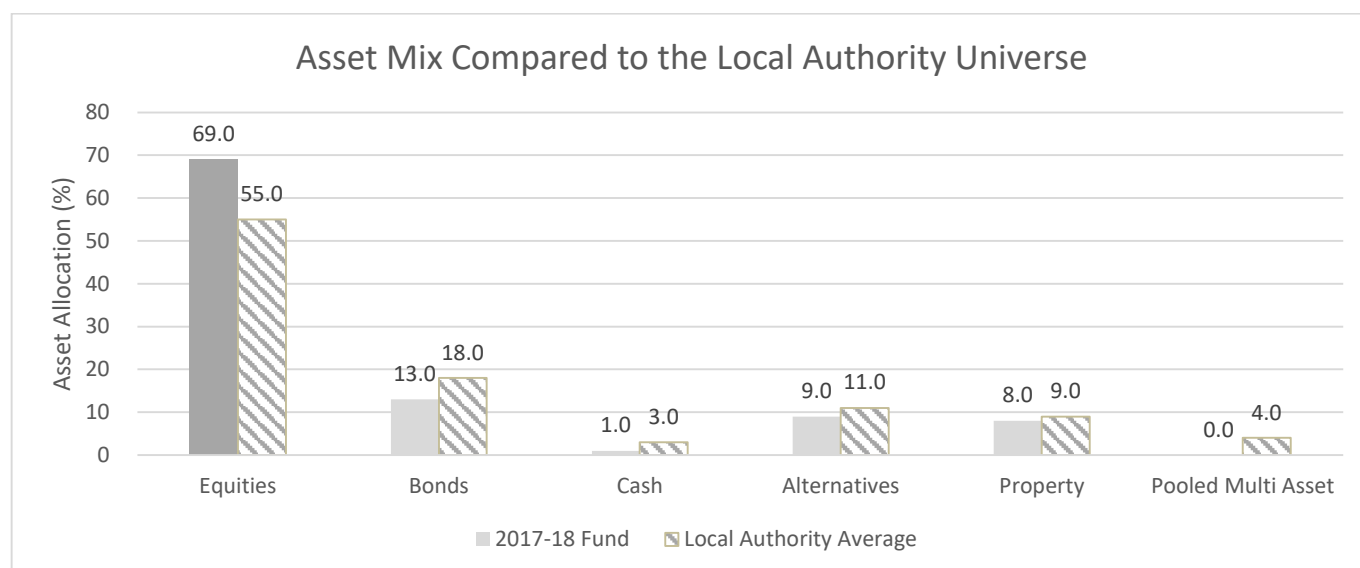
Investment Performance 2017-2018

Investment performance data comparing the Cambridgeshire County Council Pension Fund with other local authority funds and indices are shown in the table below.

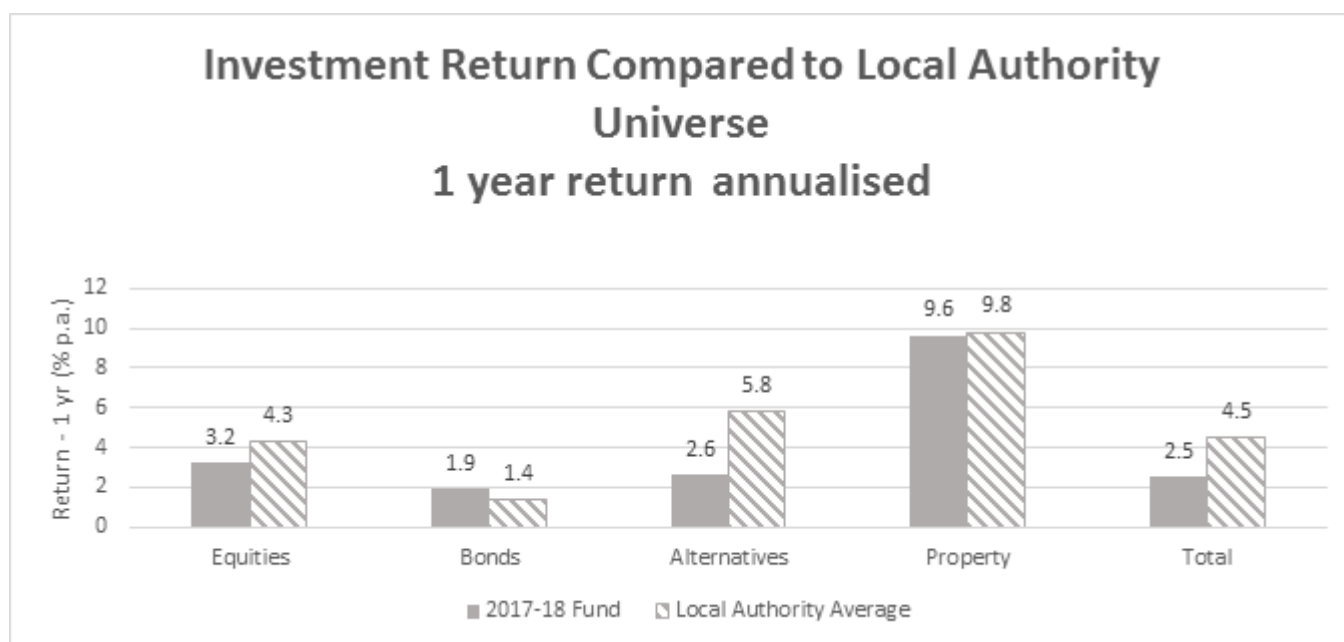
% Returns per annum for the financial year ended 31 March 2018							
		The Fund	The Benchmark	Consumer Price Index	UK Average Weekly Earnings Index	Local Authority Average	Ranking in LA Universe Percentile
2017-2018	1 year	2.5	3.0	2.5	2.8	4.5	83rd
2015-2018	3 years	7.8	8.5	1.7	2.3	8.3	46th
2013-2018	5 years	8.5	9.2	1.4	2.1	8.8	49th
2008-2018	10 years	7.0	8.1	2.3	1.9	7.7	73rd

(Sources: Mercers, PIRC Ltd, Thomson Reuters Datastream).

Performance figures are net of fees.

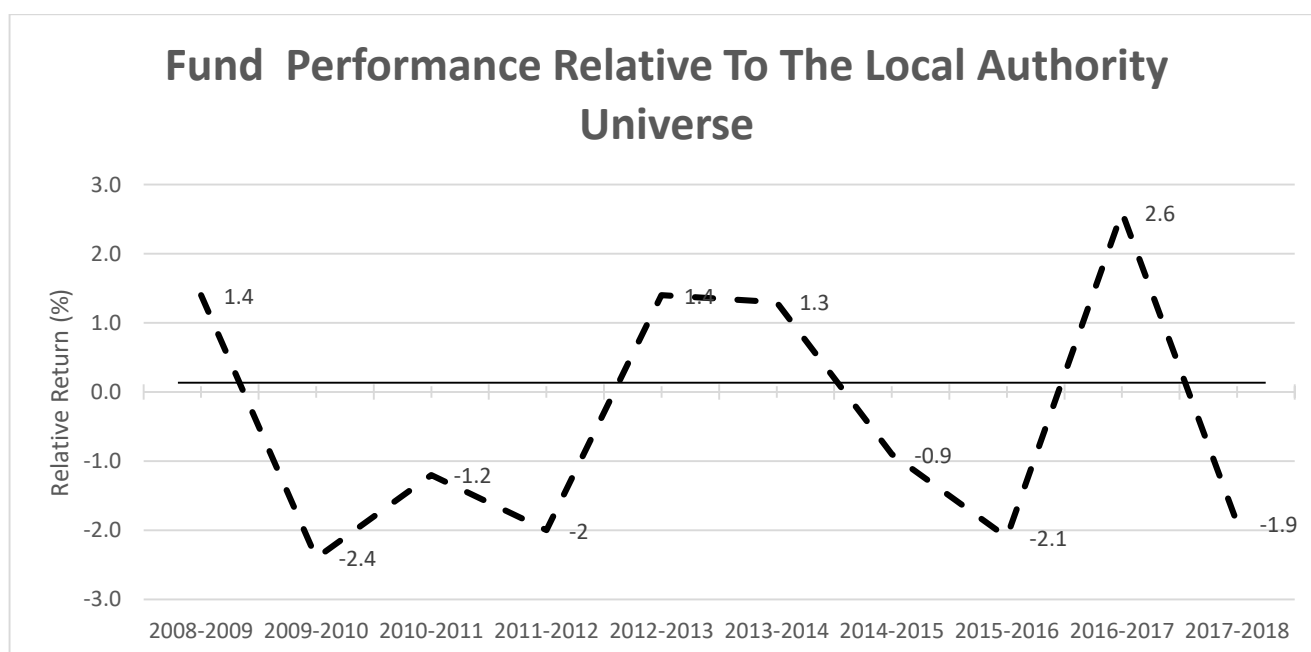


The graph shows that the Fund has higher than average equity exposure, and this overweight increased over the year as other funds reduced their exposure to this area.



Year	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Annual Return (%)										
Total Fund	(18.8)	31.9	6.9	0.5	15.4	7.8	12.2	(1.9)	24.5	2.5
LA Universe	(19.9)	35.2	8.2	2.6	13.8	6.4	13.2	0.2	21.4	4.5

The table above compares the Fund's performance with the PIRC Ltd Local Authority Average for the ten years since 2008-09. The relative performance is shown graphically below.



The graph demonstrates the volatility of annual return comparisons of Fund performance against the Local Authority Universe.

Of the ten years shown, the Fund has outperformed the Local Authority Average on four occasions, underperformed on six occasions.

Responsible Investment Policy

The Fund defines “responsible investment” as the “integration of environmental, social and corporate governance (ESG) considerations into investment management processes and ownership practices”.

The Fund recognises that effective management of ESG issues can enhance long-term financial performance of investments, and therefore ESG factors should be a feature of investment analysis and management. This aligns with the best interests of the Fund’s beneficiaries and is consistent with fiduciary duty.

The Fund only invests with reputable investment managers who will have their own policies and procedures for considering ESG issues in day-to-day investment decisions as far as they are consistent with their primary obligation to meet performance targets. As well as responsibility to manage day-to-day investments decisions to managers, the Fund has delegated voting rights on company resolutions to its investment managers. Managers regularly report on their ESG activities, voting record and direct engagement on ESG issues with companies.

The Fund supports the UK Stewardship Code and expects the Fund’s investment managers to comply with it. The Fund has produced a Statement of Commitment to the UK Stewardship Code highlighting how the Fund is discharging its stewardship responsibilities.

The Fund is a member of the Local Authority Pension Fund Forum (LAPFF). This initiative enables the Fund to work with other investors to understand the impacts of ESG considerations on financial performance.

The Fund supports the Myners’ Principles for good investment governance and has policies in place and procedures in place to evidence compliance.

Custodian Services

Northern Trust have been the Global Custodian since 1 October 2014. The responsibilities of the Global Custodian are:

- arranging for the custody of the scheme’s assets in compliance with the custody agreement;
- ensuring that all holdings have been registered as assets of the Fund;
- managing the settlement of all deals entered into by the fund managers, collect all dividends and coupons accruing to the Fund and to hold all cash; and
- providing the administering authority with monthly valuations of the scheme’s assets and details of all transactions during the quarter.

Investment Consultants' Annual Investment Review 2017-18

Economic and Market Background

Over the 12 month period to 31 March 2018, growth assets generally performed well against a backdrop of broad economic expansion, while defensive assets saw lower returns. Over the first quarter of 2018, however, equity markets experienced a correction. This shift in market sentiment was largely a reaction to a combination of escalating trade and geo-political tensions along with expectations of monetary tightening, especially in the US.

Even though economic activity and business, as well as consumer, confidence improved significantly over the year, concerns have started to surface that some economies, most notably the US, might be starting to overheat which would accelerate the tightening cycle by central banks. Persistent geopolitical tensions over the year, both on the Korean peninsula and in the Middle East, as well as rising trade tensions between the US and China in the first quarter of 2018 also weighed on financial markets and fuelled a resurgence in volatility, which had been abnormally low in the prior year.

In the UK, Brexit continues to remain at the forefront of investors' minds. Since the triggering of Article 50 in March 2017 by Prime Minister Theresa May, some progress has been made but, complex negotiations with regards to a future trade deal and the Irish border lie ahead. The UK economy held up reasonably well over 2017 with real GDP growth of 1.4% while the consensus forecast for 2018 is for 1.6% growth. An increase in inflation over the year prompted the Bank of England to increase the base rate in November 2017 for the first time in 10 years; annual inflation under the Consumer Price Index measure reached 3.0% at the end of the year and has since fallen back to 2.5% in March 2018. Currency volatility was a feature of the 12 month period, with sterling rallying against the yen and dollar, but falling against the euro.

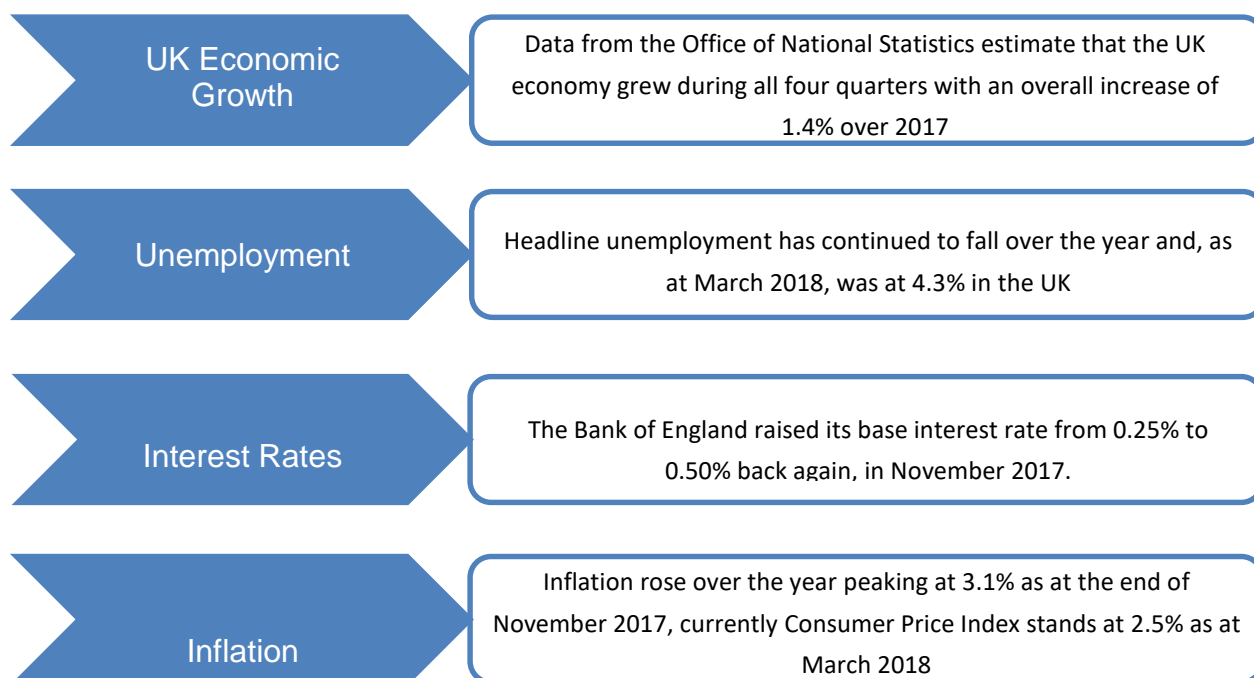
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Key Events during the Year



Growth Assets

In the UK, equities as measured by the FTSE All Share index returned 1.2% over the year to 31 March 2018.

At a global level, developed markets as measured by the FTSE World index, returned 2.6%. Meanwhile, a return of 8.8% was recorded by the FTSE All World Emerging Markets index.

At a regional level, European markets returned 4.3% as indicated by the FTSE World Europe ex UK index. The FTSE USA index returned 1.8% while the FTSE Japan index returned 7.5%.

UK property investors continued to experience strong returns. Over the 12 month period to 31 March 2018, the IPD UK All Property Index returned 11.3%.

Bond Markets

Returns on UK Government Bonds as measured by the FTSE Gilts All Stocks Index, returned 0.5%, while long dated issues as measured by the corresponding Over 15 Year Index returned 2.2% over the year.

The yield for the FTSE Gilts All Stocks index rose marginally over the year from 1.4%p.a. to 1.5%p.a. The FTSE All Stocks Index Linked Gilts index returned 0.5% with the corresponding over 15 year returning 1.2%.

Corporate debt as measured by the Bank of America Merrill Lynch Sterling Non-Gilts index returned 1.3%.

Currencies

Over the 12 month period to 31 March 2018, sterling rose 12.2% against the dollar from \$1.25 to \$1.40 and also appreciated 7.1% against the yen from ¥139.34 to ¥149.19. Whilst against the euro sterling depreciated by 2.4% from €1.17 to €1.14 over the same period.

Fund Performance

Over the twelve month period, the Fund achieved a return of 2.5% (net of fees) versus a benchmark return of 3.0%. Dodge & Cox, Schrodgers property and the secured loans mandate with M&G all underperformed their benchmarks over the year. JO Hambro and Schroder UK Equity both outperformed over the year but this was not enough to offset the underperformance from other managers.

Outlook

Developed market (DM) credit and equity returns faltered in the first quarter of 2018, amid the combination of escalating trade and geo-political tensions, a rising oil price, data disappointments in a range of economies, concern around the short- and medium-term impacts of US budget policy, and growing doubts about technology sector earnings and valuations. Against a broader backdrop in which global inflation appears to be edging higher, and the slowly turning tide of central bank liquidity, it is little surprise volatility finally has returned to financial markets.

There are signs the synchronised global upturn may be close to a peak, with the potential for more divergent growth across regions, nevertheless we believe the global economic outlook remains supportive of solid corporate earnings growth. The direct effect on growth of recent US and Chinese tariff increases should be small, and only a broader application of protectionist measures may have any material impact (and which in our view remains a low probability event).

Even the US, where the output gap appears to have closed and which arguably is the major economy closest to 'late cycle', wage and inflationary pressures are intensifying only slowly, and Fed policy is still slightly accommodative. History shows the early phases of 'late cycle' are still relatively benign periods for risk assets, and we believe (despite significant US fiscal stimulus) the current cycle is unlikely to be all that much different from previous episodes.

However, notwithstanding the declines in Q1, in our view developed equity and credit market valuations are still not so attractive as to justify an 'overweight' position. To the contrary, relative to the Goldilocks economic environment of 2017, the slightly more challenging outlook arguably warrants some derating of risk assets. Moreover, while absolute valuations may have cheapened a little in Q1, valuations relative to government bonds have continued to deteriorate. Correspondingly, we maintain our broadly neutral stance between growth and defensive assets.

Given the steady normalisation of US monetary policy and the accompanying rises in US yields over the past quarter, in our view defensive asset classes are beginning to offer slightly better value. Nevertheless, we continue to recommend investors maintain moderately underweight duration positions. US yields provide little protection against upside US inflation surprise, while government bond yields outside the US remain close to historical lows. We would prefer to see further rises in the US Fed funds rate before moving to a more neutral stance.

In contrast to the developed economies, emerging equity and debt markets continued to deliver generally solid returns in Q1. Correspondingly, emerging market valuations are no longer especially compelling (either in absolute terms or relative to DM), and in the case of debt real

yields are also close to historical lows. However, following the economic adjustments of the past few years, emerging markets appear to have more cyclical upside than the major developed economies. Along with the potential for further structural exchange rate appreciation (from cyclically low levels), emerging markets remains our preferred sector in both equities and fixed interest.

Investment Strategy

The Fund's strategic benchmark is allocated across a diverse range of asset classes expected in aggregate to generate a return above the growth in the Fund's liabilities, and improve the funding level, over the long term. The Fund holds a large equity portfolio allocation which is held with the expectation of generating strong real returns above that of the Fund's liabilities. The Fund also holds a defensive portfolio (made up of bond investments) and an alternatives portfolio which aims to achieve strong real returns whilst giving the Fund some diversification away from equity markets.

The Committee continued to monitor its investment strategy relative to the funding level during the year. The Committee have begun work on completing a full investment strategy review, and progress to meet the Government's pooling initiative has been made with the Fund's passive equities transitioning to UBS in February 2018.

Joanne Holden
Mercer Limited
May 2018

SCHEME ADMINISTRATION REPORT

Cambridgeshire County Council is responsible for administering the Cambridgeshire Pension Fund. LGSS, which is a partnership between Cambridgeshire County Council, Northamptonshire County Council and Milton Keynes Council, provides pension administration services to the Cambridgeshire Pension Fund. The primary objective of LGSS Pensions is to provide an efficient and effective pension administration service to stakeholders utilising converged processes, shared resources and benefitting from economies of scale. LGSS delivers pensions services to 48,631 active members, 63,685 deferred members and 33,754 pensioner members.

Pension Fund Website

The LGSS Pensions website contains detailed information for all the Fund's stakeholders and has dedicated pages for both members and employers. The information is regularly updated to ensure the accuracy of the information being published. There is a comprehensive suite of forms and factsheets for members, prospective members and employers. Contact details are on the website so support can be sought in conjunction with the online information. See <http://pensions.cambridgeshire.gov.uk/index.php/contact-us/>

Employer Self Service

Employer Self Service (ESS) gives employers access to the pensions database remotely and securely, allowing them to view, create and amend their employees' data, run reports and perform benefit calculations.

ESS continues to be promoted to employers to generate further efficiencies and has been embedded in to all training presentations, detailing the benefits associated with the system. ESS has been offered to all employers across the Cambridgeshire Pension Fund since January 2015.

ESS has also been promoted as the primary method for employers to obtain benefit estimates for their members. This provides efficiencies for both LGSS Pensions and our employers by reducing the number of enquiries received by LGSS Pensions by enabling employers to run their own estimates and obtain results immediately, when they need them.

We have delivered a number of training sessions to employers, showing them the benefits of ESS and how to use the systems. This has also included large payroll providers who are amongst our biggest data providers.

Member Self Service

Member Self Service (MSS), allows members to securely access their own records held on the pensions database to view and/or amend their personal information and perform benefit projections. It is also used to provide active and deferred members with their annual benefits statement.

We have promoted the use of MSS to our active members through individual letters, member newsletters, posters and promotion on our website. We have also encouraged employers to promote MSS to their members.

i-Connect

i-Connect allows employers to securely upload payroll data to the pensions database on a monthly basis, ensuring accurate and timely record maintenance and providing a solution to the demands of automatic enrolment. LGSS Pensions has been working with its largest employers to implement i-Connect. This will achieve significant efficiencies for both the Fund and scheme employers.

From 1st April, one of the largest payroll providers for schools and academies in Cambridgeshire and Peterborough, will use i-connect. This will significantly improve efficiency in the Local Authority maintained schools sector in regards to their pensions administration. It is planned to implement i-connect with our other large education sector data provider in 2018.

Internal Disputes Resolution Procedure

Safeguards for scheme members are contained within the LGPS Regulations, which contain comprehensive complaints and disputes procedures. Members are able to seek redress through the Internal Disputes Resolution Procedure which allows access to a two stage procedure in an attempt to bring a solution to any dispute. If the member or former member is still unhappy with the decision reached at stage two there is the right for the complainant to then lodge their grievance with the Pensions Ombudsman. At any stage a scheme member has the right to direct their complaint to The Pensions Advisory Service (TPAS).

The following formal disputes have arisen and/or been resolved during 2017/2018:

- Three Stage 1 IDRP applications relating to administering authority decisions remained outstanding at the end of 2016/2017 and were dealt with in 2017/2018. The subjects of the complaints and whether they were upheld are detailed below :
 - Late payment of death grant. Complaint upheld.
 - Delays in payment of member and survivor's benefit. Complaint upheld.
 - Refusal to allow member to transfer out benefits to a different scheme. Complaint not upheld.
- Two Stage 1 IDRP applications relating to administering authority decisions arose and were dealt with in 2017/2018. The complaints in both cases were not upheld and they related to:
 - The refusal to award a survivor's pension as no valid nomination had been made.
 - A delay in payment of a transfer value from one of the Pension Fund's Additional Voluntary Contributions providers.
- One Stage 1 IDRP applications relating to an administering authority decision arose in 2017/2018 but, as no decision had been made within the timescale required by the LGPS Regulations, was escalated to Stage 2 of the procedure.
- One Stage 2 IDRP application relating to an employer decision arose and was dealt with in 2017/2018. The complaint concerned the tier of ill health pension awarded and the complaint was upheld.
- One Stage 2 IDRP application relating to an administering authority decision remained outstanding at the end of 2016/2017 and was dealt with in 2017/18. The complaint concerned refusal to grant payment of deferred benefits on ill health grounds and the appeal was not upheld.

- One Stage 2 IDRP application relating to an administering authority arose and was dealt with in 2017/2018. The complaint concerned refusal to award a survivor's pension as no valid nomination had been made and the appeal was not upheld.
- One Stage 2 IDRP application relating to an employer decision arose in 2017/2018, but remained outstanding at 31 March 2018.
- One Stage 2 IDRP application relating to an administering authority decision arose in 2017/2018, but remained outstanding at 31 March 2018.
- One complaint relating to an administering authority decision referred to the Pensions Ombudsman was decided in 2017/2018. The complaint concerned a member's AVC fund being less than anticipated due to the date of processing the benefit. The complaint was not upheld.

ACTUARIAL REPORT ON FUNDS

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 2017. 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 below the theoretical rate required to return their portion of the Fund to full funding over 20 years if the valuation assumptions are borne out. 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 still a 66% chance that the Fund will return to full funding 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 2016. This valuation revealed that the Fund's assets, which at 31 March 2016 were valued at £2,277 million, were sufficient to meet 78% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting deficit at the 2016 valuation was £625 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 2017 to 31 March 2020 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 2016 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.

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 2016 valuation were as follows:

Financial assumptions	31 March 2016 % p.a. Nominal
Discount rate	4.0%
Salary increase assumption	2.4%
Benefit increase assumption (CPI)	2.1%

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the Continuous Mortality Investigation 2013 model, assuming the current rate of improvements has reached a peak and will converge to 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	22.4 years	24.4 years
Future Pensioners*	24.0 years	26.3 years

Aged 45 at the 2016 valuation.

Copies of the 2016 valuation report and Funding Strategy Statement are available on request from Cambridgeshire County Council, the administering authority to the Fund.

Experience over the period since March 2016

Since the last formal valuation, real bond yields have fallen placing a higher value on the liabilities and there have been strong asset returns, particularly during 2016/17. Both events are of broadly similar magnitude with regards to the impact on the funding position.

The next actuarial valuation will be carried out as at 31 March 2019. The Funding Strategy Statement will also be reviewed at that time.



Geoff Nathan FFA

For and on behalf of Hymans Robertson LLP

20 April 2018
Hymans Robertson LLP
20 Waterloo Street
Glasgow
G2 6DB

Extract from the actuarial valuation report on the 2016 valuation dated 31 March 2017**Executive Summary**

We have carried out an actuarial valuation of the Cambridgeshire Pension Fund (the Fund) as at 31 March 2016. The results are presented in this report and are briefly summarised below.

Funding position

The table below summarises the financial position of the Fund at 31 March 2013 and 31 March 2016 in respect of benefits earned by members up to this date.

	31 March 2013	31 March 2016
Past Service Position	£m	£m
Past Service Liabilities	2,633	2,902
Market Value of Assets	1,905	2,277
Surplus/(Deficit)	(728)	(625)
Funding Level	72.4%	78.4%

The improvement in funding position between 2013 and 2016 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 summarises the whole fund Primary and Secondary Contribution rates at this 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 2017 to 31 March 2020	2017/2018	2018/2019	2019/2020
18.1%	£26,039,000	£17,959,000	£18,355,000

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.

At the previous formal valuation at 31 March 2013, a different regulatory regime was in force. Therefore a contribution rate that is directly comparative to the rates above is not provided.

The common contribution rate is a theoretical figure – an average across the whole Fund. In practice each employer that participates in the Fund has its own underlying funding position and circumstances, giving rise to its own contribution rate requirement. The minimum contributions to be paid by each employer from 1 April 2017 to 31 March 2020 are shown in the Rates and Adjustment Certificate.

The Fund does not undertake formal interim valuations. However, it receives quarterly funding updates based upon the latest triennial valuation funding data. This is reported to the Investment Sub Committee quarterly.

The key demographic assumptions are formally reviewed with the actuary at the start of each triennial valuation and any changes reflected in the valuation results. The assumptions used in the latest valuation are set out in Appendix E of the Funding Strategy Statement which can be found at Appendix B to the Annual Report.

GOVERNANCE POLICY AND COMPLIANCE STATEMENT

It is a requirement for the Administering Authority to publish a Governance Policy and Compliance Statement since the Local Government Pension Scheme (Administration) Regulations 2008 came into force. This remains the case following the enactment of the Local Government Pension Scheme Regulations 2013 the (under regulation 55).

The Governance Policy and Compliance Statement incorporates a statement on how compliant the Administering Authority is against a set of best practice principles issued by the Department of Communities and Local Government in 2008. The compliance statement is intended to ensure transparency, accountability and stakeholder involvement.

The current Governance Policy and Compliance Statement was last reviewed in October 2017 and has been published on the Funds website <http://pensions.cambridgeshire.gov.uk/> and is in Appendix A of this report.

The activities of the Fund are controlled by the County Council's Pension Fund Committee. The Local Pension Board has the responsibility ensure the effective and efficient governance and administration of the LGPS.

The Pension Fund Committee consists of the following representatives:

Representing	No.
Cambridgeshire County Council (County Councillors)	6
All other Local Authorities, Police and Fire	2
All other employers	1
Active scheme members	1
Deferred and Pensioner scheme members	1
Total	11

Operational investment matters are dealt with by the Investment Sub-Committee which consists of the following representatives:

Representing	No.
Cambridgeshire County Council (County Councillors)	4
All other employers	2
Scheme members	1
Total	7

All members have equal voting rights.

The Pension Fund Committee meets 4 times a year and holds an Annual Meeting each July. The Investment Sub-Committee meets 4 times a year.

The following table shows the attendance of committee members at both the Pension Fund Committee and Investment Sub-Committee meetings during 2017-18.

		Attendance at Pension Fund Committee Meetings	Attendance at Investment Sub-Committee Meetings
County Council Members	Cllr R Hickford	5/5	4/4
	Cllr A Hay (from May 17)	5/5	-
	Cllr M Shellens (from May 17)	5/5	4/4
	Cllr Schumann	3/5	-
	Cllr P Downes (from May 17)	5/5	2/4
	Cllr T Rogers (From May 17)	5/5	3/4
District/Borough/ Police and Fire Representatives	Cllr A Fraser	3/5	-
	Cllr D Seaton	1/5	2/4
All Other Employers' Representatives	Gareth Deeble	4/5	1/3
Member Representatives	Matthew Pink	2/5	-
	John Walker	3/5	4/4

The Local Pension Board consists of the following representatives:

Representing	No.
Scheme Employers	3
Scheme Members	3
Total	6

The Local Pension Board meets at least twice per year and reports its activities at the end of each financial year to full Council. It has no decision making ability and there are no substitute members.

The following table shows the attendance of Local Pension Board members during 2017-18.

		Attendance at Local Pension Board Meetings
Scheme Employers	Cllr M McGuire (until May 17)	0/1
	Cllr S King (from May 17)	2/2
	Cllr P Downes (until May 17)	1/1
	Cllr I Manning (from May 17)	0/2
	Cllr Denis Payne	3/3
Scheme Representatives	Barry O'Sullivan	3/3
	John Stokes	2/3
	David Brooks	3/3

- The meeting of the 21 July 2017 was cancelled as it was not quorate, therefore the maximum number of meetings that could be attended in the period is three.

PENSIONS ADMINISTRATION STRATEGY REPORT

The Fund's Pensions Administration Strategy is produced in accordance with Regulation 59 of the Local Government Pension Scheme Regulations 2013. The Regulations provide that administering authorities may prepare, maintain and publish a written statement setting out their policy concerning administration matters, and the administering authority and its employing authorities must then have regard to that strategy when carrying out their functions.

The Regulations also require that the administering authority should consult with its employing authorities (and any other persons it considers appropriate) in preparing or reviewing its administration strategy.

In addition, regulation 70 of the Local Government Pension Scheme Regulations 2013 allows an administering authority to recover additional costs from a scheme employer where, in its opinion, they are directly related to the poor performance of that scheme employer. Where this situation arises the administering authority is required to give written notice to the scheme employer, setting out the reasons for believing that additional costs should be recovered, the amount of the additional costs, together with the basis on which the additional amount has been calculated. During 2017-18 the scheme did not exercise its powers to recover additional costs from scheme employers.

To reinforce the importance of the Pensions Administration Strategy, regular employer forums are held to communicate the performance against agreed standards. Examples of the key performance indicators that are measured are detailed below:

Service Standard	Target (working days)
The provision of named pension contacts for the scheme employer	30 working days
Scheme employers must have published Employer Discretions, accessible to all employees and a copy provided to LGSS Pensions	Within 30 working days of approval
Accurate year end information must be provided for all scheme members	By 30 April

FUNDING STRATEGY STATEMENT

The Fund is required to ensure that sufficient funds are available not only to meet its current liabilities, but also to make advance provision of accruing future liabilities.

Decisions taken regarding the approach to funding will therefore determine the rate or pace at which this advance provision is made, in addition to ensuring sufficient funds are available for its current liabilities.

Although the regulations specify the fundamental principles on which funding contributions should be assessed, implementation of the funding strategy is the responsibility of the administering authority, acting on the professional advice provided by the actuary.

The purpose of this Funding Strategy Statement is:

- to establish a clear and transparent fund-specific strategy which will identify how employers' pension liabilities are best met going forward;
- to support the regulatory requirement to maintain as nearly constant as possible employer contribution rates; and
- to take a prudent longer-term view of funding those liabilities.

This strategy is both cohesive and comprehensive for the Fund as a whole, recognising that there will be conflicting objectives which need to be balanced and reconciled. Whilst the position of individual employers must be reflected in the statement, it must remain a single strategy for the administering authority to implement and maintain.

The Funding Strategy Statement has been reviewed as part of the 2016 valuation exercise to ensure that the strategy is appropriate and relevant.

In 2017-18, contribution increases were implemented in accordance with the Statement to the Rates and Adjustments Certificate attached to the 2016 valuation of the Fund.

New admitted bodies are admitted into the scheme in accordance with the Funding Strategy Statement and the Admission Bodies, Scheme Employers and Bulk Transfer Policy which was reviewed and updated in October 2015 - <http://pensions.northamptonshire.gov.uk/wp-content/uploads/2012/10/Cambridgeshire-Admitted-body-Scheme-employer-and-bulk-TV-policy-Final-20152.pdf> .

The Funding Strategy Statement was updated in March 2017 and can be found on the Cambridgeshire Pension Fund website, <http://pensions.cambridgeshire.gov.uk> and in Appendix B of this report.

INVESTMENT STRATEGY STATEMENT

The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (“the 2016 Regulations”), which came into force on 1 November 2016, require an administering authority, after taking proper advice and consulting with such persons as it considers appropriate, to formulate and publish its investment strategy in the Investment Strategy Statement (ISS).

In addition, Local Government Pension Scheme (England and Wales) (Amendment) Regulations 2004 came into effect 1 April 2004, requiring administering authorities to publish a Funding Strategy Statement (FSS). The FSS must have regard to the Investment Strategy Statement. The ISS contains reference to the FSS for information.

The investment strategy must be reviewed and if necessary revised by the administering authority from time to time, and at least every three years, and publish a statement of any revisions.

During 2017-18 the Fund held a series of Investment Information Days (IIDs) for the Pension Fund Committee and members of the Local Pension Board, to discuss all aspects of the Fund’s policies detailed in the ISS assisted by presentations from the Fund’s Investment Consultants (Mercer), the Fund’s Actuary (Hymans) and external fund managers. This resulted in minor amendments to the ISS which were approved by the Pension Fund Committee on 29 March 2018 and published on the Fund’s web pages.

The current ISS can be found at:

<http://pensions.cambridgeshire.gov.uk/index.php/governance2/key-documents/> and in Appendix C of this report.

COMMUNICATION STRATEGY STATEMENT

The Communications Policy is guided by the standards set out in regulation 61 of the Local Government Pension Scheme Regulations 2013.

These Regulations require administering authorities to:

prepare, maintain and publish a written statement setting out their policy concerning communications with:

- Scheme members
 - representatives of Scheme members
 - prospective Scheme members
 - employing authorities;
- set out their policy on:
 - the provision of information and publicity about the Scheme to members, representatives of members and employing authorities
 - the format, frequency and method of distributing such information or publicity
 - the promotion of the Scheme to prospective members and their employing authorities; and
- keep the statement under review and make such revisions as are appropriate following a material change in the policy on any of the matters mentioned below and, if revisions are made, publish a revised statement.

The current Communications Strategy was approved by the Pension Fund Committee in March 2017.

The policy is published on the LGSS Pensions website, <http://pensions.cambridgeshire.gov.uk> and can be found in Appendix D of this report.

In line with the Communications Strategy the Fund's website, has dedicated sections that provide up to date and detailed information for members, prospective members, employers and other stakeholders.

Communications with the Scheme's employers take place on a regular basis through the use of newsletters and bulletins which cover subjects including changes to reporting procedures, changes to scheme rules and other pension matters relevant to employers and/or their members.

The Fund delivers training, webinars and workshops for scheme employers on topics such as employers' responsibilities in the Fund, calculating pensionable pay, dealing with ill health retirements, pension considerations when outsourcing and other pension matters. The Fund also provides bespoke and targeted training to help improve employer performance.

Member presentations are also delivered at the request of the scheme employer and at the employer's establishment to allow ease of access for Scheme members.

ANY OTHER APPROPRIATE MATERIAL

The table below shows a summary of the number of employers in the Fund analysed by scheduled bodies and admitted bodies which are active (with active members) and ceased (no active members but with some outstanding liabilities).

	Active	Ceased	Total
Scheduled body	62	24	86
Admitted body	99	89	188
Designated body	47	23	70
Total	208	136	344

The following table shows an analysis of the Fund's assets at 31 March 2018 by asset class, based upon manager mandates.

	UK	Non UK	Global	Total
	£000	£000	£000	£000
Equities	645,584	-	1,380,326	2,025,910
Bonds	143,612	59,054	169,848	372,514
Property - direct holdings	-	-	216,962	216,962
Alternatives	108,519	52,441	113,799	274,759
Cash and cash equivalents	25,887	-	-	25,887
Other	-	-	-	-
Total	923,602	111,495	1,880,935	2,916,032

The following table shows an analysis of investment income accrued as at 31 March 2018 by asset class.

	UK	Non UK	Global	Total
	£000	£000	£000	£000
Equities	15,671	-	5,233	20,904
Bonds	2,560	1,905	-	4,465
Property - direct holdings	-	-	-	-
Alternatives	651	4,323	6,812	11,786
Cash and cash equivalents	987	-	-	987
Other	-	-	-	-
Total	19,869	6,228	12,045	38,142

INDEPENDENT AUDITOR'S STATEMENT TO THE MEMBERS OF CAMBRIDGESHIRE COUNTY COUNCIL ON THE PENSION FUND FINANCIAL STATEMENTS

TO BE PROVIDED BY AUDITORS

AUDIT REPORT PAGE 2

FUND ACCOUNT, NET ASSETS STATEMENT AND NOTES

INTRODUCTION

- 1.1 The following comprises the Statement of Accounts for the Cambridgeshire County Council Pension Fund. The accounts cover the financial year from 1 April 2017 to 31 March 2018.
- 1.2 These accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017-18 based on International Financial Reporting Standards (IFRS) as published by the Chartered Institute of Public Finance and Accountancy. The accounts have been prepared on an accruals basis. They do not take account of liabilities to pay pensions and other benefits in the future.
- 1.3 The accounts are set out in the following order:

Fund Account which discloses the size and nature of financial additions to and withdrawals from the Fund during the accounting period and reconciles the movements in the net assets to the Fund Account.

Net Assets Statement which discloses the size and disposition of the net assets of the Fund at the end of the accounting period.

Notes to the Accounts which gives supporting accounting policies, detail and analysis concerning the contents of the accounts, together with information on the establishment of the Fund, its membership and actuarial position.

PENSION FUND ACCOUNT FOR THE YEAR ENDED 31 MARCH 2018

31-Mar-17 £000		Notes	31-Mar-18 £000
	Dealings with members, employers and others directly involved in the fund:		
125,448	Contributions	7	128,410
3,292	Transfers in from other pension funds	8	4,932
128,740			133,342
(98,387)	Benefits	9	(99,345)
(10,421)	Payments to and on account of leavers	10	(10,126)
(108,808)			(109,471)
19,932	Net additions/(withdrawals) from dealing with members		23,871
(15,163)	Management Expenses	11	(16,954)
4,769	Net additions/(withdrawals) including fund management expenses		6,917
	Returns on investments:		
30,147	Investment income	12	38,142
-	Taxes on income	13	(329)
542,371	Profit and losses on disposal of investments and changes in the market value of investments	14a, 17b	70,998
572,518	Net return on investments		108,811
577,287	Net increase/(decrease) in the net assets available for benefits during the year		115,728
2,276,291	Opening net assets of the scheme		2,853,578
2,853,578	Closing net assets of the scheme		2,969,306

Notes on pages 66 to 106 form part of the financial statements.

PENSION FUND NET ASSET STATEMENT

31-Mar-17 £000		Notes	31-Mar-18 £000
2,814,423	Investment assets		2,916,032
(1,137)	Investment liabilities		-
2,813,286	Total net investments	14	2,916,032
46,173	Current assets	21	57,564
(7,777)	Current liabilities	23	(5,554)
38,396	Net Current Assets		52,010
1,896	Non-current assets	22	1,264
2,853,578	Net assets of the Fund available to fund benefits at the end of the reporting period	16a, 17a	2,969,306

Notes on pages 66 to 106 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 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 2017-18 on pages 3 to 63 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 fire-fighters 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.

NOTES TO THE PENSION FUND ACCOUNTS

As at 31 March 2018 there are 206 (2017: 182) active employers within the Cambridgeshire Pension Fund, including the County Council itself. Active employers include multiple academy trusts counted as a single employer. Looking through these multiple arrangements the total number of underlying organisations as at 31 March 2018 was 327 (2017: 245), an increase/decrease of 82. The Fund has over 80,000 individual members, as detailed below:

Cambridgeshire Fund	31-Mar-18	31-Mar-17
Number of employers with active members	206	182
Number of employees in scheme:		
County council	9,726	10,907
Other employers	17,771	15,878
Total	27,497	26,785
Number of Pensioners:		
County council	8,352	8,165
Other employers	9,702	9,138
Total	18,054	17,303
Deferred pensioners:		
County council	16,962	16,484
Other employers	18,303	16,751
Total	35,265	33,235
Total members	80,816	77,323

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 2018. Employers' contributions are set as part of the triennial actuarial funding valuation. The last such valuation was at 31 March 2016. Employers' contributions comprise a percentage rate on active payroll between 11% and 25.1% and deficit payments of fixed cash amounts set for each employer as part of the triennial funding valuation.

NOTES TO THE PENSION FUND ACCOUNTS

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 31 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, disability pensions and death benefits. For more details, please refer to the Cambridgeshire Pension Fund scheme handbook available from LGSS Pension Services based at One Angel Square, Angel Street, Northampton NN1 1ED or online at pensions.cambridgeshire.gov.uk.

2. BASIS OF PREPARATION

The Statement of Accounts summarises the Fund's transactions for the 2017-18 financial year and its position at year-end as at 31 March 2018. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017-18 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year.

NOTES TO THE PENSION FUND ACCOUNTS

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 an accruals basis when the associated liability is accepted by the receiving scheme.

Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see below) 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.

NOTES TO THE PENSION FUND ACCOUNTS

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.

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.

v) *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 and is shown in note 13 to the accounts.

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.

NOTES TO THE PENSION FUND ACCOUNTS

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

All investment management expenses are accounted for on an accruals basis.

In 2016-17 as a result of the Fund adopting the guidance in CIPFA's Accounting for Local Government Pension Scheme Management Expenses (2016), there was a change in presentation of investment manager expenses as follows:-

- (i) Management fees charged as a deduction from the net asset value of pooled funds were now reported as investment management expenses and the return on investments grossed up accordingly;
- (ii) Transaction costs including brokerage fees and UK stamp duty incurred by segregated managers that had previously been reported within the cost of purchases or deducted from proceeds of sale of an investment were now reported within investment expenses and the cost of investment purchases or proceeds of sales are adjusted accordingly.

This treatment has been applied consistently for 2017-18.

Fees of the 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.

In addition the Fund has negotiated with the following managers that an element of their fee be performance related:

- JO Hambro Capital Management – Global Equities
- Skagen Asset Management - Emerging Market

The Fund also had a performance fee related agreement with Schroders Investment Management Limited in respect of the Multi Asset mandate which was replaced on 1 July 2016 with separate mandates for UK Equities and Strategic Bonds for which there is no performance related fee. No performance fee was payable for the period ended 30 June 2016.

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 2017-18, £1.5m of fees are based upon such estimates (2016-17: £ 1.3m). In addition, manager fees deducted from pooled funds of £7.9m (2016-17: £6.9m) 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.

NOTES TO THE PENSION FUND ACCOUNTS

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 a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards.

NOTES TO THE PENSION FUND ACCOUNTS

As permitted under IAS 26, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the net assets statement (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 has appointed Prudential and Equitable Life as its AVC providers. 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 (Note 24).

Contingent assets and liabilities

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.

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.

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

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.

NOTES TO THE PENSION FUND ACCOUNTS

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 2018 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% increase in the discount rate assumption would result in a decrease in the pension liability of £445m. A 0.5% increase in assumed earnings inflation would increase the value of liabilities by approximately £60m, and a one-year increase in assumed life expectancy would approximately increase the liabilities by between 3-5%.
Cambridge and Counties Bank	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.	The investment in the financial statements is £65.8m. There is a risk that this investment may be under, or overstated in the accounts.
Other private equity and infrastructure	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.	Total private equity and infrastructure investments (excluding Cambridge and Counties Bank – see above) at fair value in the financial statements are £209m. There is a risk that this investment may be under or overstated in the accounts.

NOTES TO THE PENSION FUND ACCOUNTS

6. EVENTS AFTER THE BALANCE SHEET DATE

There have been no events since 31 March 2018, and up to the date when these accounts were authorised that require any adjustments to these accounts.

As part of a Government initiative to pool Local Government Pension Scheme assets, the Fund has joined the ACCESS asset pool and is working towards the pooling of Investments. More information can be found on page 35 of the Fund's Annual Report.

7. CONTRIBUTIONS RECEIVABLE

By category

2016-17 £000		2017-18 £000
25,874	Employees' contributions	25,322
84,909	Employers' contributions:	82,290
14,665	Normal contributions	20,798
99,574	Deficit recovery contributions	103,088
	Total employers' contributions	
125,448		128,410

By authority

2016-17 £000		2017-18 £000
39,594	Administering Authority	38,591
77,666	Scheduled Bodies	82,374
2,991	Admitted Bodies	3,678
2,280	Community Admission Bodies	2,056
2,917	Transferee Admission Bodies	1,711
125,448		128,410

8. TRANSFERS IN FROM OTHER PENSION FUNDS

2016-17 £000		2017-18 £000
3,292	Individual transfers	4,932
3,292		4,932

NOTES TO THE PENSION FUND ACCOUNTS

9. BENEFITS PAYABLE

By category

2016-17 £000		2017-18 £000
76,011	Pensions	78,846
20,003	Commutation and lump sum retirement benefits	18,573
2,373	Lump sum death benefits	1,926
98,387		99,345

By authority

2016-17 £000		2017-18 £000
38,673	Administering Authority	39,324
50,578	Scheduled Bodies	51,707
2,979	Admitted Bodies	2,865
3,884	Community Admission Bodies	3,370
1,121	Transferee Admission Bodies	948
1,152	Resolution Bodies	1,131
98,387		99,345

10. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

2016-17 £000		2017-18 £000
306	Refunds to members leaving service	358
670	Group transfers	-
9,445	Individual transfers	9,768
10,421		10,126

11. MANAGEMENT EXPENSES

2016-17 £000		2017-18 £000
2,218	Administrative costs	2,277
12,526	Investment management expenses (see note 11A)	14,502
419	Oversight and governance costs	175
15,163		16,954

NOTES TO THE PENSION FUND ACCOUNTS

Fees payable to External Auditors, included within Oversight and governance costs, were £22,410 during the year (2016-17 £22,410).

Oversight and governance costs include actuarial fees which were higher in 2016-17 due to the fees incurred in respect of the triennial funding valuation. Details of the Fund's unit cost per member of administering the Fund and comparison to the CIPFA benchmark can be found of page 24 of the Fund's Annual Report.

11A. INVESTMENT MANAGEMENT EXPENSES

2016-17 £000		2017-18 £000
10,634	Management fees	12,233
508	Performance related fees	524
1,099	Transaction costs	1,212
285	Other costs	533
12,526		14,502

The increase in management fees in 2017-18 reflects the increase in the value of assets under management in the year.

12. INVESTMENT INCOME

2016-17 £000		2017-18 £000
405	Income from bonds	421
11,967	Income from equities	15,633
8,260	Pooled investments – unit trusts and other managed funds	9,952
6,788	Pooled Property Investments	6,747
1,661	Private equity/infrastructure income	4,733
902	Interest on cash deposits	441
164	Other – securities lending income	215
30,147		38,142

13. TAXES ON INCOME

2016-17 £000		2017-18 £000
-	Withholding tax – pooled	162
-	Withholding tax – equities	167
-		329

NOTES TO THE PENSION FUND ACCOUNTS

Some foreign income is paid to the Fund net of withholding tax. The Fund was able to reclaim all withholding tax in 2016-17, however this year a small amount of tax is not reclaimable by the Fund and is therefore recognised as an expense.

14. INVESTMENTS

31-Mar-17 £000		31-Mar-18 £000
	Investment assets	
74,590	Bonds	74,578
357,733	Equities	371,765
1,898,748	Pooled investments	1,953,899
192,549	Pooled property investments	206,671
246,179	Private equity/infrastructure	274,393
41,910	Cash deposits	31,191
2,714	Investment income due	3,535
-	Amounts receivable for sales	-
2,814,423	Total investment assets	2,916,032
	Investment liabilities	
(1,137)	Amounts payable for purchases	-
(1,137)	Total investment liabilities	-
2,813,286	Net investment assets	2,916,032

NOTES TO THE PENSION FUND ACCOUNTS

14(a) Reconciliation of movements in investments and derivatives

	Market value 1-Apr-17	Purchases during the year and derivative payments*	Sales during the year and derivative receipts*	Change in market value during the year	Market value 31-Mar-18
	£000	£000	£000	£000	£000
Bonds	74,590	-	-	(12)	74,578
Equities	357,733	45,642	(26,329)	(5,281)	371,765
Pooled investments	1,898,748	216,414	(196,223)	34,960	1,953,899
Pooled property investments	192,549	15,113	(19,066)	18,075	206,671
Private equity/infrastructure	246,179	57,023	(53,442)	24,633	274,393
	2,769,799	334,192	(295,060)	72,375	2,881,306
Derivative contracts:					
• Forward Currency Contracts	-	18	-	(18)	-
	2,769,799	334,210	(295,060)	72,357	2,881,306
Other investment balances:					
• Cash deposits	41,910			(1,310)	31,191
• Investment income due	2,714			-	3,535
• Spot FX contracts				(49)	-
• Amounts payable for purchases of investments	(1,137)			-	-
Net investment assets*	2,813,286			70,998	2,916,032
				Note 17a	

* Net investment assets do not add across as purchases, sales and other movements on Other investment balances are not disclosed here, in accordance with CIPFA guidance.

NOTES TO THE PENSION FUND ACCOUNTS

	Market value 1-Apr-16	Purchases during the year and derivative payments*	Sales during the year and derivative receipts*	Change in market value during the year	Market value 31-Mar-17
	£000	£000	£000	£000	£000
Bonds	61,316	378	-	12,896	74,590
Equities	266,984	90,034	(57,572)	58,287	357,733
Pooled investments	1,487,140	13,207	(28,951)	427,352	1,898,748
Pooled property investments	187,080	22,335	(16,391)	(475)	192,549
Private equity/infrastructure	207,353	23,130	(27,250)	42,946	246,179
	2,209,873	149,084	(130,164)	541,006	2,769,799
Derivative contracts:					
• Forward Currency Contracts	-	-	(5)	5	-
	2,209,873	149,084	(130,169)	541,011	2,769,799
Other investment balances:					
• Cash deposits	31,929			1,360	41,910
• Amount receivable for sales	235				-
• Investment income due	2,580				2,714
• Amounts payable for purchases of investments	(1,006)				(1,137)
Net investment assets*	2,243,611			542,371	2,813,286

* Net investment assets do not add across as purchases, sales and other movements on Other investment balances are not disclosed here, in accordance with CIPFA guidance.

NOTES TO THE PENSION FUND ACCOUNTS

14(b). Analysis of Investments

31-Mar-17 £000		31-Mar-18 £000
	Bonds	
	UK	
74,590	Public sector quoted	74,578
74,590		74,578
	Equities	
	UK	
344,537	Quoted	357,135
	Overseas	
13,196	Quoted	14,630
357,733		371,765
	Pooled funds – additional analysis	
	UK	
67,173	Fixed income	68,404
677,130	Equity	257,953
	Overseas	
223,406	Fixed income	228,902
922,286	Equity	1,380,326
8,753	Cash Fund	18,314
1,898,748		1,953,899
192,549	Pooled property investments	206,671
246,179	Private equity/ infrastructure	274,393
438,728		481,064
41,910	Cash deposits	31,191
2,714	Investment income due	3,535
44,624		34,726
2,814,423	Total investment assets	2,916,032
	Investment liabilities	
(1,137)	Amounts payable for purchases	-
(1,137)	Total investment liabilities	-
2,813,286	Net investment assets	2,916,032

NOTES TO THE PENSION FUND ACCOUNTS

14(c). Investments analysed by fund manager

Market value 31-Mar-17 £000 (See Note below)	% of net investment assets		Market value 31-Mar-18 £000	% of net investment assets
883,627	31.4	Schroders Investment Management	918,053	31.5
677,130	24.1	State Street Global Asset Management	-	-
-	-	UBS Global Asset Management	693,644	23.8
482,112	17.1	Dodge & Cox Worldwide Investments	472,147	16.2
324,281	11.6	JO Hambro Capital Management	472,488	16.2
115,893	4.1	Skagen Funds	-	-
70,826	2.5	Adams Street Partners	67,151	2.3
57,230	2.0	M&G Investments	59,054	2.0
47,896	1.7	HarbourVest Partners (UK)	46,647	1.6
54,700	1.9	Cambridge and Counties Bank	65,850	2.3
26,922	1.0	Equitix Investment Management	32,669	1.1
19,595	0.7	UBS Infrastructure	16,339	0.6
26,251	0.9	Partners Group (UK)	26,527	0.9
-	-	AMP Capital	9,575	0.3
-	-	Cambridge Building Society	10,000	0.3
26,823	1.0	Cash with custodian	25,888	0.9
2,813,286	100.0		2,916,032	100.0

All the above companies are registered in the United Kingdom.

Note: 2017 values have been reclassified to report cash balances as Cash at Custodian that were previously reported within manager balances.

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

Security	Market value 31-Mar-17 £000	% of total fund %	Market value 31-Mar-18 £000	% of total fund %
Dodge & Cox Worldwide Funds plc - Global Stock Fund (GBP Accumulating Class)	482,112	16.9	472,147	15.9
UBS Asset Management Life World Equity Tracker	-	-	390,152	13.1
JO Hambro Capital Management Global Select Fund Sterling Z shares	324,281	11.4	472,488	15.9
UBS Asset Management Life UK Equity Tracker	-	-	257,953	8.7
Schroders International Selection Fund – Strategic Bond	166,176	5.8	169,848	5.7

NOTES TO THE PENSION FUND ACCOUNTS

14(d). Stock Lending

The Fund's Investment Strategy sets the parameters for the Fund's stock-lending programme. At 31 March 2018, the value of quoted equities on loan was £92.7m (31 March 2017: £67.5m). These equities continue to be recognised in the Fund's financial statements. Counterparty risk is managed through holding collateral at the Fund's custodian. At the year end the custodian held collateral at fair value of £99.3m (31 March 2017: £72.9m) representing 107% of stock lent. Collateral consists of acceptable securities and government debt.

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.

a) Futures

The economic exposure represents the notional value of stock purchased under futures contracts and is therefore subject to market movements.

b) Forward foreign currency

In order to maintain appropriate diversification and to take advantage of overseas investment returns, a significant proportion of the Fund's quoted equity portfolio is in overseas stock markets. To reduce the volatility associated with fluctuating currency rates, the Fund's investment managers enter into forward foreign currency contracts to take advantage of current exchange rates.

Futures

There were no outstanding exchange traded future contracts at 31 March 2018 or 31 March 2017.

Open forward currency contracts

There were no open forward currency contracts at 31 March 2018 or 31 March 2017.

16. FAIR VALUE

16a. Fair value hierarchy

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.

NOTES TO THE PENSION FUND ACCOUNTS

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.

The following table provides an analysis of the financial assets and liabilities of the Pension Fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

	Quoted market price	Using observable inputs	With significant unobservable inputs	
Values at 31 March 2018	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets				
Financial assets at fair value through profit and loss	446,342	2,002,760	413,890	2,862,992
Total financial assets	446,342	2,002,760	413,890	2,862,992

	Quoted market price	Using observable inputs	With significant unobservable inputs	
Values at 31 March 2017	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets				
Financial assets at fair value through profit and loss	435,038	1,966,718	370,757	2,772,513
Total financial assets	435,038	1,966,718	370,757	2,772,513

There has been no change in the valuation techniques used for individual investments during the year.

NOTES TO THE PENSION FUND ACCOUNTS

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	Level 1	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
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

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 2018.

Asset Type	Value as at 31-Mar-18 £000	Assessed valuation range (+/-) (% rounded)	Value on Increase £000	Value on Decrease £000
Property	139,497	14.3	159,445	119,549
Private Equity	189,578	28.3	243,229	135,927
Infrastructure	75,385	20.1	90,537	60,233
Infrastructure Debt	9,430	11.5	10,514	8,346
Total Assets	413,890		503,725	324,055

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

Period 2017-18	Market value 1-Apr- 2017 (see Note) £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- 2018 £000
Pooled property investments	124,578	19,903	(13,780)	5,355	3,441	139,497
Private equity and infrastructure - equity	54,700	-	-	-	11,150	65,850
Private equity and infrastructure - other	191,479	57,023	(42,292)	(12,629)	14,962	208,543
Total	370,757	76,926	(56,072)	(7,274)	29,553	413,890

NOTES TO THE PENSION FUND ACCOUNTS

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.

Designated as fair value through profit and loss £000	31-Mar-17 Loans and receivables £000	Financial liabilities at amortised cost £000		Designated as fair value through profit and loss £000	31-Mar-18 Loans and receivables £000	Financial liabilities at amortised cost £000
Financial assets						
74,590	-	-	Bonds	74,578	-	-
357,733	-	-	Equities	371,764	-	-
1,898,748	-	-	Pooled investments	1,958,827	-	-
192,549	-	-	Pooled property investments	201,744	-	-
246,179	-	-	Private equity/ infrastructure	274,393	-	-
-	-	-	Derivative contracts	-	-	-
-	73,775	-	Cash	-	73,422	-
2,714	-	-	Other investment balances	3,535	-	-
-	16,204	-	Debtors	-	16,597	-
2,772,513	89,979	-		2,884,841	90,019	-
Financial liabilities						
-	-	-	Derivative contracts	-	-	-
-	-	(1,137)	Other investment balances	-	-	-
-	-	(7,777)	Creditors	-	-	(5,554)
-	-	(8,914)		-	-	(5,554)
2,772,513	89,979	(8,914)	Total	2,884,841	90,019	(5,554)
2,853,578				2,969,306		

NOTES TO THE PENSION FUND ACCOUNTS

17b. Net Gains and Losses on Financial Instruments

2016-17 £000		2017-18 £000
	Financial assets:	
541,006	Fair value through profit and loss	72,375
1,373	Loans and receivables	-
	Financial liabilities:	
5	Fair Value through profit and loss	(18)
(13)	Loans and Receivables	(1,359)
-	Financial liabilities measured at amortised cost	-
542,371	Total gains / (losses)	70,998

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 Council 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.

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.

NOTES TO THE PENSION FUND ACCOUNTS

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. It is possible for over-the-counter equity derivative contracts to be used in exceptional circumstances to manage specific aspects of market risk.

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 2017-18 reporting period. The Fund has used an adviser in a joint arrangement with a number of its ACCESS pool colleagues. The potential price changes disclosed above are broadly consistent with one-standard deviation movement in the value of the assets. 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	16.8%
Overseas equities	17.9%
Global pooled equities	17.9%
Index-linked bonds	9.2%
Pooled fixed interest bonds	10.2%
Property	14.3%
Alternatives	25.5%
Cash and Other investment balances	0.5%

NOTES TO THE PENSION FUND ACCOUNTS

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 (the prior year comparator is shown below).

Asset Type	Value as at 31-Mar-18 £000	Percentage Change (% rounded)	Value on Increase £000	Value on Decrease £000
UK equities	615,088	16.80	718,423	511,753
Overseas equities	14,630	17.90	17,249	12,011
Global pooled equities	1,385,253	17.90	1,633,213	1,137,293
Index-linked bonds	74,578	9.20	81,439	67,717
Pooled fixed interest bonds	297,306	10.20	327,631	266,981
Property	201,744	14.30	230,593	172,895
Alternatives	274,393	25.50	344,363	204,423
Cash and Other investment balances	53,040	0.50	53,305	52,775
Total Assets	2,916,032		3,406,216	2,425,848

Note that due to the diversification of investments across asset classes the volatility of the total fund may be lower than the total shown above for the aggregation of the individual asset classes.

Asset Type	Value as at 31-Mar-17 £000	Percentage Change (% rounded)	Value on Increase £000	Value on Decrease £000
UK equities	1,021,567	15.80	1,182,975	860,159
Overseas equities	13,296	18.40	15,742	10,850
Global pooled equities	922,286	18.90	1,096,598	747,974
Index-linked bonds	74,590	9.00	81,303	67,877
Pooled fixed interest bonds	290,579	10.10	319,927	261,231
Property	192,549	14.20	219,891	165,207
Alternatives	246,179	26.10	310,432	181,926
Cash and Other investment balances	52,240	0.00	52,240	52,240
Total Assets	2,813,286		3,279,108	2,347,464

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 2018 and 31 March 2017 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

NOTES TO THE PENSION FUND ACCOUNTS

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-17 £000	Asset Type	31-Mar-18 £000
41,910	Cash and cash equivalents	31,191
31,865	Cash balances	42,232
74,590	Index-linked securities	74,578
290,579	Fixed interest securities	297,306
438,944	Total	445,307

Assets exposed to interest rate risk	Value at 31-Mar-18 £000	Potential movement on 1% change in interest rates £000	Value on increase £000	Value on decrease £000
Cash and cash equivalents	31,191	-	31,191	31,191
Cash balances	42,231	-	42,231	42,231
Index-linked securities	74,578	746	73,832	75,324
Fixed interest securities	297,306	2,973	294,333	300,279
Total change in assets available	445,306	3,719	441,587	449,025

Assets exposed to interest rate risk	Value at 31-Mar-17 £000	Potential movement on 1% change in interest rates £000	Value on increase £000	Value on decrease £000
Cash and cash equivalents	41,910	-	41,910	41,910
Cash balances	31,865	-	31,865	31,865
Index-linked securities	74,590	746	73,844	75,336
Fixed interest securities	290,579	2,906	287,673	293,485
Total change in assets available	438,944	3,652	435,292	442,596

NOTES TO THE PENSION FUND ACCOUNTS

Income exposed to interest rate risk	Amount receivable in 2017-18 £000	Potential movement on 1% change in interest rates £000	Value on increase £000	Value on decrease £000
Cash deposits, cash and cash equivalents	441	4	445	437
Index-linked securities	421	4	425	417
Fixed interest securities	4,044	-	4,044	4,044
Total	4,906	8	4,898	4,914

Income exposed to interest rate risk	Amount receivable in 2016-17 £000	Potential movement on 1% change in interest rates £000	Value on increase £000	Value on decrease £000
Cash deposits, cash and cash equivalents	902	9	911	893
Index-linked securities	405	4	409	401
Fixed interest securities	4,385	-	4,385	4,385
Total	5,692	13	5,679	5,705

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 Council and its investment advisers in accordance with the Fund's risk management strategy, including monitoring the range of exposure to currency fluctuations.

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 10.0% (the 1 year expected standard deviation).

A 10.0% (31 March 2017: 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.

NOTES TO THE PENSION FUND ACCOUNTS

This analysis assumes that all other variables, in particular interest rates, remain constant.

A 10.0% 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-18 £000	Potential market movement £000	Value on increase £000	Value on decrease £000
Overseas Equities	1,394,955	139,496	1,534,451	1,255,459
Overseas Fixed Income	228,902	22,890	251,792	206,012
Overseas Cash Fund	18,314	1,831	20,145	16,483
Total	1,642,171	164,217	1,806,388	1,477,954

Assets exposed to currency risk	Value at 31-Mar-17 £000	Potential market movement £000	Value on increase £000	Value on decrease £000
Overseas Equities	935,582	93,558	1,029,140	842,024
Overseas Fixed Income	223,406	22,341	245,747	201,065
Overseas Cash Fund	8,753	875	9,628	7,878
Total	1,167,741	116,774	1,284,515	1,050,967

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

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 2018 was £73.4m (31 March 2017: £73.8m). This was held with the following institutions:-

	Rating	31-Mar-18 £000	31-Mar-17 £000
Money market funds			
Northern Trust Global Investors Global Cash Fund	Aaa-mf	31,034	41,125
UK Treasury Bills			-
Bank deposit account			
Barclays Bank	A	42,232	31,865
Bank current accounts			
Northern Trust custody accounts	P-1	157	785
Total		73,423	73,775

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 2018 the value of illiquid assets was £403.5m, which represented 13.6% of the total Fund assets (31 March 2017: £438.7m, which represented 15.4% 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 2018 are due within one year.

d) Refinancing risk

The key risk is that the Fund will 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.

NOTES TO THE PENSION FUND ACCOUNTS

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 2016. The next valuation will take place as at 31 March 2019.

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 2016 actuarial valuation, the Fund was assessed as 78.4% funded (72.4% at the March 2013 valuation). This corresponded to a deficit of £625m (2013 valuation: £728m) 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 2016 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 2017 to 31 March 2020 18.1%	2017/2018 £26,039,000	2018/2019 £17,959,000	2019/2020 £18,355,000

NOTES TO THE PENSION FUND ACCOUNTS

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 2016 actuarial valuation report and the funding strategy statement on the Fund's website.

At the previous formal valuation at 31 March 2013, a different regulatory regime was in force. Therefore a contribution rate that is directly comparative to the rates above is not provided.

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	Description	31-Mar-16		31-Mar-13	
		Nominal	Real	Nominal	Real
Price inflation (RPI)		3.3%	-	3.3%	-
Price Inflation (CPI)/ Pension increases		2.1%	-	2.5%	-
Pay increases - 2016	RPI minus 0.7% p.a.*	2.4%	(0.7)%	n/a	n/a
Pay increases - 2013	RPI plus 1% p.a.*	n/a	n/a	4.3%	1.0%
Funding basis discount rate	"Gilt-based" discount rate plus an Asset Outperformance Assumption of 1.8% p.a. (2013: 1.6% p.a).	4.0%	n/a	4.6%	n/a

*Plus an allowance for promotional pay increases.

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		Current Pensioners	
	Male	Female	Male	Female
2013 valuation	24.4	26.9	22.5	24.5
2016 valuation	24.0	26.9	22.5	24.5

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.

NOTES TO THE PENSION FUND ACCOUNTS

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) Family details

A varying proportion of members are assumed to be married (or have an adult dependant) at retirement or on earlier death. For example, at age 60 this is assumed to be 90% for males and 85% for females. Husbands are assumed to be 3 years older than wives.

d) Commutation

Future pensioners are assumed to elect to exchange pension for additional tax-free cash up to 25% of HMRC limits for service to 31 March 2008 and 63% of HMRC limits for service from 1 April 2008.

e) 50:50 option

5.0% of members (uniformly distributed across the age, service and salary range) are assumed to choose the 50:50 option under which they pay 50% lower contributions and receive proportionately lower retirement benefits.

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-17 £m		31-Mar-18 £m
(4,175)	Present value of promised retirement benefits	(4,267)
2,854	Fair value of scheme assets (bid value)	2,958
(1,321)	Net liability	(1,309)

As noted above, the liabilities are calculated on an IAS 19 basis and therefore will differ from the results of the 2016 triennial funding valuation (see note 19) because IAS 19 stipulates a discount rate rather than a rate which reflects market rates.

The Actuary estimated the Fair value of the scheme assets (bid value) to be £2,892m at the time of producing IAS reports for the Fund's Employers. An estimate was required as actual

NOTES TO THE PENSION FUND ACCOUNTS

investment values were not available in time to prepare reports in line with Employer's tighter reporting deadlines.

Assumptions used

	31-Mar-18 % p.a.	31-Mar-17 % p.a.
Inflation/pension increase rate assumption	2.4	2.4
Salary increase rate	2.7	2.7
Discount rate	2.7	2.6

21. CURRENT ASSETS

31-Mar-17 £000		31-Mar-18 £000
	Debtors:	
861	Contributions due – members	1,544
3,077	Contributions due – employers	3,671
223	Transfer values receivable (joiners)	-
10,147	Sundry receivables	10,117
14,308		15,332
31,865	Cash balances	42,232
46,173		57,564

Analysis of debtors

31-Mar-17 £000		31-Mar-18 £000
3,715	Central government bodies	5,222
6,825	Other local authorities	5,261
24	NHS bodies	62
3,333	Public corporations and trading funds	466
411	Other entities and individuals	4,321
14,308		15,332

22. NON CURRENT ASSETS

With effect from 1 April 2005, 71 employees of the Cambridgeshire Magistrates' Courts transferred out of the Cambridgeshire Fund as part of a national transfer of the Magistrates' Courts out of Local Government schemes. However, the Cambridgeshire Fund has retained the liability for the Magistrates' pensioners and deferred pensioners. An assessment of the transfer by the scheme's actuary, which was agreed by the Government Actuary's Department in March 2011, has resulted in an annual amount of £0.632m to be paid by the Ministry of Justice (former

NOTES TO THE PENSION FUND ACCOUNTS

Department for Constitutional Affairs) to the Fund as the valuation of the transfer out was less than the retained liability. Annual payments commenced in April 2011 for ten years. At 31 March 2018, a total of £1,896,000 was still due from the Ministry of Justice, with £632,000 being shown in Current Assets and £1,264,000 being due after 31 March 2019 shown in Non Current Assets.

23. CURRENT LIABILITIES

31-Mar-17 £000		31-Mar-18 £000
4,126	Sundry payables	5,113
2,962	Transfer values payable (leavers)	-
689	Benefits payable	441
7,777		5,554

Analysis of creditors

31-Mar-17 £000		31-Mar-18 £000
-	Central government bodies	1,076
7,002	Other local authorities	2,776
-	NHS bodies	-
180	Public corporations and trading funds	5
595	Other entities and individuals	1,697
7,777		5,554

24. ADDITIONAL VOLUNTARY CONTRIBUTIONS

Market value 31-Mar-17 £000		Market value 31-Mar-18 £000
418	Equitable Life	403
7,986	Prudential	7,741
8,404		8,144

No contributions (2016-17: no contributions) were paid to Equitable Life during the year and total contributions of £799k were paid directly to Prudential during the year (2016-17: £1,026k).

NOTES TO THE PENSION FUND ACCOUNTS

25. AGENCY SERVICES

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. A review of Agency Services has resulted in an increase in Agency payments recognised in 2017-18.

2016-17 £000		2017-18 £000
2,360	Unfunded pensions	3,605
2,360		3,605

26. 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 £2.4m (2016-17: £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 £30.3m to the Fund in 2017-18 (2016-17: £31.1m). At 31 March 2018 there was £2.0m (31 March 2017: £1.3m) 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:-

- Councillor Anne Hay
- Councillor Michael Shellens
- Liz Brennan
- Matthew Pink
- Tracy Roden

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). The Council's Section 151 Officer is Non-executive Director on the Board of CCB for which CCB pays £40,000 p.a. to the Council.

NOTES TO THE PENSION FUND ACCOUNTS

26(a) KEY MANAGEMENT PERSONNEL

The administration of the Fund is provided by LGSS which is a shared service arrangement between Cambridgeshire County Council and Northamptonshire County Council. The Head of Pensions in the shared service unit reports directly to the LGSS Director of Finance whose costs are reported in the Northamptonshire County Council statement of accounts. The Director of Finance is remunerated for his services to the organisation as a whole and it is not possible to identify within the overhead charge from LGSS the proportion of his costs relating to services to the Fund.

27. CONTINGENT LIABILITIES AND CONTRACTUAL COMMITMENTS

Outstanding capital commitments at 31 March 2018 totalled £214.2m (31 March 2017: £162.5m).

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.

28. CONTINGENT ASSETS

Twelve 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.

NOTES TO THE PENSION FUND ACCOUNTS

GLOSSARY OF TERMS

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.

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.

BID PRICE

The price at which securities are purchased by market makers.

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.

COMMUNITY ADMISSION BODIES

Employers who may be admitted to the scheme if they meet the requirements of Regulation 5 and regulation 7 of the LGPS (Administration) Regulations 2008 (as amended). Typically these are bodies that provide a public service, e.g. charitable bodies, otherwise than for the purpose of gain and which have sufficient links to a local authority or other scheme employer to be regarded as having a community of interest.

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.

CONTRACT NOTE

The documentary record of a trade which is sent from the broker to the investor.

NOTES TO THE PENSION FUND ACCOUNTS

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.

DEBENTURE

Fixed loan stock (bond) secured against the company's property, plant and equipment. First in the event of the company going into liquidation.

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.

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]

EARNINGS PER SHARE (EPS)

The net (after tax) profits of a company divided by the number of ordinary shares in issue. This is used as the 'E' term in the P/E ratio to value shares.

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.

NOTES TO THE PENSION FUND ACCOUNTS

FINANCIAL INSTRUMENTS

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

FINANCIAL CONDUCT AUTHORITY (FCA)

The lead UK regulator. A designated agency which is not a government department.

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.

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.

GILT

Similar to Corporate Bonds by way of interest and redemption but these are issued by Government and are a loan to the Government.

HEDGE

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

HEDGE FUND

A limited partnership with very little restriction on the scope of its investment. Usually quoted in Luxembourg or Dublin. Hedge funds often use borrowing to gear up exposure to markets.

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.

INFRASTRUCTURE ASSETS

Assets such as roads and bridges.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Accounting Standards, Interpretations and the Framework adopted by the International Accounting Standards Board (IASB).

NOTES TO THE PENSION FUND ACCOUNTS

LGSS

A partnership between Cambridgeshire and Northamptonshire County Councils to create a wholly owned public sector organisation to deliver professional and transactional support services.

LOAN STOCK

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

MARKET CAPITALISATION

For an individual stock it is the value of all shares held in the equity of the company. For a market or index it is the total of all the market caps of the constituent companies.

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.

PENSIONS 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.

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.

RELATED PARTY

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

RIGHTS ISSUE

A new issue of shares offered to existing shareholders in proportion to their existing holdings. Usually offered at a discount to entice take-up, which causes the existing shares to fall in value to the theoretical ex-rights price.

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.

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.

NOTES TO THE PENSION FUND ACCOUNTS

TRANSFeree ADMISSION BODIES

Employers who may be admitted to the scheme if they meet the requirements of Regulation 6 and Regulation 7 of the LGPS (Administration) Regulations 2008 (as amended). Typically these are bodies that are formed when a service or function offered by a local authority or other scheduled body is contracted out to the private sector.

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.

TRUST

Investments are owned by trustees for the underlying beneficial owners. A unit trust is a trust, incorporated under a trust deed. An investment trust is a company, not a trust.

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 Fund 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.

NOTES TO THE PENSION FUND ACCOUNTS

Appendix A – Governance Policy & Governance Compliance Statement

Appendix B – Funding Strategy Statement

Appendix C – Investment Strategy Statement

Appendix D – Joint administration strategy & joint communication strategy