

PENSION FUND COMMITTEE



Wednesday, 14 December 2022

Democratic and Members' Services

Fiona McMillan
Monitoring Officer

New Shire Hall
Alconbury Weald
Huntingdon
PE28 4YE

10:00

**Red Kite room New Shire Hall PE28 4YE
[Venue Address]**

AGENDA

Open to Public and Press

1. **Apologies for absence and declarations of interest**
Guidance on declaring interests is available at <http://tinyurl.com/ccc-conduct-code>
2. **Public minutes of the Pension Fund Committee held 25 October 2022** **5 - 14**
3. **Petitions and Public Questions**
4. **Administration Performance Report** **15 - 26**
5. **Governance and Compliance Report** **27 - 36**
6. **Pension Fund Annual Business Plan Update report 2022-23** **37 - 52**
7. **Cambridgeshire Pension Fund Conflicts of Interest Policy** **53 - 70**

- | | | |
|------------|--|------------------|
| 8. | Pension Fund Annual Report and Statement of Accounts 2021-22 | 71 - 220 |
| 9. | Employer Admissions and Cessations Report | 221 - 228 |
| 10. | Cambridgeshire Pension Fund Committee Forward Agenda Plan | 229 - 232 |
| 11. | Exclusion of Press and Public | |
| | <i>To resolve that the press and public be excluded from the meeting on the grounds that the agenda contains exempt information under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, and that it would not be in the public interest for this information to be disclosed information relating to the financial or business affairs of any particular person (including the authority holding that information)</i> | |
| 12. | Cambridgeshire Pension Fund - Valuation Update | |
| | <ul style="list-style-type: none"> • Information relating to the financial or business affairs of any particular person (including the authority holding that information); | |
| 13. | Cambridgeshire Pension Fund Risk Register | |
| | <ul style="list-style-type: none"> • Information relating to the financial or business affairs of any particular person (including the authority holding that information); | |
| 14. | ACCESS Update | |
| | <ul style="list-style-type: none"> • Information relating to the financial or business affairs of any particular person (including the authority holding that information); | |

The County Council is committed to open government and members of the public are welcome to attend Committee meetings. It supports the principle of transparency and encourages filming, recording and taking photographs at meetings that are open to the public. It also welcomes the use of social networking and micro-blogging websites (such as Twitter and Facebook) to communicate with people about what is happening, as it happens. These arrangements operate in accordance with a protocol agreed by the Chair of the Council and political Group Leaders which can be accessed via the following link or made available on request: [Filming protocol hyperlink](#)

Public speaking on the agenda items above is encouraged. Speakers must register their intention to speak by contacting [Democratic Services](#) no later than 12.00 noon three working days before the meeting. Full details of arrangements for public speaking are set out in Part 4, Part 4.4 of the Council's Constitution: [Procedure Rules hyperlink](#)

The Council does not guarantee the provision of car parking on the New Shire Hall site. Information on travel options is available at: [Travel to New Shire Hall hyperlink](#)

Meetings are streamed to the Council's website: [Council meetings Live Web Stream hyperlink](#)

The Pension Fund Committee comprises the following members:

Councillor Alison Whelan (Chair) Councillor Catherine Rae (Vice-Chair) Councillor Chris Boden Councillor Andy Coles Mr Lee Phanco Mr Matthew Pink and Mr John Walker Councillor Adela Costello Councillor Edna Murphy Councillor Keith Prentice Councillor Alan Sharp

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

Minutes of the Pension Fund Committee

Date: 25th October 2022

Time: 10:00am – 11.55am

Venue: New Shire Hall, Alconbury Weald

Present: County Councillors A Costello, E Murphy, C Rae (Vice-Chair), A Sharp, A Whelan (Chair); Peterborough City Councillor A Coles; John Walker

Officers: B Barlow, C Blose, D Cave, M Oakensen, S Peasland (virtual, item 77 only), A Persaud (virtual, item 77 only) and M Whitby

Advisors: D Green (Hymans)

74. Apologies for absence and declarations of Interest

Apologies were presented on behalf of Lee Phanco, Matthew Pink and Sarah Heywood.

John Walker declared a personal interest (i) as a retired member of the Local Government Pension Scheme (LGPS), (ii) his son and daughter-in-law were deferred Members of the LGPS.

Councillor Murphy declared an interest as Chair of the Cambridgeshire and Peterborough Fire Authority.

75. Public minutes of the Pension Fund Committee meeting held 28 July 2022

The minutes of the Pension Fund Committee meeting held on 28th July 2022 were approved as a correct record.

76. Petitions and Public Questions

There were no petitions or public questions.

77. Internal Audit Report 2021-22

The Committee considered a report on the findings of Internal Audit work during 2021-22. This work had been carried out by the West Northamptonshire Internal Audit team, and officers briefly outlined how this shared service was functioning across authorities.

The audit assessed the adequacy of design and implementation of controls for the administration of the Pension Fund. Based on the completion of fieldwork and the testing carried out, Members were pleased to note that 'Substantial' assurance had been given to

the control environment in place. In terms of compliance, the assurance given was 'Satisfactory'. The main recommendations arising from the audit were noted. The report also followed up actions agreed in the 2020/2021 review. For all issues identified during the audit, actions had been agreed with management and were detailed in the Management Action Plan

A Member queried the issue raised in relation to the checking and authorisation of payments. The Head of Pensions advised that this was largely administrative, in that the "checking limits 2022" spreadsheet was not comprehensive i.e. the officer who had authorised death in service payments had the necessary seniority and expertise, but had been omitted from the spreadsheet.

A Member queried the Payroll Control Accounts, noting the statement in the report that the Internal Audit team had "*...not undertaken any additional testing in this area as part of this review and expect the close examination of management and officers to resolve any issues arising...*". Given there had been issues in this audit area in the past, the Member asked whether the audit should have included additional checking in this area, and whether the audit team had discussed this with their Cambridgeshire County Council audit colleagues. Officers explained that the Payroll service was delivered by WNC to both Cambridgeshire and Milton Keynes Councils, and the WNC Internal Audit team also audited that area of work, and the Payroll audit for 2021/22 and had been provided to Cambridgeshire's Internal Audit team. One area outside the scope of the audit was around payroll control reconciliations, which was based on S151 Officers' understanding that there was a particular issue around control account reconciliations. As this was already a known issue, it was considered that there was little point doing detailed work as part of the Pension Fund administration audit. This was an area that the audit team expected each client manager to address, and in addition, control account reconciliations would be picked up as part of the follow-up.

A Member expressed concern that there were a large number of queries – 3,274 – that had not been resolved at the time of the audit. Officers advised that recent management feedback indicated a significant reduction in the number of outstanding queries for both Cambridgeshire and Northamptonshire. At that point it had reduced to 816 unresolved queries. The Systems and Project Manager had left the organisation at the time of the audit, and Jo Kent had recently taken over that role. It had been agreed that by the end of November every single query would either be closed down, or the relevant Scheme Employer would be advised that there was a final deadline, or a fine would be imposed. It was further noted that many queries were not the typical year end queries. It was acknowledged that there had been a weakness in terms of chasing information from scheme employers, but it was anticipated that this would be resolved before year end.

The Chair thanked the team for the work being done.

It was unanimously resolved to:

note the Audit Plan 2021-22.

78. Ernst Young External Audit Plan

The Committee received the Audit Plan from Ernst Young, which had already been completed.

Members noted the key risks, which included assets that were difficult to value such as Cambridge & Counties Bank, as well as Level 2 and 3 investments, such as property and private equity.

Materiality was based on 1% of net assets, which at the time of the calculation was £43M. Officers were more interested in Audit Differences of £2.2M, and adjusted for anything around or above that level. Officers were in frequent contact with auditors and preferred to address issues as they arose. The final set of accounts and audit report (ISA260) would be presented to the next Committee meeting.

A Member queried why the investment in the Cambridge & Counties Bank was considered so unusual. Officers explained that it was difficult to value, and a specialist firm (Grant Thornton) was appointed annually to undertake the valuation. The Bank was directly owned jointly with Trinity Hall College in Cambridge, and it was an unusual investment for a Pension Fund to hold. Another Member expressed concern that the Council partially owned a bank with a college, as it seemed an unusual thing for a County Council to do, especially as it appeared there were risks and intrinsic difficulties valuing it. Officers commented that whilst there was increased risk as it was a direct investment in one single asset, rather than spread across numerous assets, as with an equity fund, it had been a long term holding, and Members and officers had been comfortable holding it. Bank representatives would be attending the next Investment Sub-Committee meeting. The Member acknowledged these comments but remarked that a College was a small organisation, and was ultimately dependent on staff. The Bank had been established ten years ago, so it had not been through a banking crisis. Officers confirmed that the Bank had a rigorous governance structure, as with any organisation in the banking sector. It had grown into a medium sized bank, and the capital requirements had increased following the direction of the banking regulator. Whilst the Bank was a major investment for Trinity Hall College, it represented a small investment for the Pension Fund, and was well managed and monitored.

It was resolved unanimously to:

note the Audit Plan 2021-22 and the presentation by Ernst and Young

79. Administration Performance Report

The Committee considered a report which set out a number of key areas of administration performance in the period 1 May to 31 July 2022.

In May and June, targets were missed due to performance issues within the team, relating to transfers and quotes, but these issues had since been addressed. In June and July, there were resourcing issues within the team that deals with the payment of retirement benefits from active employment, which resulted in targets being missed. All but one of the vacancies within the team had now been filled. Members were pleased to note that over 99% of employer contributions had been on time throughout the period.

There had been one Internal Dispute Resolution Procedure (IDRP) complaint, which related to the refusal of an employer to a request for early payment of benefits on ill health grounds from active service. The decision at Stage 2 (Monitoring Officer level) was not to uphold the complaint.

Arising from the report:

- a Member asked about workforce planning, given that many of the performance issues related to staffing issues. Officers outlined the current staffing situation and advised that there had been a number of vacancies filled over the last few months, but the staffing budget was built on premise that around six vacancies will be carried at any one time, but this had increased to around ten during the period in question;
- in response to a question on the employment market for pensions staff, officers commented it was very competitive, and it was hard to find experienced individuals for senior roles. Existing staff were developed in-house wherever possible.

It was unanimously resolved to note the Administration Performance report.

80. Governance and Compliance Report

Members received a report on governance issues concerning the Local Government Pension Scheme (LGPS) on a national and local basis, and also details of forthcoming training events.

There had been several sets of draft regulations and consultations regarding the Pensions Dashboards Regulations, which would allow individuals to see information about all their pensions, including the State Pension, in one place. These draft regulations set the requirements to be met to deliver this and will place a legal duty on pension providers to provide information to the dashboards. Since this Committee report had been published, the Department for Work and Pensions (DWP) had laid the regulations before Parliament. A detailed report of the work that needs to be undertaken by the Fund to meet the staging date and to be able to provide data to the Dashboard, had been commissioned from the Fund's Governance Advisors, Aon. This report would enable a detailed project plan to be devised to meet the required deadlines.

The Scheme Advisory Board published its annual report for 2021 in June 2022, which provided a snapshot about the LGPS for its members, employers and other stakeholders.

Members' attention was drawn to the training plan, which set out both completed and planned training, including an important upcoming training session by Aon on 25th November on Conflicts of Interest. This had partly been prompted by the Good Governance Review, which had highlighted how conflicts need to be managed at a Fund level, rather than at the administering authority level. This issue would then be explored further at the next Committee meeting.

Arising from the report:

- A Member asked if bespoke software was required for the Pension Dashboard Regulations? Officers advised that there were ISP models available, and one of the actions required would be to undertake market testing on those. The ecosystem was being built centrally and different providers could provide their own dashboards, within certain parameters. The Council's software had the capacity, with the ISP being the link between the Pension team's system and the ecosystem. The most difficult aspect anticipated would be the change of business processes required;
- A Member asked if the team was looking for training with quality aspects such as qualifications. Officers advised that the key requirement was that the provider had the training available as an online platform so that Members could undertake training at their own convenience covering the core modules. The qualifications behind that would need to be checked as part of the formal discussions with suppliers;
- A Member observed the Committee Members received a lot of information about training courses, and he asked how Committee Members should prioritise that training given their other commitments. Officers confirmed that Aon had provided the core training last year, which was mandatory, and officers' recommendation were as listed in the report, and any additional courses circulated to Members. Any indirect approaches from training providers should always be checked with officers.

The Committee resolved unanimously to note the Governance and Compliance report.

81. Pension Fund Annual Business Plan Update report 2022/23

The Committee considered an update to the Business Plan.

Members noted the progress update for each business plan activity, with a RAG status given for each area of activity. The following 'Amber' areas were discussed:

- 3.6 Review and implement changes required from the Pension Regulator's new Code of Practice – this had been delayed, albeit not by the Pension Fund;

- 3.16 review of the website and digital communications. This was on track but the start of the project had been delayed;
- 3.10 Processing of undecided leaver records – whilst the backlog of undecided leavers had been processed in the required volumes, there were various issues with the volumes, data quality and resourcing, which were increasing the backlog. Following discussion with the Section 151 Officers and Chairs/Vice Chairs of each Fund, three additional staff had been recruited to deal with the backlog, which was beginning to result in a reduction.

Members noted that two new activities had been included on the Action Plan – Review the Investment Strategy and Strategic Asset Allocation (3.17) and Private Equity Review (3.18).

It was noted that because of the higher than expected pay awards, the variance for Staff Related expenses was greater than anticipated.

A Member noted that Peterborough City Council had recently requested a report on the Fund's decarbonisation strategy, and he asked if that had been factored into the Climate Action Plan? Officers advised that they could adapt the information they were already producing for the Climate Action Plan to meet the Peterborough request. It was noted that the Annual Report would also include information about progress with the decarbonisation strategy, and once work had been completed around the passive equity options, this would be publicised through the Fund's website. The Climate Action Plan would be regularly reported back as part of the Business Plan Update at future meetings.

The Committee resolved unanimously to:

- 1) note the Business Plan Update
- 2) approve the two new activities set out in paragraphs 3.17 and 3.18

82. Reporting Breaches of the Law to the Pensions Regulator Policy

Members considered a report on the review of the reporting breaches of the law to the Pensions Regulator Policy.

The Pension Regulator's new Code of Practice had originally been due to come into force in November 2021, but has been postponed until Autumn 2022, so the review of this policy was also postponed. However, it was seen as prudent to instigate this review, based on the current code and other necessary changes, and these were briefly outlined. It was likely that the new Code of Practice would not come into force until 2023.

The policy provided the process to report a breach to the Regulator and details surrounding timescales and urgency of cases. The policy also identified the need to record breaches that were not of material significance to the Regulator in order that processes can be

improved to avoid repeated occurrences. Examples of breaches of material significance and non-material significance were documented in the appendix to the policy. Attention was drawn to the comments made by the Local Pension Board, when they reviewed this issue at their July meeting.

The Committee resolved unanimously to:

approve the Reporting Breaches of the Law to the Pensions Regulator Policy.

83. Employer Admissions and Cessations report

The Committee received a report on the admission of six admission bodies and the cessation of thirteen bodies.

It was noted that a number of admission bodies were backdated “passthrough” admissions, meaning the assets and liabilities were retained by the awarding authority, so there was no additional risk to the Fund by admitting these employers. Admission agreements had been put in place with the liabilities retained by the County Council. Some of the admissions, set out in (1.) below, required the sealing of admission agreements to be approved prior to transfer.

It was resolved unanimously to:

1. Note the admission of the following admitted bodies to the Cambridgeshire Pension Fund and approves the sealing of the admission agreements:

- Aspens Services Ltd (2 admissions)
- Clean Tec Services Ltd
- Coombs Catering Partnership Ltd
- Easy Clean Contractors Ltd
- Miquill South Ltd
- Servicemaster Clean

2. Note the cessation of the following bodies from the Cambridgeshire Pension Fund:

- ABM Catering Limited (2 admissions)
- Caterlink Ltd (2 admissions)
- City Culture Peterborough Ltd
- Easy Clean Ltd (2 admissions)
- Elixir UK Ltd
- Excellerate Services UK Ltd (formerly known as LCC Support Service Ltd)
- Greater Peterborough UTC
- Miquill South Ltd
- Peterborough Investment Partnership
- Vero HR Limited

84. Cambridgeshire Pension Committee Forward Agenda Plan

Members noted that the Investment Sub-Committee agenda plans would be included in Pension Fund Committee agenda plan, going forward.

The Administration Strategy scheduled for December would be deferred until 2023 to allow a piece of work relating to KPIs to be completed.

It was resolved to note the Agenda Plan.

85. Exclusion of Press and Public

It was resolved unanimously that the press and public be excluded from the meeting on the grounds that the following items contain exempt information under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, and that it would not be in the public interest for this information to be disclosed information relating to the financial or business affairs of any particular person (including the authority holding that information).

86. Cambridgeshire Pension Fund - Valuation Update

Members considered a report summarising the results of the whole Fund valuation.

It was resolved unanimously to:

1. note the valuation update.
2. note the whole Fund valuation results
3. approve the draft FSS for consultation with Scheme employers.
4. approve the draft cessations policy for consultation with Scheme employers.

87. Cyber Resilience Update

Members considered an update on the progress made in relation to the Cyber Strategy Action Plan.

It was resolved unanimously to:

- 1) Note the progress made against the Action Plan (Appendix A)
- 2) Approve the Cyber Hygiene Guidelines (Appendix B)

88. ACCESS Update

The Committee considered a report on ACCESS Asset Pooling.

It was resolved to note the report.

Cambridgeshire Pension Fund

Pension Fund Committee

14 December 2022

Report by: Head of Pensions

Subject: Administration Performance Report

Purpose of the Report: To present the Administration Performance Report to the Pension Fund Committee

Recommendation: The Pension Fund Committee are asked to note the Administration Performance Report

Enquiries to: Michelle Oakensen
Governance and Regulations Manager
michelle.oakensen@westnorthants.gov.uk

1. Background

- 1.1 One of the core functions of the Pension Fund Committee is to ensure the effective and efficient governance and administration of the scheme. This report demonstrates a number of key areas of administration performance for consideration by the Pension Fund Committee.

2. Executive Summary

- 2.1 This report sets out the performance of the Cambridgeshire Pension Fund on the following areas of administration:
 - 2.1.1 The achievement against the Key Performance Indicators for the period 1 August to 31 October 2022 (appendix 1). The majority of KPIs were met over the period.
 - 2.1.2 Timeliness of receipt of employee and employer pension contributions for the payroll periods of September 2021 to August 2022 (appendix 2). Over 99% was achieved for July, August and September 2022.
 - 2.1.3 Occurrences of breaches of the law for the period 1 August to 31 October 2022 (section 5). There were no material breaches in the period.
 - 2.1.4 Details of any Internal Dispute Resolution Procedure cases during the period 1 August to 31 October 2022 (section 6). There was one administering authority dispute raised during the period.
 - 2.1.5 Occurrences of material data breaches for the period of 1 August to 31 October 2022 (section 7). There were no material breaches in the period.

2.1.6 Details of any significant overpayment of pension for the period 1 August to 31 October 2022 (section 8). There were no significant overpayments in the period.

3. Key Performance Indicators – Pensions Service

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

3.2 Full KPI details for the period 1 August to 31 October 2022 can be found in appendix 1.

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

3.4 In August there were resourcing issues within the team that deal with the payment of retirement benefits from active which resulted in the target being missed, there were vacancies and a period of sickness during the period. The resourcing issues have since been addressed and the desired level of experience within the team will be gained over time.

3.5 Additionally in October, there was a system issue that resulted in a backlog of checking which also impacted performance for this month.

4. Receipt of Employee and Employer Contributions

4.1 Employers in the Fund have a statutory obligation to arrange for the correct deduction of employee and employer contributions and to ensure payment reaches the Pension Fund by the 19th of the month following the month of deduction. They must also provide an associated monthly statement/schedule in a format acceptable to the Administering Authority.

4.2 The table in appendix 2 shows the percentage of employers in the Cambridgeshire Pension Fund who paid their employee and employer contributions and/or submitted their schedules on time or late for the period 1 September 2021 to 31 August 2022.

4.3 For July 99.8% of contributions were paid on time, for August 100% and for September 99.2%. The current yearly average for payments made on time is 99.5% and schedules being received on time is 99.5%.

5. Breaches of the Law

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

5.2 For the period 1 August to 31 October 2022, the following breaches occurred:

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

Non Material Breaches	4 refund of contribution payments were paid outside of the statutory 5-year period.	No further action at this stage, it is likely that the legislation surrounding this will be amended to remove the 5-year requirement.
	11 Annual Allowance Pension Saving Statements were not issued by the statutory deadline (6 October).	The statements were sent by 25 October.

6. Internal Dispute Resolution Procedure

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

6.2 The following table details that activity undertaken during the period 1 August to 31 October 2022 with regards to administering authority disputes.

Nature of dispute	Stage 1 (Head of Pensions)	Stage 2 (Cambridgeshire County Council Monitoring Officer)
Delay in paying additional lump sum from AVC fund resulting in a lower AVC value.	Adjudication to be made by 19 November 2022.	

6.3 There were no employer disputes raised during the period.

7. Material Data Breaches

7.1 None.

8. Significant overpayments of pension

8.1 None.

9. Relevant Pension Fund Objectives

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance. *Objective 1*

Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers.

Objective 2

Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment. *Objective 3*

Continually monitor and measure clearly articulated objectives through business planning *Objective 4*

Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. *Objective 5*

Put in place performance standards for the Fund and its employers and ensure these are monitored and developed as necessary. *Objective 8*

Administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration. *Objective 10*

10. Risk Management

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

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

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

10.3 The Fund's risk register can be found on the Pensions website at the following link: [Cambridgeshire Pension Fund Risk Register.](#)

11. Communication Implications

[Direct communications](#) The Fund publishes performance against the key performance indicators in the regular reports to the Pension Fund Committee and Pension Fund Board and in the Fund's Annual Report.

Employers of the Fund are guided through the admission process and directly kept up to date with requirements and progress.

Members who enter the Internal Dispute Resolution Procedure are kept informed of progress within the statutory timescales.

12. Finance & Resources Implications

- 12.1 The Fund is seeking recovery of the overpayment as detailed in section 7 of the report in order to mitigate any impact on the Fund or scheme employers.

13. Legal Implications

- 13.1 Legal advice was sought from the Fund's advisors in relation to the Internal Dispute Resolution Procedure as referenced in section 6.

14. Consultation with Key Advisers

- 14.1 Consultation with the Fund's advisors was not required for this report.

15. Alternative Options Considered

- 15.1 Not applicable

16. Background Papers

- 16.1 Not applicable

17. Appendices

- 17.1 Appendix 1 Key Performance Indicators – Pensions Service
- 17.2 Appendix 2 Receipt of Employee and Employer Contributions
- 17.3 Appendix 3 Late payment of employer contributions (**exempt**)

Checklist of Key Approvals

Has this report been cleared by Section 151 Officer? Sarah Heywood – 29/11/2022
Has this report been cleared by Head of Pensions? Mark Whitby – 8/11/2022
Has the Chair of the Pension Committee been consulted? Councillor Whelan – 30/11/2022
Has this report been cleared by Legal Services? Fiona McMillan – 18/11/2022

Appendix 1 - Key Performance Indicators – Pensions Service August, September and October 2022

Function/Task	Indicator	Target	Month	Completed	Within Target	Over Target	% Within Target	RAG	Comments
Notify leavers of deferred benefit entitlement	Notify leavers of deferred benefit entitlements or concurrent amalgamation within 15 working days of receiving all relevant information.	90%	August September October	194 186 154	187 169 151	7 17 3	96 91 98	Green Green Green	SLA target met SLA target met SLA target met
Payment of retirement benefits from active employment	Notify employees retiring from active membership of benefits award, from date payable or date of receiving all necessary information if later within 5 working days.	95%	August September October	40 58 56	37 55 51	3 3 5	93 95 91	Amber Green Amber	SLA target not met* SLA target met SLA target not met*
Payment of pension benefits from deferred membership status	Notify members retiring from deferred membership status of benefits award, from date payable or date of receiving all necessary information if later within 10 working days.	90%	August September October	69 73 158	62 69 144	7 4 14	90 95 91	Green Green Green	SLA target met SLA target met SLA target met
Award dependant benefits	Issue award within 5 working days of receiving all necessary information.	95%	August September October	23 29 42	23 29 42	0 0 0	100 100 100	Green Green Green	SLA target met SLA target met SLA target met
Provide a maximum of one estimate of benefits to employees per year on request	Estimate in agreed format provided within 10 working days from receipt of all information.	90%	August September October	30 40 73	27 40 70	3 0 3	90 100 96	Green Green Green	SLA target met SLA target met SLA target met

Provide transfer-in quote to scheme member	Letter issued within 10 working days of receipt of all appropriate information.	95%	August September October	33 21 34	33 20 34	0 1 0	100 1 100	Green Green Green	SLA target met SLA target met SLA target met
Payment of transfer out	Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	90%	August September October	36 40 42	35 38 38	1 2 4	97 95 90	Green Green Green	SLA target met SLA target met SLA target met

* Payment of retirement benefits from active employment – In August, there were resourcing issues within the team which resulted in the target being missed, there were vacancies and a period of sickness during this period. In October, the target was also missed due to a system issue resulting in a backlog of checking and remaining resource issues. The resourcing issues have since been address and the desired level of experience within the team will be gained over time.

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

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

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

Appendix 2 - Receipt of Employee and Employer Contributions

Month/Year	% of Employers Paid on Time	% of Employers Paid Late	% of Employers that Submitted Schedule on Time	% of Employers that Submitted Schedule Late
October 2021	99.2	0.8	99.8	0.2
November 2021	99.2	0.8	100	0
December 2021	98.8	1.2	99.2	0.8
January 2022	99.6	0.4	99.4	0.6
February 2022	99.6	0.4	99.6	0.4
March 2022	99.3	0.7	99.8	0.2
April 2022	100	0	99.4	0.6
May 2022	99.2	0.8	99.6	0.4
June 2022	99.6	0.4	98.2	1.8
July 2022	99.8	0.2	100	0
August 2022	100	0	100	0
September 2022	99.2	0.8	99.6	0.4
Average for period	99.5	0.5	99.5	0.5

Appendix 2 - Receipt of Employee and Employer Contributions

Cambridgeshire Pension Fund

Pension Fund Committee

14 December 2022

Report by: Head of Pensions

Subject: Governance and Compliance Report

Purpose of the Report: To provide the Pension Fund Committee with information on:

1. Pensions Dashboards Regulations 2022
2. Taskforce on Climate related Financial Disclosures (TCFD) consultation
3. The Pensions Regulator publishes enforcement and prosecution policies and publishes scam prevention strategy
4. Skills and knowledge opportunities

Recommendation: The Pension Fund Committee are asked to note the Governance and Compliance Report

Enquiries to: Michelle Oakensen
Governance and Regulations Manager
michelle.oakensen@westnorthants.gov.uk

1. Background

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

2. Executive Summary

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

- Pensions Dashboards Regulations 2022
- Taskforce on Climate related Financial Disclosures (TCFD) consultation
- The Pensions Regulator publishes enforcement and prosecution policies and publishes scam prevention strategy
- Skills and knowledge opportunities

3. Developments

3.1 Pensions Dashboards Regulations 2022

3.1.1 Draft regulations laid for approval

3.1.1.1 In October the Department for Work and Pensions (DWP) laid draft Pensions Dashboard Regulations before each house of Parliament.

3.1.1.2 DWP can only make the regulations if each House approves the draft by a resolution. The House of Lords was scheduled to consider the regulations on 15 November 2022 but as of yet, no date has been set for this to happen in the House of Commons.

3.1.2 Further response to consultation

3.1.2.1 On 17 October the DWP responded to the further consultations which ran between 28 June and 19 July 2022 and confirmed that they will:

- give pension schemes six months' notice of the point at which pensions dashboards will be available to the public, the 'Dashboard Available Point'. This is an increase to the 90 days proposed in the consultation.
- go ahead with the second proposal allowing the Money and Pensions Service (MaPS) and the Pensions Regulator (TPR) to share information about dashboards.

3.1.3 Research on public value of dashboards

3.1.3.1 The Pension Dashboard Programme (PDP) has published the results of research carried out by Ipsos. PDP commissioned Ipsos to carry out quantitative research into the value that people attach to pension dashboards and their likelihood to use them.

3.1.3.2 Ipsos undertook online interviews with 1,960 individuals forming a representative sample of the UK population aged between 18 and 75. Differences in the likelihood of the public to use dashboards and their willingness to pay for them are explored across demographic and pension characteristics such as type and number of pensions, and levels of pension engagement.

3.1.3.3 PDP will use the results to inform development of the central digital architecture.

3.1.3.4 The full results and press release can be found [here](#).

3.1.4 Update on connecting early participants to the dashboard ecosystem

3.1.4.1 The PDP have also provided an update on testing for early participants, the first stage now that the central digital architecture is complete to start to test with real pension data using their two non-commercial suppliers (the State Pension & Money Helper Dashboard, built by the Money and Pensions Service). The second stage is for participants who have volunteered to help test and develop the service to being testing and work towards completing their connection journey in the new year. The third stage is for those participants to go live and will play an essential part in the process of preparing for compulsory staging, when pension providers and schemes will start to connect to dashboards in the order specified by the regulations and rules. Their experiences will feed into the development of the connection process and will help improve the experience for the rest of the pensions industry.

3.2 Taskforce on Climate related Financial Disclosures (TCFD) consultation

3.2.1 The Department for Levelling Up, Housing and Communities issued their TCFD consultation on 1 September 2022 for the LGPS in England and Wales.

3.2.2 The proposed requirements are similar to the current requirements for private pension schemes, although is slightly simplified and applies to LGPS of all sizes (rather than a phased approach for private pension schemes). The requirements will therefore apply to all LGPS funds from 2023/24 regardless of fund size.

3.2.3 The regulations are expected to be in force by April 2023 with the deadline for the first report being 1 December 2024.

3.2.4 The key proposals are summarised as follows:

- Governance – Administering Authorities (AAs) must establish and keep up to date processes to monitor risks and opportunities associated with climate change. This includes ensuring that officers and advisors also have processes in place.
- Strategy - AAs should include detail on their approach to assessing and managing climate related risks and opportunities in both their funding and investment strategies.
- Scenario analysis - AAs will be required to carry out two sets of scenario analysis, which is specific to their funding and investment strategies and must be carried out at least every three years. Importantly, this relates to the Fund’s assets and liabilities (not just their assets).
One scenario must be the “Paris-aligned” scenario (which assumes an ultimate 1.5 to 2 degree temperature rise above pre-industrial levels) and the other scenario will be at the choice of the AA. Scenario analysis must be conducted at least once in each valuation period.
- Risk Management – AAs will be expected to establish and maintain a process to identify and manage climate-related risks and opportunities related to their assets. They will have to integrate this process into their overall risk management process.
- Metrics - There are four key metrics which need to be reported on. These relate to greenhouse gas emissions, the carbon footprint of fund assets, the quality of the available data on emissions, and a Paris-aligned metric requiring AAs to report the percentage of the value of their assets for which there is a public net zero commitment by 2050 or sooner.
- Targets - AAs will be expected to set a target in relation to one metric, the chosen metric may be one of the four mandatory metrics listed above, or any other climate related metric recommended by the TCFD. Progress against the target must be assessed once a year, and the target revised if appropriate.
- Approach to reporting - The AA should publish an annual Climate Risk Report, by 1 December of each year (starting 1 December 2024). This may be a standalone report, or a section in the AA’s annual report.
- Scheme Climate Risk Report - It is proposed that the Scheme Advisory Board should prepare an annual report linking to each Fund’s individual reports and aggregate figures for the 4 key metrics mentioned above.

3.2.5 The consultation closed on the 24 November 2022 and the Cambridgeshire Pension Fund provided a response.

3.3 The Pensions Regulator

3.3.1 Enforcement and prosecution policies

3.3.1.1 In October the Pensions Regulator (TPR) published a revised enforcement policy, updated prosecution policy and new enforcement strategy with the aim of providing clarity on what those who are subject to enforcement action can expect from TPR.

3.3.1.2 The enforcement policy sets out TPR's approach to investigating cases and any subsequent enforcement action. It is web-based and divided into standalone chapters, each with links to other relevant documents. The policy also consolidates previous policies in respect of defined benefit, defined contribution and public service pension schemes.

3.3.1.3 The prosecution policy explains how TPR will approach prosecuting workplace pension criminal offences. The policy has been brought up to date to reflect the new criminal powers in the Pensions Schemes Act 2021 and other developments.

3.3.1.4 The enforcement strategy sets out the overarching aims of TPR's enforcement work (excluding automatic enrolment). It also provides an insight into the framework TPR applies when selecting cases for enforcement action.

3.3.1.5 The full documents are available at the following links:

[revised enforcement policy](#)
[updated prosecution policy](#)
[new enforcement strategy](#)

3.3.2 Scam prevention strategy

3.3.2.1 The Pensions Regulator has published a new strategy to combat pension scams, it aims to tackle the issue by:

- educating savers about the threat scams present
- encouraging higher standards and preventing practices that lead to saver harm
- fighting fraud through prevention, disruption and punishment of criminality

3.3.2.2 In line with TPR Corporate Strategy, Joint Regulatory Strategy and with the Financial Conduct Authority main objective is to for individuals not to lose some, or all of their pension savings to scammers. The reasons that this may occur is categorised into three areas:

- savers not being enabled to make good decisions
- practices by schemes, advisors and providers which lead to saver harm
- pensions fraud and other criminality

3.3.2.3 Some examples of how TPR will be enacting the policy are as follows -

- encourage industry to use anti-scam messaging on all annual benefit statements and touchpoints that savers have with their provider
- continue to support and amplify the messages of the FCA's ScamSmart campaign adapting messaging to deal with new and emerging threats
- continue to encourage industry to go beyond minimum compliance and engage savers with their pensions, and work to improve the pensions consumer journey including a review of guidance on member communications for scam-prevention messaging

3.3.2.4 Full details can be found - [Our strategy to combat pension scams | The Pensions Regulator](#)

3.3.2.5 The Cambridgeshire Pension Fund has ensured that letters/forms in relation to transferring to another pension arrangement contain the appropriate pension scam wording with links to the associated documentation. Information is also published on the Pension Service website and is included in newsletters. The Fund will be reviewing the new strategy in detail to establish if there are any areas of compliance that need to be achieved.

3.4 Skills and knowledge opportunities

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

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

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

4. Relevant Pension Fund Objectives

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance. *Objective 1*

Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers. *Objective 2*

Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment. *Objective 3*

To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. *Objective 5*

5. Risk Management

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

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

5.2 The Fund's risk register can be found on the Pensions website: [Cambridgeshire Pension Fund Risk Register](#).

6. Communication Implications

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

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

7. Finance & Resources Implications

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

8. Legal Implications

8.1 Not applicable

9. Consultation with Key Advisers

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

10. Alternative Options Considered

10.1 Not applicable

11. Background Papers

11.1 Not applicable

12. Appendices

12.1 Appendix 1 Skills and Knowledge training schedule

Checklist of Key Approvals

Has this report been cleared by Section 151 Officer? Sarah Heywood – 29/11/2022

Has this report been cleared by Head of Pensions? Mark Whitby – 11/11/2022

Has the Chair of the Pension Fund Committee been consulted? Councillor Whelan – 30/11/2022

Has this report been cleared by Legal Services? Fiona McMillan – 18/11/2022

Cambridgeshire Pension Fund

Appendix 1

Training plan 2022/23

Date	Training	Method of delivery	Delivered by	Target audience	Additional Information
APR					
MAY					
JUN	Valuation – Contribution rate setting	Presentation - hybrid	Hymans	Committee & Board	
	Local Authority Conference 2022	Conference – face to face	Pension and Lifetime Savings Association (PLSA)	Committee, Board & Officer	Local Authority Conference PLSA
JULY	Responsible Investments	Presentation – virtual	Investments Team	Board	
	Investment Review	Presentation - hybrid	Mercer	Committee & Board	
AUGUST					
SEPTEMBER	Investment and Pensions Summit	Conference – face to face	Local Government Chronicle (LGC)	Committee, Board & Officer	LGC Investment & Pensions Summit 2022 - Home Page (lgcplus.com)
	Equity Protection	Presentation	Schroders/Mercer	Investment Sub Committee	
	Passive Equity	Presentation	Schroders/Mercer	Investment Sub Committee	
OCTOBER	Valuation & Funding Strategy Statement	Presentation - hybrid	Hymans	Committee & Board	Presentation delivered as part of the October Committee meeting.



Administered in partnership

Cambridgeshire Pension Fund

Appendix 1

Date	Training	Method of delivery	Delivered by	Target audience	Additional Information
NOVEMBER	The Pensions Regulator Code of Practice	Virtual training session	Aon/Officers	Committee & Board	Postponed – awaiting guidance
	Conflicts of Interest	Virtual training session	Aon/Officers	Committee & Board	Session to be delivered 25 th November.
DECEMBER	Annual Conference 2022	Conference – face to face	Local Authority Pension Fund Forum (LAPFF)	Committee, Board & Officer	Events 25th LAPFF Annual Conference LAPFF (lapfforum.org)
	Valuation – Finalised Funding Strategy Statement	Presentation - hybrid	Hymans	Committee & Board	Presentation to be delivered as part of the December Committee meeting
	Equity protection	Virtual training session	Schroders/Mercer	Investment Sub Committee	16 th December
	Pension Liability and LDI	Virtual training session	Independent Advisor	Investment Sub Committee & Board	19 th December
JANUARY	Governance Conference	Conference – hybrid	Local Government Association (LGA)	Committee, Board & Officer	Events Local Government Association
FEBRUARY	Reporting breaches of the Law	Virtual training session	Officers	Officers	Postponed – awaiting guidance
	Investment Strategy	Virtual training session	Schroders/Mercer	Committee & Board	Exact date to be confirmed



Administered in partnership

Cambridgeshire Pension Fund

Appendix 1

Date	Training	Method of delivery	Delivered by	Target audience	Additional Information
MARCH	Valuation – Rates and Adjustment Certificate	Presentation - hybrid	Hymans	Committee & Board	Presentation to be delivered as part of the March Committee meeting



Administered in partnership

Cambridgeshire Pension Fund

Pension Fund Committee

Date: 14 December 2022

Report by: Head of Pensions

Subject: Pension Fund Annual Business Plan Update report
2022/23

Purpose of the Report: To present the Business Plan Update

Recommendation: The Pension Fund Committee is asked to:
1) note the Business Plan Update

Enquiries to: Mark Whitby
Head of Pensions
mark.whitby@westnorthants.gov.uk

1. Background

1.1 Good governance requires that updates to the pre-agreed Annual Business Plan and Medium-Term Strategy are provided to the Committee on a regular basis. This update highlights the progress made on the key activities for the period.

2. Executive summary

2.1 The Cambridgeshire Pension Fund have for many years considered it good governance to have in place a Business Plan and Medium-Term Strategy that is agreed annually and regularly monitored by the Committee.

2.2 The report summarises the progress made on each activity for the period under review.

2.3 Section 3 of this report provides a progress update for each business plan activity. The table below provides an overview of the RAG status of each activity.

Paragraph	Activity	RAG status
3.1	Extend the existing contract and re-tender for actuarial consultancy services	Green
3.2	Extend the existing contract and re-tender for benefits and governance consultancy services	Green
3.3	Extend existing contract and re-tender for legal services provider	Green
3.4	Re-tender for pensions administration and pensioner payroll platform	Green
3.5	Continue to develop the Fund's Cyber Strategy	Green
3.6	Review and implement changes required from the Pension Regulator's new Code of Practice	Green
3.7	Implement the best practice recommendations of the Scheme Advisory Board's good governance review	Green
3.8	Complete the Guaranteed Minimum Pension Rectification	Amber
3.9	Application of the McCloud age discrimination remedy	Green
3.10	Processing of undecided leaver records	Amber
3.11	Complete the 2022 Valuation of the Pension Fund	Green
3.12	Prepare for the implementation of Pension Dashboards	Green
3.13	Continue development of the ACCESS asset pool	Green
3.14	Decarbonisation and improved stewardship reporting	Green
3.15	Review the Fund's Property Investment Strategy	Green
3.16	Review the Investment Strategy and Strategic Asset Allocation	Green
3.17	Private Equity Review	Green
3.18	Review of website and digital communications	Amber

2.5 The tables in appendix A provide an update of the Fund account, investment and administration income and expenditure against the cash flow projection outlined in the Annual Business Plan as agreed by the Pension Fund Committee in March 2022. There are no material variances identified.

2.6 The link to the full Business Plan approved by the Committee in March 2022 is provided in section 11 for full context and reference.

Procurement of Services

3.1 Extend the existing contract and re-tender for actuarial consultancy services

3.1.1 Activity: To extend the existing contract and re-tender for actuarial consultancy services currently with Hymans Robertson due to expire on 31 March 2024 (following extension).

3.1.2 Key milestones:

Key Milestones	Dates	On target for completion?
Extend contract	January 2023	On target
Register to access national LGPS Frameworks	August 2023	On target
Draft specification of services required and associated documentation	August 2023 to September 2023	On target
Issue invitation to tender to suppliers on the Framework	October 2023	On target
Evaluate tender responses	November 2023 to December 2023	On target
Award contract	January 2024	On target

3.1.4 Update: No activity to report for the period.

3.2 Extend the existing contract and re-tender for benefits and governance consultancy services

3.2.1 Activity: To extend the existing contract and re-tender for the supplier of benefits and governance consultancy services currently with Aon due to expire 31 March 2024 (following extension).

3.2.2 Key milestones:

Key Milestones	Dates	On target for completion?
Extend contract	January 2023	On target
Register to access national LGPS Frameworks	January 2023	On target
Draft specification of services required and associated documentation	January 2023 to February 2023	On target
Issue invitation to tender to suppliers on the Framework	March 2023	On target
Evaluate tender responses	May 2023 to June 2023	On target
Award contract	July 2023	On target

3.2.3 Update: No activity to report for the period.

3.3 Extend existing contract and re-tender for legal services provider

3.3.1 Activity: To extend the existing contract with Squire Patton Boggs to February 2024 and re-tender for a legal services provider.

3.3.2 Key milestones:

Key Milestones	Dates	On target for completion?
Extend existing contract	January 2023	On target
Register to access national LGPS Frameworks	January 2023	On target
Draft specification of services required and associated documentation	July 2023 to August 2023	On target
Issue invitation to tender to suppliers on the Framework	September 2023	On target
Evaluate tender responses	October 2023 to November 2023	On target
Award contract	December 2023	On target

3.3.3 Update: No activity to report for the period.

3.4 Re-tender for pensions administration and pensioner payroll platform

3.4.1 Activity: To re-tender for pensions administration and pensioner payroll platform currently with Heywood that is due to cease in September 2024.

3.4.2 Key milestones:

Key Milestones	Dates	On target for completion?
Soft market testing and discussions with other Funds	April 2022 to December 2022	Completed
Obtain and complete National LGPS Framework documents	September 2022	Completed
Develop tender documents	January 2023 to March 2023	On target
Undertake framework procurement	April 2023 to September 2023	On target
Award contract to successful provider	October 2023	On target
Business process re-engineering and systems development (if new supplier)	October 2023 to September 2024	On target
Contract commences	October 2024	On target

Update: All relevant forms have been obtained from the National LGPS Frameworks and have been completed to allow access to the framework. Work has now begun on developing the tender documents in line with the planned schedule. Consultation is also under way with Procurement, Legal and Data Protection teams.

Core governance activities

3.5 Continue to develop the Fund's Cyber Strategy

3.5.1 Activity: Cyber-crime continues to evolve and become increasingly sophisticated and as such the cyber strategy and action plan developed in 2021/22 will need to be regularly reviewed and new activities added as time goes on.

3.5.2 Key milestones:

Key Milestones	Dates	On target for completion?
Ongoing monitoring and development of the cyber strategy and action plan evidenced by a separate agenda item at each meeting of the Pension Fund Committee and Pension Fund Board.	2022/23	On target

3.5.3 Update: Cyber Hygiene Guidelines are now in force for members following approval at the October Pension Fund Committee meeting.

Work continues on the cyber security survey analysis and incident response plan and an update will be provided to the Committee at the March 2023 meeting.

3.6 Review and implement changes required from the Pension Regulator's new Code of Practice

3.6.1 Activity: The new code of practice was expected to come into force summer 2022 following a delay from the Pensions Regulator. The Fund will have six months to achieve full compliance with its contents.

3.6.2 Key milestones:

Key Milestones	Dates	On target for completion?
Develop an action plan of changes required on launch of code of practice	Rescheduled to 2023. Date to be confirmed following release of the Code	Dependent upon release of the Code
Present action plan	As above	As above
Present update on progress on action plan	As above	As above

Update: The Pension Regulator's new code of practice was due to come into force in November 2021 and was postponed until Autumn 2022. To date, the new code has not been released with no further indication of when the new release date will be. Once the code comes into effect the Fund will have 6 months to achieve full compliance. Activity has been rescheduled and changed to a RAG status of Green.

3.7 Implement the best practice recommendations of the good governance review

3.7.1 Activity: There has been no further progress on any of the recommendations either by the Department for Levelling Up, Housing and Communities (DLUHC) or the Scheme Advisory Board (SAB).

3.7.2 Key milestones:

Key Milestones	Dates	On target for completion?
Develop an action plan to implement the best practice activities	Rescheduled to 2023. Date to be confirmed upon receipt of further information	Dependent upon when the Scheme Advisory Board resume focus on the workplan.
Present action plan and Conflicts of Interest Policy	Pension Fund Committee December 2022 /Local Pension Board January 2023	On target for the Conflicts of Interest Policy
Present update on progress on action plan	Rescheduled to 2023. Date to be confirmed upon receipt of further information	Dependent upon SAB as above
Implementation of activities requiring SAB and DLUHC guidance	Rescheduled to 2023. Date to be confirmed upon receipt of further information	Dependent upon SAB as above

3.7.3 Update: There has been no activity from the SAB or DLUHC in this area since February 2021. Once the Scheme Advisory Board provides further details on the recommendations the Fund will develop an action plan. The Conflicts of Interest Policy is a separate agenda item at this meeting following training delivered by Aon in November. Activity has been rescheduled and changed to a RAG status of Green.

Scheme member and data projects

3.8 Complete the Guaranteed Minimum Pension Rectification

3.8.1 Activity: To complete the rectification stage for scheme members, making adjustments to pensions in payment where necessary.

3.8.2 Key milestones:

Key Milestones	Dates	On target for completion?
Manual rectification of outstanding records.	April 2022 to March 2023	No – extension to 31 July 2023 to be confirmed (see update)

3.8.3 Update: In September 2022 there were approximately 530 cases requiring rectification of a scheme member's pension in payment. At the time of writing approximately 515 cases remain outstanding as a result of an increased focus of resources on unprocessed leavers. There will be an increased focus on this project commencing 1 January 2023. An extension to 31 July 2023 may be required to complete this project and this will be confirmed in the Business Plan Update report that will be presented to the Pension Fund Committee in March 2023.

3.9 Application of the McCloud age discrimination remedy

3.9.1 Activity: To rectify the pension records of scheme members within scope of the McCloud ruling following the implementation of the age discrimination remedy once legislation is in place.

3.9.2 Key milestones:

Key Milestones	Dates	On target for completion?
Data sheets returned from scheme employers	February 2022 to April 2022	Completed
Data sheets checked by Fund	May 2022 to July 2022	Completed
Uploading of revised scheme member data	August 2022 to March 2023	In progress and expected to be delivered on target
Respond to DLUHC consultation on draft regulations (expected December 2022)	January 2023 – February 2023	Anticipated
Devise communication plan for scheme members and scheme employers	Rescheduled to January 2023 (November 2022)	On target
Undertake scheme member record preparations to identify in scope members in readiness for the application of the underpin	April 2023 to September 2023	On target
Application of the revised underpin following release of amended LGPS Regulations	October 2023 onwards	On target

3.9.3 Update: DLUHC have announced that they expect draft regulations to be issued in late 2022, followed by a consultation in early 2023. As a result, this activity has been realigned accordingly and a new milestone added. The uploading of revised scheme member data is underway and is expected to complete in the set timescale. This activity is being run on a full project basis with several separate workstreams and a detailed project plan.

3.10 Processing of undecided leaver records

3.10.1 Activity: To reduce the backlog by 2,500 cases per year for the next 3 years from a baseline of approximately 9,500 cases at the beginning of April 2022.

3.10.2 Key milestones:

Key Milestones	Dates	On target for completion?
Re-baseline project	April 2022	Completed
Reduce cases by 2,500	April 22 to March 23	On target
Reduce cases by a further 2,500	April 2023 to March 2024	On target
Reduce cases by a further 2,500 to a business as usual baseline	April 2024 to March 2025	On target

3.10.3 Update: As at 31 October 2022, the number of unprocessed leavers ringfenced as backlog had decreased by approximately 3,000 from the baseline in April 2022. However, the service has not been able to keep on top of business as usual (BAU) cases and so the number of aged BAU cases has increased as a result, offsetting any ringfenced backlog decrease. Further resource has been added to the BAU team and bulk processing is now operating on both backlog and business as usual cases.

3.11 Complete the 2022 Valuation of the Pension Fund

3.11.1 Activity: The valuation date is 31 March 2022, and the work is carried out during 2022/23 with results to be published by 31 March 2023 and new employer contribution rates effective from 1 April 2023.

3.11.2 Key milestones:

Key Milestones	Dates	On target for completion?
Provision, validation and sign-off of valuation data	July 2022 – August 2022	Completed
Provision of whole Fund results by Fund Actuary	September 2022	Completed
Discuss whole Fund results with Committee	October 2022	Completed
Committee to approve Funding Strategy Statement for consultation	October 2022	Completed
Funding Strategy Statement issued for consultation	November 2022	Completed
Issue draft employer results and contribution strategies to scheme employers	November 2022 to December 2022	Completed
Committee to approve final Funding Strategy Statement	December 2022	A verbal update will be provided as part of the valuation agenda item due to the close proximity of the end of the consultation and this meeting.

Key Milestones	Dates	On target for completion?
Consultation and discussions with employers to agree contribution strategies	December 2022 – February 2023	On target
Publication of final valuation report and certified contribution rates	31 March 2023	On target

3.11.3 Update: The valuation project is progressing as planned with all target dates currently on track. However, due to the proximity of the Committee meeting to the end of the consultation on the Funding Strategy Statement, the approval of the final statement may be rescheduled for March, depending on the nature and volume of any responses received. A valuation update is on the agenda of this meeting and a verbal update will be provided under that item.

3.12 Prepare for the implementation of Pension Dashboards

3.12.1 Activity: To prepare for the implementation of Pension Dashboards by 30 September 2024.

3.12.2 Key milestones:

Key Milestones	Dates	On target for completion?
Work with the Pensions Administration Software supplier to connect to a Pensions Dashboard by the deadline of 30 September 2024.	April 2022 – September 2024	On target
Devise project plan and workstreams to prepare for connection to the Dashboard with clean value data.	October to November 2022	Completed
Connect to the Pension Dashboard	By 30 September 2024	On target
Provide value data to the Pension Dashboard	By 1 April 2025	On target

3.12.3 Update: The initial project plan and identification of the workstreams provided has been completed. The work plan will be continually reviewed as further information is released from the associated industry bodies.

Investment related activities

3.13 Continue development of the ACCESS asset pool

3.13.1 Activity: The ACCESS pool has recently appointed MJ Hudson as Implementation Adviser for Illiquid Assets. During 2022/23 MJ Hudson will be implementing pooled solutions for investing in Illiquid assets. Due to the illiquid nature of this asset class, migration of the Fund's assets may take several years.

3.13.2 Key milestones:

Key Milestones	Dates	On target for completion?
Transition into the new Multi Asset Credit sub fund	By 31 March 2023	On target
Produce plan for investing in illiquid assets in the pooled solution	By 31 March 2023	On target

3.13.3 Update: Following data collection and analysis on non-listed assets by MJ Hudson across ACCESS pool members, Real Estate (Property) has been approved by the ACCESS Joint Committee (AJC) as the first asset class to be progressed. Hampshire County Council have been appointed as the procurement lead and procurement documents have been developed and are currently being finalised. MJ Hudson have prepared a document, for consideration by ACCESS pool members, detailing the proposed running order for the procurement of remaining non-listed asset classes .

3.14 Decarbonisation and improved stewardship reporting

3.14.1 Activity: During 2022/23 the Fund is planning to commence the transition to a more sustainable portfolio by reviewing its passive equities mandates and commence Task Force on Carbon-Related Financial Disclosures (TCFD) reporting. The Fund will also prepare its first submission under the UK Stewardship Code.

3.14.2 Key milestones:

Key Milestones	Dates	On target for completion?
Draft TCFD report to be included in Fund annual report	December 2022	Completed
Commence implementation of decarbonisation changes to passive and active equity mandates	December 2022	On target
Draft Stewardship Code submission presented to the Investment Sub Committee	March 2023	On target

3.14.3 Update: It was agreed with the Pension Fund Committee that the Fund's TCFD position will be reported within the 21/22 Statement of Accounts which is currently being finalised.

The Fund has developed a Climate Action Plan which includes approved decarbonisation targets to reduce carbon emissions with the aim of achieving net zero by 2050 or earlier. Progress against the Plan is shown in Appendix B.

Implementation of decarbonisation changes to passive mandates is progressing well with new passively managed options presented to Investment Sub-Committee members in September, with a decision planned for the November Sub-Committee meeting. Active equity fund managers have been engaged with and made aware of the intentions of the Fund.

3.15 Review the Fund’s Property Investment Strategy

3.15.1 Activity: A review of the mandate will be undertaken, including consideration of possible enhancements to the property strategy, especially considering the expected benefits arising from the pooling agenda.

3.15.2 Key milestones:

Key Milestones	Dates	On target for completion?
Report on strategy review presented to Investment Sub Committee	November 2022	On target
Implement required asset class changes from property review	December 2022 – March 2023	On target
Communicate Fund’s new requirements to the ACCESS illiquid asset programme	December 2022	On target

3.15.3 Update: A property portfolio review covering the target split across real estate styles, sectors, geographies, and implementation route/timeline was presented at the November 2022 ISC for consideration. This review will help shape the Fund’s Property Investment Strategy and feed into the Fund’s overall Investment Strategy Review which will agree target allocations across all asset classes.

3.16 Review the Investment Strategy and Strategic Asset Allocation

3.16.1 Activity: The Fund must review its investment strategy and strategic asset allocation (SAA) once the outcomes of the triennial valuation process is known. This will ensure the Fund’s investment approach is appropriately aligned with its funding strategy and that the Fund can pay liabilities as they fall due over time.

It is proposed for this exercise is to be undertaken with the full Pensions Committee, supplemented by virtual training where required.

3.16.2 Key milestones:

Key Milestones	Dates	On target for completion?
Development of revised Investment Strategy/SAA by officers and advisors	November to December 2022	On target
Investment Strategy Training to Pension Fund Committee	January 2023	On target
Revised Investment Strategy/SAA approved by Pension Fund Committee	March 2023	On target
Implementation of revised Investment Strategy Statement	2023 onwards	On target

3.16.3 Update: The Fund’s Officers have engaged with its investment advisors, Mercer, and are on track to deliver training and a revised Investment Strategy as planned.

3.17 Private Equity Review

3.17.1 Activity: The Fund has a strategic asset allocation (SAA) for Private Equity of 5% within an overall allocation to Alternative assets of 25%. In order to maintain this the Fund must make regular private equity commitments.

To ensure the continued suitability of the portfolio, a deeper fundamental portfolio review covering exposures, risks and opportunities needs to be undertaken. This will also include modelling of expected commitment levels and deployment rates.

3.17.2 Key milestones:

Key Milestones	Dates	On target for completion?
Private Equity Portfolio Review	December 2022 to January 2023	On target
Investment Sub Committee approve future private equity commitments	February 2023	On target
Implementation of agreed private equity commitments	March 2023 onwards	On target

3.17.3 Update: The Fund's Officers have engaged with its investment advisors, Mercer, and are on track to bring forward proposals for private equity commitments for approval at the February 2023 Investment Sub Committee meeting.

Communications

3.18 Review of website and digital communications during 2022/23

3.18.1 Activity: The Fund's web offering will be reviewed to assess whether the website is still fit for purpose and alternative options available to meet the needs of the Fund's stakeholders.

3.18.2 Key milestones:

Key Milestones	Dates	On target for completion?
Initial engagement with key stakeholders and agreement of project objectives	April 2022 – June 2022	Completed
Review of initial engagement including mapping of user journeys and key insights	July 2022 – August 2022	Completed
Investigation into any identified "pain points" identified by user groups and identification of any further areas for improvement	Rescheduled to September – October 2022 (August 2022 - September 2022)	Completed

Key Milestones	Dates	On target for completion?
Stakeholder demonstration of new user journeys and prototype web pages/functions	Rescheduled to October – November 2022 (September 2022 – October 2022)	Completed
Presentation of key recommendations to officers	Rescheduled to November – December 2022 (October 2022 – November 2022).	Completed
Present outcomes and recommendations to Committee	March 2023	On target

3.18.3 Update: The review of the website has been progressing as planned. Initial findings and key recommendations have been presented to officers along with prototype webpages. These have also been tested with users and results are currently being collated for presenting to officers.

4. Relevant Fund objectives

4.1 To continually monitor and measure clearly articulated objectives through business planning.

5. Risk Management

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

6.2 The risks associated with failing to monitor progress against the Business Plan have been captured in the Fund's risk register as detailed below:

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

5.3 Please see the [Cambridgeshire Pension Fund Risk Register Executive Summary](#).

6. Communication Implications

The Business Plan Update will be presented to the Pension Fund Committee and Pension Fund Board at each meeting.

7. Finance & Resources Implications

7.1 Any updated financial implications are set out in the relevant activities.

8. Legal Implications

8.1 Not applicable

9. Consultation with Key Advisers

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

10. Alternative Options Considered

10.1 Not applicable

11. Background Papers

11.1 [Cambridgeshire Pension Fund Business Plan and Medium-Term Strategy](#)

12. Appendices

12.1 Appendix A – Variances against the forecast of investments and administration expenses based on original setting of assumptions.

Checklist of Key Approvals

Has this report been cleared by Section 151 Officer? Sarah Heywood – 29/11/2022

Has this report been cleared by Head of Pensions? Mark Whitby – 14/11/2022

Has the Chair of the Pension Committee been consulted? Councillor Whelan – 30/11/2022

Has this report been cleared by Legal Services? Fiona McMillan – 18/11/2022

Appendix A – Variances against the forecast of investments and administration expenses based on original setting of assumptions

Fund Account	2022/23 Estimate	2022/23 Forecast	Variance	Comments
	£000	£000	£000	
Contributions	135,000	138,000	3,000	Contributions in line with current membership numbers Demand led
Transfers in from other pension funds	8,000	11,000	3,000	
Total income	143,000	149,000	6,000	
Benefits payable	(121,000)	(121,000)	-	
Payments to and on account of leavers	(10,000)	(9,000)	1,000	
Total Payments	(131,000)	(130,000)	1,000	
Net additions/(withdrawals) from dealings with members	12,000	19,000	7,000	
Management Expenses	(4,555)	(4,595)	(40)	See below
Total income less expenditure	7,445	14,405	6,960	
Investment income	30,000	31,000	1,000	Actual income received to September 2022 plus two estimated quarters
Taxes on income	-	-	-	
profit and (losses) on disposal of investments and changes in the market value of investments	169,000	(120,000)	(289,000)	Actual Q2 return followed by actuarial long term growth assumption
Net return on investments	199,000	(89,000)	(288,000)	
Net increase/(decrease) in the net assets available for benefits during the year	206,445	(74,595)	(281,040)	

Management Expenses	2021-22 Estimate	2021-22 Forecast	Variance	Comments
	£000	£000	£000	
Total Administration Expenses	(2,674)	(2,782)	(108)	See below
Total Governance Expenses	(900)	(815)	85	Forecasts for consultancy and actuarial fees are currently lower than expected
Total Investment Invoiced Expenses	(981)	(998)	(17)	Outperformance of property mandate resulting in higher than expect investment manager costs
Total Management Expenses	(4,555)	(4,595)	(40)	

Administration Expenses Analysis	2021-22 Estimate	2021-22 Forecast	Variance	Comments
	£000	£000	£000	
Staff Related	(1,647)	(1,755)	(108)	Budget based on estimated 22/23 pay rates, higher than expected pay awards received. Expected vacancies to be filled during the next quarter
Altair administration and payroll system	(398)	(398)	-	
Data assurance	(45)	(46)	(1)	
Communications	(41)	(41)	-	
Other Non-Pay and Income	(16)	(16)	-	
County Council Overhead Recovery	(527)	(527)	-	
Total Administration Expenses	(2,674)	(2,782)	(108)	

Cambridgeshire Pension Fund

Pension Fund Committee

14 December 2022

Report by: Head of Pensions

Subject: Cambridgeshire Pension Fund Conflicts of Interest Policy

Purpose of the Report: To present the Cambridgeshire Pension Fund Conflicts of Interest Policy to the Pension Fund Committee

Recommendation: The Pension Fund Committee are asked to approve the Cambridgeshire Pension Fund Conflicts of Interest Policy.

Enquiries to: Michelle Oakensen
Governance and Regulations Manager
michelle.oakensen@westnorthants.gov.uk

1. Executive Summary

- 1.1 This report details how actual and potential conflicts of interest are identified and managed by those involved in the management and governance of the Cambridgeshire Pension Fund whether directly or in an advisory capacity.
- 1.2 The Policy applies to all members of the Pension Fund Committee, members of the Pension Fund Board, and the Chief Financial Officer (Section 151 officer).
- 1.3 The Policy also applies to all advisers and suppliers to the Fund whether advising the Pension Fund Committee, Fund officers or the Pension Fund Board.

2. Background

- 2.1 Along with other constitutional documents, including the various Codes of Conduct, this Policy aims to ensure that those individuals covered by the Policy do not act improperly or create a perception that they may have acted improperly. It is an aid to good governance, encouraging transparency and minimising the risk of any matter prejudicing decision making or management of the Fund otherwise.
- 2.2 In the Local Government Pension Scheme (LGPS) environment, there is the potential for conflicts of interest to arise. This reflects the fact that many of those managing or advising LGPS funds will have a variety of other roles and responsibilities, for example as a member of the scheme, as an elected member of an employer participating in the LGPS or as an adviser to more than one LGPS administering authority. Further to this, any of those persons may have an individual personal, business or other interest which might conflict, or be perceived to conflict, with their role managing or advising LGPS funds.

- 2.3 It is generally accepted that LGPS administering authorities have both fiduciary and public law duties to act in the best interests of both the scheme beneficiaries and participating employers. This, however, does not preclude those involved in the management of the Fund from having other roles or responsibilities which may result in an actual or potential conflict of interest. The Good Governance Review recommended that each fund should have a fund-wide published conflicts of interest policy.
- 2.4 This recommendation is being considered by the Department for Levelling Up, Housing and Communities (DLUHC). In the meantime, Cambridgeshire County Council as Administering Authority of the Fund considers it good practice to document within a policy, such as this, how any such conflicts or potential conflicts are to be managed in relation to Fund matters.
- 2.5 The Pension Fund Committee, Pension Fund Board and key officers were invited to a training session conducted by Aon in November with a link to the training provided for members who were unable to attend. The training was an opportunity for members to fully understand the requirements and discuss any concerns prior to receiving the policy for approval.

3. Legislative and related context

- 3.1 The overriding requirements in relation to the management of potential or actual conflicts of interest for those involved in the administration and governance of LGPS funds are contained in various elements of legislation and guidance.
- 3.2 The Public Service Pensions Act 2013 requires that the scheme manager (in the case of the LGPS, this is the administering authority) must be satisfied that a Pension Board member does not have a conflict of interest at the point of appointment and from time to time thereafter. It also requires pension board members to provide reasonable information to the scheme manager for this purpose.
- 3.3 The Local Government Pension Scheme Regulations 2013 place a duty on each administering authority to satisfy itself that pension board members do not have conflicts of interest on appointment or whilst they are members of the board. It also requires those pension board members to provide reasonable information to the administering authority in this regard.
- 3.4 Regulation 109 of the Local Government Pension Scheme Regulations 2013 states that each administering authority must have regard to guidance issued by the Secretary of State in relation to pension boards. In addition, Regulation 110 provides that the national scheme advisory board has a function of providing advice to administering authorities and pension boards
- 3.5 The Public Service Pensions Act 2013 also added a number of provisions to the Pensions Act 2004 related to the governance of public service pension schemes and, in particular, conflicts of interest. Section 90A requires the Pensions Regulator to issue a code of practice relating to conflicts of interest for pension board members. The Pensions Regulator has issued such a code and this Conflicts of Interest Policy has been developed having regard to that code.
- 3.6 The Local Government Act 2000, The Localism Act 2011 and the Seven Principles of Public Life also provide legislative context around conflicts of interest.

4. Responsibility

- 4.1 Cambridgeshire County Council as the Administering Authority for the Fund must be satisfied that conflicts of interest are appropriately managed. For this purpose, the Governance and Regulations Manager is responsible for ensuring the procedures outlined in the Policy are carried out.
- 4.2 However, it is the responsibility of each individual covered by the Policy to identify any potential instances where their personal, financial, business or other interests might come into conflict with their pension fund duties and to follow the requirements of the Policy appropriately.

5. Relevant Pension Fund Objectives

To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.

To manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers.

To ensure the relevant stakeholders responsible for managing, governing, and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment.

To continually monitor and measure clearly articulated objectives through business planning.

5. Risk Management

- 5.1 The Pension Fund Committee and Pension Fund Board are expected to ensure the Fund has an appropriate Conflicts of Interest Policy in place to ensure appropriate management and governance surrounding the administration of the Fund.
- 5.2 The risks associated with not having appropriate policies in place and acting appropriately have been captured in the Fund's risk register as detailed below.

Risk	Residual risk rating
Risk of fraud and error	Green
Those charged with governance are unable to fulfil their responsibilities effectively.	Green
Failure to understand and monitor risk compliance	Green
Failure to administer the scheme in line with regulations and guidance.	Green
Failure to recognise and manage conflicts of interest.	Green

- 5.3 The full risk register can be found - [Key documents \(CCC\) - Cambridgeshire LGPS](#)

6. Communication Implications

[Direct communications](#) The Fund will publish the policy on its website

7. Finance & Resources Implications

7.1 None

8. Legal Implications

8.1 None

9. Consultation with Key Advisers

9.1 The Policy was prepared with the support of Aon.

10. Alternative Options Considered

10.1 Not applicable

11. Background Papers

11.1 None

12. Appendices

12.1 Appendix 1 – Cambridgeshire Pension Fund Conflicts of Interest Policy

Checklist of Key Approvals

Has this report been cleared by Section 151 Officer? Sarah Heywood – 29/11/2022

Has this report been cleared by Head of Pensions? Mark Whitby – 11/11/2022

Has the Chair of the Pension Fund Committee been consulted? Councillor Whelan – 30/11/2022

Has this report been cleared by Legal Services? Fiona McMillan – 18/11/2022

Conflicts of Interest Policy 2022



Administered in partnership

Contents

Introduction	3
Aims and Objectives.....	3
Who does this Policy apply to?	4
Legislative and related context	4
Advisers' Professional Standards	6
Other Administering Authority Requirements.....	6
ACCESS Conflict of Interest requirements	7
What is a Conflict or Potential Conflict and how will they be managed?.....	7
Monitoring and recording potential conflicts of interest	7
Managing and mitigating potential conflicts of interest.....	8
Conduct at Meetings.....	8
Operational procedure for officers, Pension Fund Committee members and Pension Fund Board members	8
Table 1 – What is required?	9
Minor Gifts and Hospitality	10
Other Pension Fund Officers	10
Responsibility	10
Operational procedure for advisers.....	10
Key Risks.....	10
Costs.....	11
Approval, Review and Consultation.....	11
Further Information	11
Appendix 1 - Examples of Potential Conflicts of Interest	12
Appendix 2 - Declaration of Interests relating to the management of Cambridgeshire Pension Fund administered by Cambridgeshire County Council.....	13
Appendix 3 - Cambridgeshire Pension Fund - Register of Potential and Actual Conflicts of Interest	14

This is the Conflicts of Interest Policy (the 'Policy') for the Cambridgeshire Pension Fund (the 'Fund') which is managed by Cambridgeshire County Council (the 'Administering Authority').

The Policy details how actual and potential conflicts of interest are identified and managed by those involved in the management and governance of the Cambridgeshire Pension Fund whether directly or in an advisory capacity. Along with other constitutional documents, including the various Codes of Conduct, this Policy aims to ensure that those individuals covered by the Policy do not act improperly or create a perception that they may have acted improperly. It is an aid to good governance, encouraging transparency and minimising the risk of any matter prejudicing decision making or management of the Fund otherwise.

Introduction

In the Local Government Pension Scheme (LGPS) environment, there is the potential for conflicts of interest to arise. This reflects the fact that many of those managing or advising LGPS funds will have a variety of other roles and responsibilities, for example as a member of the scheme, as an elected member of an employer participating in the LGPS or as an adviser to more than one LGPS administering authority. Further to this, any of those persons may have an individual personal, business or other interest which might conflict, or be perceived to conflict, with their role managing or advising LGPS funds.

It is generally accepted that LGPS administering authorities have both fiduciary and public law duties to act in the best interests of both the scheme beneficiaries and participating employers. This, however, does not preclude those involved in the management of the Fund from having other roles or responsibilities which may result in an actual or potential conflict of interest. The Good Governance Review¹ recommended that each fund should have a fund-wide published conflicts of interest policy. This recommendation is being considered by the Department for Levelling Up, Housing and Communities (DLUHC). In the meantime, Cambridgeshire County Council as Administering Authority of the Fund considers it good practice to document within a policy, such as this, how any such conflicts or potential conflicts are to be managed in relation to Fund matters.

Aims and Objectives

The Administering Authority's objectives in relation to governance are:

- to have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance
- to ensure that the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a challenging environment
- to manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers.
- to continually monitor and measure clearly articulated objectives through business planning
- to continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate

The identification and management of potential and actual conflicts of interest is integral to us achieving these governance objectives.

The purpose of this Policy is:

- to ensure that all actual and potential conflicts of interest are managed appropriately, through a robust process
- to ensure all individuals to whom this Policy applies has appropriate information for making an informed decision on whether there is a potential or actual conflict of interest

¹ Phase 3 report published February 2021

https://www.lgpsboard.org/images/Other/Good_Governance_Final_Report_February_2021.pdf and is being considered by DLUHC.

Who does this Policy apply to?

This Policy applies to all members of the Pension Fund Committee, members of the Pension Fund Board and the Chief Financial Officer (Section 151 officer).

The Fund's Governance and Regulations Manager will monitor potential conflicts for less senior officers involved in the daily management of the Fund and highlight this Policy to them as appropriate.

The implementation of this Policy and the management of conflicts of interest in general will have regard to each individual's role, whether this is a management, advisory or assisting role and includes responsibilities representing the Fund on other boards, committees, groups and bodies.

The Policy also applies to all advisers and suppliers to the Fund whether advising the Pension Fund Committee, Fund officers or the Pension Fund Board. In this Policy, reference to advisers includes all advisers, suppliers and other parties providing advice and services to the Administering Authority in relation to pension fund matters.

This includes but is not limited to:

- Actuaries
- Investment Consultants
- Independent advisers
- Benefits Consultants
- Governance Consultants
- Fund Managers
- Lawyers
- Custodians
- AVC providers

Where an advisory appointment is with a firm rather than an individual, reference to "advisers" is to the lead adviser(s) responsible for the delivery of advice and services to the Administering Authority rather than the firm as a whole.

In accepting any role covered by this Policy, all individuals to which this Policy applies agree that they must:

- acknowledge any actual or potential conflict of interest they may have
- be open with the Administering Authority and any other body on which they represent the Administering Authority, on any actual or potential conflicts of interest they may have
- adopt practical solutions to managing those conflicts, and
- plan ahead and agree with the Administering Authority how they will manage any conflicts of interest which arise in future.

The procedures outlined later in this Policy provide a framework for each individual to meet these requirements.

Legislative and related context

The overriding requirements in relation to the management of potential or actual conflicts of interest for those involved in the LGPS funds are contained in various elements of legislation and guidance. These are considered further below.

The Public Service Pensions Act 2013

Section 5 of this Act requires that the scheme manager (in the case of the LGPS, this is the Administering Authority) must be satisfied that a Local Pension Board Member does not have a conflict of interest at the point of appointment and thereafter. It also requires Board Members to provide reasonable information to the scheme manager for this purpose. The Act defines a conflict of interest as "a financial or other interest which is likely to prejudice the person's exercise of functions as a Member of the Board (but does not include a financial or other interest arising merely by virtue of membership of the scheme or any connected scheme)."

Further, the Act requires that scheme managers must have regard to any such guidance that the national Scheme Advisory Board issues (see below).

The Local Government Pension Scheme Regulations 2013

Regulation 108 of these Regulations applies the requirements of the Public Service Pensions Act (as outlined above) to the LGPS, placing a duty on each administering authority to satisfy itself that Local Pension Board Members do not have conflicts of interest on appointment or whilst they are Members of the Board. It also requires those Local Pension Board Members to provide reasonable information to the Administering Authority in this regard. The Administering Authority will achieve this by regular monitoring and reviewing of the declarations of interest register.

Regulation 109 states that each Administering Authority must have regard to guidance issued by the Secretary of State in relation to Local Pension Boards. Further, regulation 110 provides that the national Scheme Advisory Board has a function of providing advice to Administering Authorities and Local Pension Boards. The LGPS national Scheme Advisory Board issued guidance relating to the establishment of Local Pension Boards including a section on conflicts of interest. This Conflicts of Interest Policy has been developed having regard to that guidance.

The Pensions Act 2004

Section 90A of the Pension Act 2004 requires the Pensions Regulator to issue a code of practice relating to conflicts of interest for Local Pension Board Members. The Pensions Regulator has issued such a code and this Policy has been developed having regard to that code.

Further, under section 13, the Pensions Regulator can issue an improvement notice (i.e. a notice requiring steps to be taken to rectify a situation) where it is considered that the requirements relating to conflicts of interest for Local Pension Board Members are not being adhered to.

CIPFA Investment Pooling Governance Principles for LGPS Administering Authorities Guidance

The CIPFA governance principles guidance states “the establishment of investment pooling arrangements creates a range of additional roles that committee members, representatives, officers and advisors might have.” It includes some examples of how conflicts of interest could arise in these new roles.

It highlights the need for administering authorities to:

- update their conflicts policies to have regard to asset pooling,
- remind all those involved with the management of the fund of the policy requirements and the potential for conflicts to arise in respect of asset pooling responsibilities, and
- ensure declarations are updated appropriately.

This Policy takes account of the possibility of conflicts arising in relation to asset pooling in accordance with the CIPFA governance principles guidance.

Localism Act 2011

All members and co-opted members of the Pension Fund Committee are required by the Localism Act 2011 to register and declare ‘disclosable pecuniary interests’ and abide by the Cambridgeshire County Council Members’ Code of Conduct. That Code contains provisions relating to disclosable pecuniary interests, non-statutory disclosable and sensitive interests including their disclosure and any limitations on members’ participation where they have any such interest.

The Seven Principles of Standards in Public Life

Also known as the ‘Nolan Principles’, the seven principles of public life apply to anyone who holds public office.

This includes people who are elected or appointed to public office, nationally and locally, and all people appointed to work in:

- the civil service,
- local government,
- the police,
- the courts and probation services,
- non-departmental public bodies, and
- health, education, social and care services.

The principles also apply to all those in other sectors that deliver public services. Many of the principles are integral to the successful implementation of this Policy.

The principles are as follows:

- selflessness,
- integrity,
- objectivity,
- accountability,
- openness,
- honesty, and
- leadership.

Advisers' Professional Standards

Many advisers will be required to meet professional standards relating to the management of conflicts of interest, for example, the Fund Actuary will be bound by the requirements of the Institute and Faculty of Actuaries.

Any Protocol or other document entered into between an adviser and the Administering Authority in relation to conflicts of interest, whether as a requirement of a professional body or otherwise, should be read in conjunction with this Policy.

Other Administering Authority Requirements

Individuals to whom this policy applies may also be required to adhere to other requirements in relation to conflicts of interest. This includes:

Pension Fund Committee Members

In addition to the requirements of this policy, Pension Fund Committee members and co-opted members are required to adhere to the Cambridgeshire County Council Members' Code of Conduct which, in Part 2, includes requirements in relation to the disclosure and management of personal and prejudicial interests. This is referred to above in the Localism Act 2011 section.

Pension Fund Board Members

The Pension Fund Board's Terms of Reference state that the Codes and Protocols laid out in Part 5 of the County Council's Constitution apply to all members of the Board. Accordingly Pension Fund Board Members are required to adhere to the Cambridgeshire County Council Members' Code of Conduct which includes requirements in relation to the disclosure and management of personal and prejudicial interests.

Employees

In addition to the requirements of this Policy, officers of Cambridgeshire County Council are required to adhere to the Cambridgeshire County Council Officers' Code of Conduct which includes requirements in relation to the disclosure of relevant interests and receipt of gifts and hospitality.

Advisers

The Administering Authority appoints its own advisers. There may be circumstances where these advisers are asked to give advice to scheme employers, or even to scheme members or member representatives such as the Trades Unions, in relation to pension matters. Similarly, an adviser may also be appointed to another administering

authority which is involved in a transaction involving the Fund and on which advice is required or to a supplier or organisation providing services to the Fund. An adviser can only continue to advise the Fund and another party where there is no conflict of interest in doing so.

An adviser appointed to advise the Pension Fund Committee, Pension Fund Board or Fund officers can be the same person, as long as there is no conflict of interest between the multiple responsibilities.

The key advisers are all expected to have their own policies or protocols on how conflicts of interest will be managed in their relationships with their clients, and these should be shared with Cambridgeshire County Council on request.

ACCESS Conflict of Interest requirements

One of the potential areas of conflict covered by this policy is investment pooling. A proportion of the Cambridgeshire Pension Fund's assets are invested through the ACCESS asset pool. Any Member representative of the Fund (ordinarily the Chair or Vice-Chair of the Pension Fund Committee) and senior officers of the Fund who are members of any ACCESS officer Group must also comply with any ACCESS requirements relating to the management of actual or potential conflicts of interest for the governance of the ACCESS pool.

What is a Conflict or Potential Conflict and how will they be managed?

Identifying conflicts or potential conflicts of interest

A conflict of interest is defined in section 5(5) of the 2013 Act as a financial or other interest likely to prejudice the way in which someone carries out their role². It further specifies that a conflict does not include a financial or other interest arising merely by virtue of that person being a member of a relevant pension scheme.

Therefore, a conflict of interest may arise when an individual:

- has a responsibility or duty in relation to the management of, or provision of advice to, the LGPS fund administered by Cambridgeshire County Council, and at the same time, they:
 - have a separate personal interest (financial or otherwise), or
 - have another responsibility in relation to that matter.

This gives rise to a possible conflict with their first responsibility. An interest could also arise due to a family member or close colleague having a separate responsibility or interest in a matter.

Cambridgeshire County Council, as Administering Authority will:

- encourage a culture of openness and transparency
- encourage individuals to be vigilant, have a clear understanding of their role and the circumstances in which they may have a conflict of interest, and of how potential conflicts should be managed
- evaluate the nature of any dual interests or responsibilities that are highlighted and assess the impact on the Fund's operations and good governance were an actual conflict of interest to materialise.

One of the key areas of potential conflict relate to the dual roles held by employed or representing Cambridgeshire County Council as the Administering Authority to the Fund and a participating employer in the Fund.

Some examples of potential conflicts including relating to these dual roles are included in Appendix 1.

Further details of how potential conflicts of interest should be identified and managed are set out in table 1 below.

Monitoring and recording potential conflicts of interest

All declarations should be collated and recorded on the Fund's Register of Conflicts of Interests (see Appendix 3 for details on the format of the register).

² The Public Service Pensions Act 2013 defines a conflict of interest in the context of a member of a Pension Fund Board however the definition is extracted here to apply to all stakeholders.

In order for the Administering Authority to fulfil its obligations to manage and monitor potential conflicts of interests the Pension Fund Committee and the Pension Fund Board must include an item on conflicts of interest at each meeting. The Pension Fund Board must also include an item on conflict of interest in its Annual Report.

The Fund's Register of conflicts of interest may be viewed by any interested party at any point in time. It will be made available on request by the Governance and Regulations Manager. To identify whether the objectives of this Policy are being met the Administering Authority will review the Register of conflicts of interest on an annual basis and consider whether there have been any potential or actual conflicts of interest that were not declared at the earliest opportunity. Further detail set out in table 1 below.

Managing and mitigating potential conflicts of interest

It is inevitable that conflicts of interest will arise, and it is important to recognise that there are various ways that conflict can be managed depending on the individual circumstances.

The three main ways to assist in resolving conflict include:

- the conflicted individual concerned abstaining from the discussion, decision-making or providing advice relating to the relevant issue,
- the conflicted individual being excluded from the relevant meeting(s) and any related correspondence or material in connection with the relevant issue (for example, a report for a Pension Fund Committee meeting), or
- a working group or sub-committee being established which excludes the conflicted individual concerned, to consider the matter outside of the formal meeting (where the terms of reference permit this to happen).

Provided that the Administering Authority (having taken any professional advice deemed to be required) is satisfied that the method of management is satisfactory, the Administering Authority shall endeavor to avoid the need to advise an individual to resign due to a conflict of interest or to request the appointing body to reconsider their appointment to the Board or Committee). Where a Pension Fund Board Member has an actual conflict of interest as defined in the Public Service Pensions Act 2013, the individual will be required to resign from the Board.

Conduct at Meetings

There may be circumstances where a representative of employers or members wishes to provide a specific point of view on behalf of an employer (or group of employers) or member (or group of members). The Administering Authority requires that any individual wishing to speak to advocate on behalf of specific person or organisation or to represent the views of a group of such persons must state this clearly at the meeting and this will be formally recorded in the minutes.

Operational procedure for officers, Pension Fund Committee members and Pension Fund Board members

The following procedures must be followed by all individuals to whom this policy applies.

However, it should be noted all members of the Pension Fund Committee (including co-opted members) and Pension Fund Board have a pre-eminent requirement to follow and abide by the requirements of Part 2 of the Cambridgeshire County Council Members' Code of Conduct relating to the treatment and disclosure of certain prejudicial and other interests. Accordingly, for those members, disclosures under this policy may be in addition to disclosures under the Council's Code of Conduct.

Table 1 – What is required?

What is required	How this will be done
<p><i>Step 1 - Initial identification of interests which do or could give rise to a conflict</i></p>	<p>On appointment to their role or on the commencement of this Policy if later, all individuals will be provided with a copy of this Policy and be required to complete a Declaration of Interest the same or similar to that included in Appendix 2.</p> <p>The information contained in these declarations will be collated into the Pension Fund Register of conflicts of interest in a format the same or similar to that included in Appendix 3.</p>
<p><i>Step 2 - Ongoing notification and management of potential or actual conflicts of interest</i></p>	<p>At the commencement of any Pension Fund Committee and Pension Fund Board or other formal meeting where pension fund matters are to be discussed, the Chairperson will ask all those present who are covered by this Policy to declare any new potential conflicts of interest. These will be recorded in the Fund’s Register of conflicts of interest. In addition, the latest version of the Register can be made available by the Governance and Regulations Manager to the Chairperson of every meeting prior to that meeting if required.</p> <p>At Committee meetings there will also, at the start of the meeting, be an agenda item for Members to declare any interests under the Members' Code in relation to any items on that agenda.</p> <p>Any individual who considers that they or another individual has a potential or actual conflict of interest, as defined by this Policy, which relates to an item of business at a meeting, must advise the Chairperson and the Governance and Regulations Manager prior to the meeting, where possible, or state this clearly at the meeting at the earliest possible opportunity. The Chairperson, in consultation with Democratic Services and the Governance and Regulations Manager should then decide whether the conflicted or potentially conflicted individual needs to leave the meeting during the discussion on the relevant matter or to withdraw from voting on the matter.</p> <p>If such a conflict is identified outside of a meeting the notification must be made to the Governance and Regulations Manager and where it relates to the business of any meeting, also to the Chairperson of that meeting in the first instance. The Governance and Regulations Manager, in consultation with the Chairperson where relevant, will consider any necessary action to manage the potential or actual conflict.</p> <p>Where information relating to any potential or actual conflict has been provided, the Governance and Regulations Manager may seek such professional advice as they think fit (such as legal advice from the Monitoring Officer) on to how to manage any identified conflicts.</p> <p>Any such potential or actual conflicts of interest and the action taken must be recorded on the Fund's Register of conflicts of interest and in the minutes of the meeting if raised during a meeting.</p>
<p><i>Step 3 - Periodic review of potential and actual conflicts</i></p>	<p>At least once every 12 months, the Governance and Regulations Manager will provide to all individuals to whom this Policy applies a copy of their currently declared Fund conflicts of interest to be reviewed. All individuals will complete a new Declaration of Interest (see Appendix 2) confirming that their information contained in the Register is correct or highlighting any changes that need to be made to the declaration.</p> <p>If necessary, the declaration will be reviewed more frequently.</p>

Minor Gifts and Hospitality

All individuals of this Policy must adhere to their appropriate Code of Conduct when considering whether they are able to accept gifts or hospitality.

Other Pension Fund Officers

It is important to ensure that other officers of the Fund, not covered by this Policy, do not carry out work where there may be a potential or actual conflict. Accordingly, all pension fund officers will be required to complete a 'Declaration of Interest' form providing the names of all scheme members that they are either related to or have a personal relationship with, where they are known to be a member of the Fund upon appointment and reviewed on an annual basis.

It is important for the Officers of the Fund to be aware that they should not be involved on cases to which they have a connection to the scheme member, including any professional connection.

Responsibility

Cambridgeshire County Council as the Administering Authority for the Fund must be satisfied that conflicts of interest are appropriately managed. For this purpose, the Governance and Regulations Manager is responsible for ensuring the procedures outlined in this Policy are carried out.

However, it is the responsibility of each individual covered by this Policy to identify any potential instances where their personal, financial, business or other interests might come into conflict with their pension fund duties and to follow the requirements of the Policy appropriately.

Operational procedure for advisers

Key advisers to the Fund are expected to have their own policies on how conflicts of interest will be managed in their relationships with their clients, and these should have been shared with the Administering Authority.

Although this Policy applies to all advisers, the operational procedures outlined in steps 1 and 3 in the table above relating to completing ongoing declarations are not expected to apply to advisers.

Instead all advisers must:

- be provided with a copy of this Policy on appointment and whenever it is updated,
- adhere to the principles of this Policy,
- provide, on request, information to the Governance and Regulations Manager in relation to how they will manage and monitor actual or potential conflicts of interests relating to the provision of advice or services to Cambridgeshire County Council as Administering Authority,
- notify the Governance and Regulations Manager immediately should a potential or actual conflict of interest arise, and
- highlight at all meetings should a potential or actual conflict of interest arise, preferably at the start of the meeting.

All potential or actual conflicts notified by advisers will be recorded in the Fund's Register of conflicts of interest.

Key Risks

The key risks to the delivery of this Policy are outlined below. All of these could result in an actual conflict of interest arising and not being properly managed. The Governance and Regulations Manager will monitor these and other key risks and consider how to respond to them.

- Insufficient training or poor understanding in relation to individuals' roles on pension fund matters,
- Insufficient training or failure to communicate the requirements of this Policy,
- Failure by an individual to follow the requirements of this Policy,
- Absence of the individual nominated to manage the operational aspects of this Policy and no one

deputising, or failure of that individual to carry out the operational aspects in accordance with this Policy, and

- Failure by a chairperson to take appropriate action when a conflict is highlighted at a meeting

Costs

All costs related to the operation and implementation of this Policy will be met directly by the Fund. However, no payments will be made to any individuals in relation to any time spent or expenses incurred in the disclosure or management of any potential or actual conflicts of interest under this Policy.

Approval, Review and Consultation

This Policy was approved on [xx] December 2022 by the Pension Fund Committee. It will be formally reviewed every three years and if necessary, more frequently to ensure it remains accurate and relevant, including if there are any changes to the LGPS or other relevant Regulations or Guidance which need to be considered.

Further Information

If you require further information about anything in or related to this Policy, please contact:

Governance and Regulations Manager

Email: michelle.oakensen@westnorthants.gov.uk

Appendix 1 - Examples of Potential Conflicts of Interest

Appendix 2 – Declaration of Interests relating to the management of the Fund administered by Cambridgeshire County Council.

Appendix 3 – Register of Potential and Actual Conflicts

Appendix 1 - Examples of Potential Conflicts of Interest

The examples provided below are for illustrative purposes only, please note that these are not designed to be an exhaustive list.

Examples of Pension Related Potential Conflict of Interest
a) An elected member on the Pension Fund Committee may be required to provide views on a funding strategy which could result in an increase in employer contributions payable by the employer they represent.
b) A member of the Pension Fund Committee is a board member of an Investment Manager that the Committee is considering appointing.
c) An officer of the Fund or member of the Pension Fund Committee is on an ACCESS board/group and a matter is being considered that would benefit their originating Council or Pension Fund to a greater degree than other participating Councils or Funds.
d) An officer of the Fund or member of the Pension Fund Committee accepts a dinner invitation from a Fund Manager who has submitted a bid as part of a tender process or might be in the process of preparing a bid for an open tender process.
e) The senior pension fund officer appointed to consider internal disputes is asked to review a case relating to a close friend or relative.
f) The senior pension fund officer is asked to provide technical advice to a scheme employer about an outsourcing contract. This includes questions about the impact on that employer and their employer requirements relating to the outsourcing contract. That senior pension fund officer is also (or will be) involved in similar matters from a Pension Fund perspective relating to that outsourcing.
g) An elected member on the Pension Fund Committee also has a role in driving carbon reduction in their local authority area, which also happens to be the administering authority for the Fund.
h) An elected member on the Pension Fund Committee, who also sits on the ACCESS Joint Governance Committee, also has a role on their local authority in relation to local infrastructure, and this is a potential investment being considered by ACCESS which the Fund might invest in.
i) An administrator in the Fund receives a case to calculate a benefit which relates to a family member, close friend or colleague.
j) An employer representative on the Pension Fund Board is employed by a company to which the administering authority has outsourced its pension administration services and the Pension Fund Board is reviewing the standards of service provided by that company.
k) A Fund adviser is party to the development of a strategy which could result in additional work for their firm, for example, providing delegated or fiduciary management of Fund investments, providing assistance with monitoring the covenant of employers or where they are also advisers to the ACCESS pool.

Appendix 2 - Declaration of Interests relating to the management of Cambridgeshire Pension Fund administered by Cambridgeshire County Council

I, [insert full name], am:

- an officer involved in the management
- Pension Fund Committee Member
- Pension Fund Board Member

of the Cambridgeshire Pension Fund and I set out below under the appropriate headings my interests, which I am required to declare under Cambridgeshire Pension Fund Conflicts of Interest Policy. I have put “none” where I have no such interests under any heading.

Responsibilities or other interests that could result in a conflict of interest (please list and continue overleaf if necessary):

Relating to me

Relating to family members or close colleagues

Undertaking:

I declare that I understand my responsibilities under the Cambridgeshire Pension Fund Conflicts of Interest Policy. I undertake to notify the Governance and Regulations Manager of any changes in the information set out above.

Signed _____ Date _____

Name (CAPITAL LETTERS) _____

Appendix 3 - Cambridgeshire Pension Fund - Register of Potential and Actual Conflicts of Interest

Date identified	Name of Person	Role of Person	Details of conflict	Actual or potential conflict	How notified (1)	Action taken (2)	Follow up required	Date resolved

⁽¹⁾ E.g. verbal declaration at meeting, written conflicts declaration, etc.

⁽²⁾ E.g. withdrawing from a decision-making process, left meeting, no action, etc.

Cambridgeshire Pension Fund

Pension Fund Committee

14 December 2022

Report by: Head of Pensions

Subject: Pension Fund Annual Report and Statement of Accounts 2021-22

Purpose of the Report: To present the Final Annual Report and Statement of Accounts and the Audit Results Report of the Pension Fund for the 2021-22 financial year.

Recommendations: The Pension Fund Committee:

- a) Approve the Final Annual Report
- b) Note the Statement of Accounts of the Pension Fund for the 2021-22 financial year.
- c) Note the findings of external audit documented in the ISA260.

Enquiries to: Ben Barlow, Investments & Fund Accounting Manager
Tel – 07831 123167
E-mail – Ben.Barlow@Westnorthants.gov.uk

1. Purpose of report

1.1 To present the Final Annual Report and Statement of Accounts and the Audit Results Report of the Pension Fund for the 2021-22 financial year.

2. Executive summary

2.1 The report covers the changes to the Annual Report and Statement of Accounts since the draft version presented to Committee in July.

2.2 The report sets out the key findings of the external audit for the 2021-22 year end including outstanding items and uncorrected misstatements.

3. Report background

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

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

- 3.3 The Chartered Institute of Public Finance and Accountancy (CIPFA) has issued the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22 (the Code), which governs the preparation of the financial statements for Local Government Pension Scheme funds. A CIPFA template is used each year to ensure that the reporting meets the requirements of the Code and is compliant with International Financial Reporting Standards (IFRS).
- 3.4 The publication of the Accounts is an essential feature of public accountability and stewardship as it provides information on how the Fund has used the members' funds for which it is responsible.
- 3.5 The structure and content of the Annual Report is governed by guidance issued by the CIPFA in compliance with Regulation 57 of The Local Government Pension Scheme Regulations 2013 (as amended).

4. Main changes

- 4.1 The draft Annual Report and Statement of Accounts was brought to Committee at the July meeting. The below sets out the changes from the draft report and final report:
 - 4.1.1 Page 3 - Inclusion of the Chair's Foreword,
 - 4.1.2 Page 32 – Inclusion of Cost Transparency details,
 - 4.1.3 Page 37 – Inclusion of TCFD Reporting,
 - 4.1.4 Page 84 – Receipt of AVC statement from Prudential,
 - 4.1.5 Page 85 – Receipt of related party declarations from members of the Pension Fund Committee.

5. Findings and feedback from External Audit fieldwork

- 5.1 The Pension Fund Statement of Accounts has been subject to external audit fieldwork and EY have offered a separate audit opinion on the Pension Fund's Annual Report and Statement of Accounts within the ISA260 document, this is set out on page 16 of the Audit report.

“In our opinion the pension fund financial statements:

- Give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2022 and the amount and disposition of the fund's assets and liabilities as at 31 March 2022; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021-22”

- 5.2 The Pension Fund's opinion cannot be finalised until the Council's audit has concluded.
- 5.3 There is one uncorrected misstatement identified during the audit. The investment asset balances included a number of estimated asset valuations for Level 3 assets, these are based on December 2021 actual valuations adjusted for cash flows to the 31 March 2022. The actual valuations received for these assets showed the

investment asset balance was understated by £10.274m. This value is below materiality thresholds.

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

6. Relevant Pension Fund Objectives

- 6.1 To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.
- 6.2 To manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund’s stakeholders, particularly the scheme members and employers.
- 6.3 To ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment.
- 6.4 To continually monitor and measure clearly articulated objectives through business planning.
- 6.5 To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.
- 6.6 To provide scheme members with up-to-date information about the scheme in order that they can make informed decisions about their benefits.
- 6.7 To seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund.

7. Finance and Resources Implications

- 7.1 None, this paper is for information only.

8. Risk Management

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

Risk No.	Risk	Residual risk rating
4	Contributions to the Fund are not received on the correct date and/or for the correct amount	Amber
5	Fund assets are not sufficient to meet obligations and liabilities.	Amber
7	Information may not be provided to stakeholders as required	Green
9	Those charged with governance are unable to fulfil their responsibilities effectively	Green

Risk No.	Risk	Residual risk rating
15	Custody arrangements may not be sufficient to safeguard Pension Fund assets.	Green
17	Failure to administer the scheme in line with regulations and guidance.	Green
19	Pension Fund investments may not be accurately valued.	Green
25	Investment decisions and portfolio management may not achieve the return required or be performed in accordance with instructions provided.	Green

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

<https://pensions.northamptonshire.gov.uk/governance/key-documents/cambridgeshire/>

9. Communication Implications

9.1 The final Annual Report and Statement of Accounts will be made available to the public by publication on the Fund's website. The documents will also be shared with the Local Government Association.

10. Legal Implications

10.1 There are no legal implications arising from the proposals.

11. Consultation with Key Advisers

11.1 The Pension Fund Accounts are produced utilising information and advice provided by Investment Managers, the Fund's Custodian Northern Trust and the Fund's Actuary, Hymans Robertson.

12. Alternative Options Considered

12.1 Not applicable.

13. Background Papers

13.1 Not applicable.

14. Appendices

14.1 Appendix 1 Annual Report and Statement of Accounts 2021-22

14.2 Appendix 2 ACCESS Annual Report

14.3 Appendix 3 ISA260 2021-22 Report

Checklist of Key Approvals

Is this decision included in the Business Plan? Not applicable.

Will further decisions be required? If so, please outline the timetable here No.

Is this report proposing an amendment to the budget and/or policy framework? No.

Has this report been cleared by Chief Finance Officer/Section 151 Officer? Yes.

Has this report been cleared by Head of Pensions? Yes.

Has the Chair of the Pension Fund Committee been consulted? Yes.

Has this report been cleared by Legal Services? Yes.



Cambridgeshire County Council Pension Fund Annual Report and Statement of Accounts Year Ended 31 March 2022

Contents

1. PREFACE

Chair's Foreword	Page 3
Statement of Responsibilities	Page 4
Scheme Management, Advisors & Partners	Page 5

2. SCHEME ADMINISTRATION

Pension Fund Administration	Page 7
Membership	Page 7
Scheme Administration Tools	Page 7
Scheme Framework	Page 8
Committee & Board Membership	Page 10
Policies & Strategy Statements	Page 11

3. MANAGEMENT AND FINANCIAL PERFORMANCE

The Team	Page 12
Complaints and Appeals	Page 12
Managing Decision Making	Page 13
Risk Management	Page 14
Financial Performance	Page 15
Performance Indicators	Page 16
Contributors to the Fund	Page 18

4. INVESTMENT POLICY AND PERFORMANCE

Investment Policy	Page 30
Pooling	Page 31
Asset Allocation	Page 33
Investment Performance	Page 35
TCFD Reporting	Page 37
Investment Consultants Annual Review	Page 42

5. ACTUARIAL INFORMATION

Report by Actuary	Page 47
-------------------	-------------------------

6. AUDIT OPINION

Report by Auditors	Page 50
--------------------	-------------------------

7. PENSION FUND ACCOUNTS

Pension Fund Account and Notes	Page 53
--------------------------------	-------------------------

8. GLOSSARY

Glossary of Terms	Page 86
-------------------	-------------------------

Appendix A – ACCESS Annual Report

Chair's Foreword

It gives me great pleasure to introduce the Cambridgeshire Pension Fund Annual Report and Statement of Accounts for 2021-22.

Staff responsible for the management and administration of the Cambridgeshire Pension Fund have striven to deliver continuing high standards of performance to our scheme members, scheme employers and other stakeholders throughout the year.

Our scheme members increased to over 92,000 active, pensioner and deferred members from the previous year's figure of just over 89,000. Scheme members rely on us to look after their valuable pension rights during their lifecycle of scheme membership.

The Fund has seen further growth of 10.4%, ending this year with a fund valuation of £4.3bn as of 31st March 2022, compared to £3.9bn as of 31st March 2021.

This is despite the volatile market situation caused by the Russian invasion of Ukraine at the end of the financial year. Whilst first and foremost a human tragedy, the ongoing war in Ukraine is likely to lead to high inflation and challenging times for the Fund over the next year, with the effects not fully felt during 2021-22.

The Fund has worked hard during the year to develop an enhanced responsible investment (RI) policy, which forms part of our overall investment strategy. The new RI policy sets out our approach to sustainable responsible investment and will help us manage the carbon and climate risks impacting our investments better.

The Fund has carefully chosen an ambitious decarbonisation pathway for its portfolio of investments that will enable the Fund to reach net zero carbon emissions by 2050 or earlier whilst still ensuring its ability to pay benefits when they fall do is not compromised. Further information on this important work can be found in section Investment Policy and Performance of this annual

report and within the investment pages on the Fund's website.

The Fund has continued to progress work within the ACCESS pool, increasing our pooled assets to 62% as of 31st March 2022, with further assets in the pipeline to be pooled in the future.

The Fund has also been busy preparing, collating and analysing data in preparation for the next 3 year valuation cycle.

After another successful year for the Fund, I would like to once again thank the hard work of the Pension Fund Committee and its Investment Sub-Committee, members of the Local Pension Board, the Chief Finance Officer, the Head of Pensions and all the staff involved in the administration and management of the Cambridgeshire Pension Fund.

Councillor Alison Whelan

Chair of the Cambridgeshire Pension Fund Committee

Statement of Responsibilities

Introduction

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

The Statement of Accounts has been prepared in accordance with the CIPFA/LASAAC Code of Practice for Local Authority Accounting in the United Kingdom 2021-22.

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

The Council's Responsibilities in respect of the Pension Fund

The Cambridgeshire County Council is required to:

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

The Chief Finance Officer's Responsibilities

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

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

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

The Chief Finance Officer has also:

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

Certificate of Accounts

I certify that this Statement of Accounts presents a true and fair view of the financial position of the Pension Fund at 31 March 2022 and of its income and expenditure for the year 2021-22, and authorise the accounts for issue.

Mr T Kelly

Chief Finance Officer
(Section 151 Officer)
Dated: XXXXXXXXXXXX

Scheme Management, Advisors and Partners

Partners		Asset Managers (Continued)	
 ACCESS <small>Effective • Collective • Investment</small>	ACCESS (Pension Pool)	 DODGE & COX*	Dodge & Cox Funds*
 AON <small>Empower Results*</small>	AON (Consultants)	 equitix	Equitix Ltd
 EY	Ernst & Young (Auditors)	 Foresight <small>FOR A SMARTER FUTURE</small>	Foresight Group
 EVERSHEDS SUTHERLAND	Eversheds Sutherland (Legal Advisor)	 HARBOUR VEST	Harbour Vest Partners (UK)
 HYMANS ROBERTSON	Hymans Robertson (Actuary)	 ifm <small>investors</small>	IFM Investors
 Mercer	Mercer (Investment Consultants)	 JO Hambro <small>Capital Management Group</small>	JO Hambro *
 NatWest	NatWest (Bank)	 J.P.Morgan	JP Morgan
 NORTHERN TRUST	Northern Trust (Custodian)	 LINK Asset Services	Link Fund Solutions (ACCESS)
 Pathfinder <small>Legal Services Ltd</small>	Pathfinder (Legal Advisor)	 LONGVIEW PARTNERS	Longview Partners*
	Sam Gervaise-Jones (Ind. Advisor)	 M &G	M&G Investments*
 SQUIRE PATTON BOGGS	Squire Patton Boggs (Legal Advisors)	 Partners Group <small>REALIZING POTENTIAL IN PRIVATE MARKETS</small>	Partners Group
Asset Managers		 Schroders	Schroders
 Adams Street	Adams Street Partners	 UBS	USB Asset Management
 Allianz	Allianz Global Investors	AVC Providers	
 ARES	Ares Asset Management	 PRUDENTIAL	Prudential
 BlueBay <small>Asset Management</small>	Blue Bay Asset Management	 utmost <small>LIFE AND PENSIONS</small>	Utmost Life & Pensions

*Sub-funds managed by link fund solutions in the ACCESS pool (page 31)

Scheme Management & Key Officers

The Key Officers of the Fund during the year were:

Mark Whitby – Head of Pensions

Ben Barlow – Investments and Fund Accounting Manager

Richard Sultana – Systems and Projects Manager

Akhtar Pepper – Operations Manager

Cory Blose – Employer and Communications Manager

Joanne Kent – Governance and Compliance Manager

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

Ben Barlow

Investments and Fund Accounting Manager,
Pension Services

Email: Ben.Barlow@westnorthants.gov.uk

Telephone: 07831 123167



Enquiries relating to management and administration should be directed to:

Mark Whitby

Head of Pensions, Pension Services

Email: Mark.Whitby@westnorthants.gov.uk

Telephone: 07990 556197



Registered Pension Scheme Number: 10038487

Scheme Administration

Introduction

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

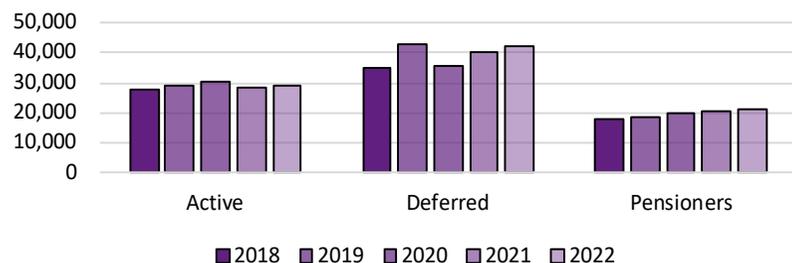
The Fund is a qualifying scheme under the automatic enrolment regulations and can be used by employers to automatically enrol eligible employees, and every three years re-enrol anyone who opts out of the scheme.

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

Membership

Membership of the Fund grew by 3.6% from the previous year.

On 31 March 2022 there were 28,911 active, 42,384 deferred and 21,340 pensioner members in the Fund. The deferred figure is inclusive of 11,011 open cases that may change status (undecided leavers).



Pension Fund Administration

There are 77 staff members (73.56 full time equivalent) within the Pensions Team, providing all aspects of service to both the Cambridgeshire and Northamptonshire Funds, with an average staff to member ratio of 1:2,299 (total members for Northamptonshire and Cambridgeshire Pension Funds divided by full time equivalent staff members).

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

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

Scheme Administration Tools

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

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

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

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

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

Scheme Administration (continued)

Scheme Framework

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

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

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

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

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

In December 2018 the Court of Appeal ruled against the Government in two linked cases relating to the Judicial Pension Scheme and the Firefighters' Pension Schemes. This ruling is generally referred to as the McCloud judgment, or simply McCloud.

In essence, the Court held that the transitional protections afforded to older members of these schemes when their reformed schemes were introduced in 2015 constituted unlawful age discrimination.

The Government sought permission to appeal to the Supreme Court and it was announced on 27 June 2019 that the application had been refused.

A written ministerial statement followed on 15 July 2019 to confirm that, as transitional protection was provided in all public service schemes upon their reform, the McCloud judgment had implications for all those schemes, including the LGPS in England and Wales.

Primary legislation required in relation to the McCloud remedy has now been put in place as The Public Service Pensions and Judicial Offices Bill received Royal Assent in March 2022, becoming the Public Service Pensions and Judicial Offices Act 2022.

While there was a MHCLG (now DLUHC) consultation in 2020 on proposed amendments to the LGPS Regulations necessary to remedy the specific unlawful age discrimination in the LGPS, no actual amendments have been made as yet. A fresh DLUHC consultation, which will include draft LGPS amendment regulations, is expected to take place in Summer 2022. The intention is that these amendment Regulations will come into effect on 1 October 2023, retrospective to 1 April 2014 (i.e. when the reformed LGPS, and therefore the transitional protection, was introduced).

Scheme Administration (continued).

The below table compares the 2008 and the 2014 schemes.

Schemes	LGPS 2008	LGPS 2014
Basis of Pension	Final Salary	Career Average Revaluated Earnings (CARE)
Accrual Rate	1/60 th	1/49 th
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	<p>Tier 1 – Immediate payment with service enhanced to Normal Pension Age (65)</p> <p>Tier 2 – Immediate payment with 25% service enhancement to Normal Pension Age (65)</p> <p>Tier 3 – Temporary payment of pension for up to 3 years</p>	<p>Tier 1 – Immediate payment with service enhanced to Normal Pension Age</p> <p>Tier 2 – Immediate payment with 25% service enhancement to Normal Pension Age</p> <p>Tier 3 – Temporary payment of pension for up to 3 years</p>
Indexation of Pension in Payment	CPI (RPI for pre-2011 increases)	CPI
Vesting Period	3 months	2 years

Scheme Administration (continued)

Pension Fund Committee and Local Pension Board membership

The following table shows the attendance of Committee and Board members at applicable Pension Fund Committee, Investment Sub-Committee and Local Pension Board meetings during 2021-22, training undertaken in year, including; Training days, Conferences and Strategic Workshops.

Councillor/Member Name	Committee/Board	Meetings Attended	Training Undertaken (In person and virtual)
Councillor Alison Whelan	Pension Fund Committee Investment Sub Committee	4 meetings out of 4 2 meetings out of 3	10 sessions attended
Councillor Catherine Rae	Pension Fund Committee Investment Sub Committee	4 meetings out of 4 3 meetings out of 3	9 sessions attended
Councillor Ian Gardener	Pension Fund Committee Investment Sub Committee	4 meetings out of 4 3 meetings out of 3	10 sessions attended
Councillor Alan Sharp	Pension Fund Committee Investment Sub Committee	3 meetings out of 4 2 meetings out of 3	4 sessions attended
Councillor Chris Boden	Pension Fund Committee Investment Sub Committee	1 meetings out of 4 2 meetings out of 3	2 sessions attended
Lee Phanco	Pension Fund Committee Investment Sub Committee	3 meetings out of 4 2 meetings out of 3	2 sessions attended
John Walker	Pension Fund Committee Investment Sub Committee	4 meetings out of 4 2 meetings out of 3	10 sessions attended
Councillor Josh Schumann	Pension Fund Committee	1 meetings out of 4	0 sessions attended
Councillor Edna Murphy	Pension Fund Committee	3 meetings out of 4	9 sessions and 1 external conference
Councillor Andy Coles	Pension Fund Committee	3 meetings out of 4	4 sessions attended
Matthew Pink	Pension Fund Committee	3 meetings out of 4	10 sessions attended
Councillor Philippa Slatter	Pension Fund Board	3 meetings out of 3*	10 sessions attended
Councillor Simon King	Pension Fund Board	4 meetings out of 4	9 sessions attended and 1 external webinar
Councillor Denis Payne	Pension Fund Board	4 meetings out of 4	10 sessions attended and 4 webinars and 2 external conferences
Barry O'Sullivan	Pension Fund Board	4 meetings out of 4	10 sessions attended and 3 external webinars and one external conference
Val Limb	Pension Fund Board	4 meetings out of 4	10 sessions attended and 2 external webinars and 4 external conferences
Martin Dachs	Pension Fund Board	4 meetings out of 4	8 sessions attended and 1 external webinar

Scheme Administration (continued)

Policies and Strategy Statements

Information about the Fund's policies and procedures can be found on the Fund's website:

[Key Documents](#)

The following policies were in place during the financial year

- Administering Authority Discretions
- Administration Strategy
- Admitted Bodies Scheme Employers and Bulk Transfers Policy
- Annual Business Plan & Medium Term Strategy 2021-2024
- Anti-Fraud and Corruption Policy
- Cambridgeshire Pension Fund Training Strategy
- Cash Management Strategy
- Communications Plan
- Communications Strategy
- Conflict of Interest Policy for Cambridgeshire Pension Fund Board
- Data Improvement Policy
- Employer Data Retention Policy
- Funding Strategy Statement
- Governance Policy and Compliance Statement
- Investment Strategy Statement
- Overpayment of Pension Policy
- Payment of Pension Contributions Policy
- Reporting Breaches of the Law to the Pensions Regulator Policy
- Risk Register
- Risk Strategy

Statement/Policy Changes in 2021-22

The following strategies and policies have been reviewed and updated accordingly in 2021-22:

- Admission Bodies, Scheme Employers and Bulk Transfer Policy
- Anti-Fraud and Corruption Policy
- Communications Plan
- Training Strategies
- Investment Strategy Statement
- Payment of Employee and Employer Contributions Policy

The Fund also developed a Cyber Strategy during the year, however this is not published due to its sensitive nature.

Management and Financial Performance

The Team

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

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

Complaints

Should you have a complaint about the service, we will do our best to put things right. To access support, please contact

Pensions@westnorthants.gov.uk, telephone 01604 366537, or write to:

Pensions Service – Governance Team

One Angel Square,

Angel Street

Northampton

NN1 1ED

Appeals

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

Stage 1 disputes are decided by Head of Pensions if the complaint concerns an administering authority decision, or by an adjudicator appointed by the Employer if an Employer decision.

At Stage 2, the complaint is considered by Cambridgeshire County Council's Monitoring Officer, and if the complainant is still unhappy with the decision they may formally refer the case to The Pensions Ombudsman.

At any stage a scheme member may contact The Pensions Ombudsman for assistance with their complaint, but for a formal complaint to be raised with them both Stages of the IDRP would normally need to be completed first. More information can be found on [The Pensions Ombudsman website](#).

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

Nature of dispute	Stage 1	Stage 2
Membership record issues leading to inconsistent details and delays	Upheld	In progress
Communication issues and incorrect payment of lump sum	Partially upheld	N/A
Refusal of transfer out due to age	Partially upheld	N/A
Delay in payment of deferred benefits on ill health grounds	Partially upheld	Partially upheld
Deduction of member pension contributions missed due to a payroll system error	Not Upheld	Partially upheld
Overstated Lump Sum with AVCs in estimate	Partially upheld	N/A
Refusal of transfer out due to age and GMP liability	Partially upheld	N/A
Delay in providing deferred pension award that may inhibit ability to transfer	In progress	N/A
Pension Credit following Pension Sharing Order lower than estimated	In progress	N/A
Transfer out reinstatement/compensation	Not Upheld (2020/2021)	In progress

Management and Financial Performance (continued)

Managing Decision Making

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

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

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

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

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

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

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

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

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

Management and Financial Performance (continued)

Risk Management

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

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

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

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

Investment Risk

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

In addition the Statement of Accounts section of this document, provides further information about Investment risks and how they apply to the Investment Assets held by the Fund.

There are many risks inherent in investments. The Fund addresses these in the following ways:

Market Risk – investments will reduce in value due to fluctuations in prices, interest rates, exchange rates and credit spreads.

The Fund invests in different markets across the world and in different types of investment to reduce the risk of the portfolio reducing in value due to adverse market conditions and to smooth returns.

Price Risk – investments may be incorrectly valued due to price fluctuations or estimates used in pricing.

Investments are valued at published prices, where available. Investments that are not sold on a market are valued by specialist Investment Managers. Notes 16, 17 and 18 in the Statement of Accounts give information about how investments are valued and give an indication of the value of investments subject to an element of estimation.

At year end all Investment Managers, including Link Fund Solutions who are the Operator of the ACCESS pool (page 31), are required to provide ISAE 3402 Service Organisation Control Reports which are made available to external audit.

Risk Assurance

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

Management and Financial Performance (continued)

Financial Performance

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

Performance Indicators	2021-22	2021-22
	Forecast £000	Actual £000
Contributions	119,000	134,643
Transfers in from other funds	23,000	11,532
Total Income	142,000	146,175
Benefits payable	-113,000	-118,306
Payments to and for leavers	-7,000	-8,754
Total Benefits	-120,000	-127,060
Surplus of contributions over benefits	22,000	19,115
Management Expenses		
Administrative Costs	-2,539	-2,602
Investment Management Expenses	-914	-22,130
Oversight and Governance Costs	-720	-901
Total Management Expenses	-4,173	-25,633
Total Income less Expenses	17,827	-6,518
Investment Income	34,000	30,719
Taxes on Income	0	0
Profit/(loss) on disposal and changes in market value of investments	150,000	382,996
Net return on investments	184,000	413,715
Net increase/(decrease) in assets during the year	201,827	407,197

Management expenses per active member are shown below:

	2020-21	2021-22
Active Members	28,711	28,911
	£	£
Administrative Cost	94.95	90.00
Investment Management Expenses	669.78	765.45
Oversight and Governance Costs	25.57	31.16

Variance Analysis

- Investment Management expenses forecast is understated as this does not include pooled fees deducted from market value.
- The 2021-22 forecast for profit/loss on disposal and changes in market value of investments assumed the actuarial target would be achieved. The actual market experience is explained in the investments consultant's review (page 42).

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

Management and Financial Performance (continued)

Performance Indicators

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

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

Key Performance Indicators	Cases completed in the year	Cases completed within KPI target	% of Cases completed within KPI target
Deaths – initial letter acknowledging death of member <i>KPI: 5 working days, Legal requirement: 2 months</i>	615	615	100
Deaths – letter notifying amount of dependant’s pension <i>KPI: 5 working days, Legal requirement: 2 months</i>	361	359	99
Estimates – letter notifying estimate of retirement benefits to employee <i>KPI: 10 working days, Legal requirement: 2 months</i>	577	553	96
Retirements – process and pay pension benefits on time <i>KPI: 5 working days, Legal requirement: 2 months</i>	588	563	96
Deferment – calculate and notify deferred benefits <i>KPI: 15 working days, Legal requirement: N/A</i>	1,735	1,650	95
Transfers in – Letter detailing transfer in (actual) <i>KPI: 10 working days, Legal requirement: 2 months</i>	424	418	99
Transfers out – letter detailing transfer out (quote) <i>KPI: 10 working days, Legal requirement: 3 months</i>	420	416	99

Management and Financial Performance (continued)

Contributions

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

Contributions	Total Paid in 2021-22 £000	Total Paid On Time £000	% Paid On Time	Total Paid Late £000	% Paid Late
Employer	104,015	103,753	99	262	1
Employee	30,628	30,549	99	79	1
Total	134,643	134,302	99	341	1

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

Recovery of Overpayments of Pension

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

Annual Pensioner Payroll (£) ¹	96,617,752
Total write off amount (£)	11,841
Write off amount as % of payroll	0.01

¹Excludes additional pension awarded by the employer.

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

Year	Overpayment £	Recovered/in progress £	Written Off £
2017-18	68,606	34,448	18,498
2018-19 ²	344,153	282,908	61,245
2019-20	97,143	36,137	61,006
2020-21	19,846	4,895	14,951
2021-22	40,591	28,750	11,841

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

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

Management and Financial Performance (continued)

Contributors to the Fund

Active Employers as at 31st March 2022

Type Of Body	Number of Active Employers
Administering (AA)	1
Scheduled (S)*	236
Admitted (Ad)	112
Total	349

LEA schools are included within Scheduled Bodies but not in the above figures as they belong to their responsible local authorities, and in table below are shown in Body column as S

The table, left, shows employers in the fund as at the 31st March 2022, the breakdown of contributions by employer shown below will have different numbers of employers to the statement of accounts, as employers joined and left the fund throughout the year, an active or ceased column has been added to show this movement. Where contributions exist for ceased employers, this will be where prior year adjustments have been made within 2021-22, or contribution receipts recorded within the period.

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
(NHS) Cambridgeshire & Pboro CCG	14,456	64,671	79,128		Ad
Abbey College Academy	58,479	181,431	239,910		S
Abbotts Ripton School (CCC)	6,242	24,512	30,754		S*
ABM (Eynesbury Primary)	624	3,878	4,501		Ad
ABM (Priory Junior)	307	1,228	1,534	Y	Ad
ABM Catering (Brewster Avenue Infant School)	1,785	10,480	12,265		Ad
ABM Catering (Holywell)	992	3,970	4,962		Ad
ABM Catering (Oakdale Primary School)	944	3,808	4,752		Ad
ABM Catering (St Augustine's)	2,875	12,338	15,213		Ad
ABM Catering (Werrington)	812	3,481	4,293		Ad
ABM Catering Limited (Alderman Jacobs)	2,088	6,706	8,793		Ad
ABM Catering Limited (Bushmead Primary and Elsworth Primary)	1,062	4,061	5,123		Ad

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
ABM Catering Limited (Heltwate Primary and Marshfields Primary School)	274	1,174	1,448		Ad
ABM Catering Limited (St John's CE Primary School (Huntingdon))	1,337	5,906	7,243		Ad
ABM Catering Limited (The Beeches Primary and Hampton Hargate Primary)	1,940	8,255	10,195		Ad
ABM Catering Ltd (Great Paxton Primary School, Newton Community Primary School, Offord Primary School and Samuel Pepys School)	1,087	4,124	5,211		Ad
Active Learning Trust (HQ)	84,647	175,197	259,844		S
Advanced Cleaning Services (Burwell & Netherhall)	319	1,277	1,597		Ad
Alconbury C of E Primary (CCC)	17,011	66,583	83,595		S*
Alderman Jacobs Academy	39,652	130,250	169,902		S
Alderman Payne Primary (CCC)	7,104	28,417	35,521		S*

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
All Saints Inter Church Academy	15,176	68,500	83,676		S
All Saints' Primary School (PCC)	27,753	114,711	142,465		S*
Alliance in Partnership Limited	1,100	4,402	5,502		Ad
Aramark (Cambridge Regional College)	4,269	2,597	1,672		Ad
Arbury Primary School (CCC)	18,892	73,222	92,113		S*
Arthur Mellows VC Academy	88,484	275,549	364,033		S
Ashbeach Primary School (CCC)	10,885	42,758	53,643		S*
Aspens (Brampton Village Primary School)	385	1,540	1,925		Ad
Aspens (Hemingford Grey)	647	2,587	3,234		Ad
Aspens (The Harbour School)	855	3,418	4,273		Ad
Aspens Services Ltd (Cottenham VC)	1,587	5,119	6,706		Ad
Babraham C of E Primary Academy	4,363	18,934	23,297		S
Balfour Beatty	2,544	-	2,544		Ad
Balsham Parish Council	672	3,251	3,923		S
Bar Hill Community Primary School	16,489	62,461	78,950		S
Bar Hill Parish Council	1,465	6,085	7,551		S
Barnabas Oley C of E Primary School	8,009	31,842	39,851		S*
Barnack C of E Primary School (PCC)	10,524	43,487	54,011		S*
Barrington C of E Primary (CCC)	8,563	34,058	42,622		S*
Barton C of E (VA) Primary School	8,162	31,484	39,646		S*
Bassingbourn Primary (CCC)	21,012	83,350	104,362		S*
Bassingbourn V C Academy	21,663	70,630	92,294		S
Beaupre CP School (CCC)	14,298	54,945	69,242		S*
Bellbird School (CCC)	23,755	93,736	117,491		S*

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Benwick Primary School (CCC)	9,939	39,281	49,220		S*
Bewick Bridge C P Sch (CCC)	19,554	75,380	94,934		S*
Bishop Creighton Academy	15,054	46,713	61,767		S
Bottisham Community Primary Academy	15,630	69,724	85,354		S
Bottisham VC Academy	106,988	303,996	410,984		S
Bottisham Village College (CCC)	-	7,500	7,500	Y	S
Bourn Primary Sch-Academy	11,722	39,434	51,157		S
Brampton Village School (CCC)	31,193	122,673	153,866		S*
Braybrook Primary School Academy	14,030	58,512	72,542		S
Bretton Parish Council	3,180	10,519	13,699		S
Brewster Avenue School (PCC)	17,150	74,608	91,759		S*
Brington C of E Primary School (CCC)	7,382	29,141	36,523		S*
Brunswick Nursery School (CCC)	12,711	48,258	60,969		S*
Buckden C of E Primary Sch-Academy	28,581	94,200	122,781		S
Burnt Fen I D B	3,439	11,374	14,813		S
Burrough Green Primary (CCC)	5,877	23,251	29,128		S*
Burrowmoor Primary Academy	28,277	112,469	140,746		S
Burwell Parish Council	1,852	6,124	7,976		S
Burwell VC Primary (CCC)	17,210	79,925	97,134		S*
Bury C of E Primary Sch (MAT)	7,009	29,293	36,302		S
Bushmead Primary School (CCC)	25,198	98,797	123,995		S*
Busy Bee Cleaning Services Ltd (St Bede's Inter-Church School)	268	1,213	1,481		Ad
Caldecote Parish Council	19	73	92	Y	S
Caldecote Primary School (CCC)	10,815	41,831	52,646		S*
Cambourne Parish Council	22,873	73,752	96,625		S
Cambourne Village Coll. Acad. (MAT)	80,304	249,293	329,597		S

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Cambridge & Peterborough NHS Foundation Trust	14,431	69,049	83,480		Ad
Cambridge City Council	1,677,699	4,483,188	6,160,887		S
Cambridge Meridian Academy Trust (HQ staff)	150,402	404,987	555,389		S
Cambridge Regional College	536,635	2,052,151	2,588,786		S
Cambridgeshire and Peterborough Combined Authority	381,967	820,782	1,202,749		S
Cambridgeshire County Council	6,944,868	22,218,646	29,163,514		AA
Cambs & P'boro Fire Authority	406,160	1,493,630	1,899,790		S
Cambs Chief Constable	1,817,749	6,832,299	8,650,048		S
Cambs Police & Crime Commis'er	52,253	152,537	204,790		S
Care Quality Commisson	6,029	-	6,029		Ad
Castle Camps Primary (CCC)	7,175	28,440	35,614		S*
Castle School (CCC)	95,972	367,931	463,902		S*
Castor C of E Primary School (PCC)	11,795	50,229	62,024		S*
Caterlink (Active L T)	12,876	51,882	64,758		Ad
Caterlink (Anglian Learning)	1,535	6,124	7,659		Ad
CaterLink (Diamond Learning Partnership Trust)	4,994	20,715	25,708		Ad
Caterlink (Priory Park Infant School)	219	874	1,093		Ad
Caterlink (The Diamond L P)	2,539	15,602	18,141		Ad
Caterlink (Witchford VC Academy)	298	984	1,282	Y	Ad
Caterlink Ltd	345	1,302	1,647	Y	Ad
Caterlink UK Ltd (Ernulf Academy)	-	2,000	2,000		Ad
Caterlink UK Ltd (The Vine Inter-Church School)	1,287	5,022	6,308		Ad
Cavalry Primary School	37,910	141,520	179,430		S

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Caverstede Nursey School	21,612	88,858	110,471		S*
Chartwells (Netherhall School)	3,950	15,833	19,784	Y	Ad
Chatteris Town Council	3,185	11,065	14,250		S
Cherry Hinton Primary (CCC)	18,934	73,740	92,674		S*
Chesterton Community College	70,202	201,510	271,712		S
Chesterton Primary Acad. (MAT)	11,965	41,136	53,102		S
Cheveley Primary School (CCC)	5,463	21,850	27,312		S*
Churchill Contract Services	3,596	18,632	22,228		Ad
City College Peterborough (was PCAE) (PCC)	168,056	602,417	770,473		S
City Culture Peterborough Limited	33,768	97,076	130,843		Ad
City of Ely Council	25,241	82,311	107,552		S
City of Peterborough Academy (MAT)	53,659	162,298	215,957		S
Clarion Housing Association Limited	26,057	489,944	516,001		Ad
Clarkson Infants School (CCC)	19,069	73,305	92,373		S*
CMAT Educational Services Limited	-	14,611	14,611		S
Coates Primary School (CCC)	13,089	50,710	63,799		S*
Collections Trust	2,368	24,181	26,549		Ad
Colleges Nursery School (CCC)	15,132	58,396	73,528		S*
Colville Primary School (CCC)	19,797	76,453	96,250		S*
Comberton Academy Trust (HQ)	37,165	93,787	130,952		S
Comberton VC Academy	150,477	482,594	633,072		S
Compass (Anglian Learning Trust: Bassingbourne VC, Sawston VC and Netherhall)	1,252	3,870	5,122		Ad

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Compass (DEMAT)	25,523	97,499	123,022		Ad
Compass (Stephen Perse)	11,099	40,312	51,410	Y	Ad
Compass Contract Services	2,508	43,104	45,612		Ad
Compass Contract Services (Staploe ET)	4,394	14,697	19,091		Ad
Conservators of the River Cam	2,388	7,898	10,286	Y	Ad
Coton C of E Primary School (CCC)	8,658	34,206	42,864		S*
Cottenham Primary School (CCC)	33,510	129,893	163,403		S*
Cottenham VC Academy	58,716	137,287	196,002		S
CRCC - Cambridge Rape Crisis Centre	2,200	7,445	9,645		Ad
Cromwell Academy	11,788	45,491	57,279		S
Cromwell Comm College (Academy)	71,684	298,813	370,497		S
Cross Keys Homes Ltd	20,923	243,379	264,302		Ad
Crosshall Infants Academy	36,242	120,836	157,078		S
Crosshall Juniors Academy	33,728	111,821	145,549		S
Cucina Ltd (Arthur Mellows)	1,295	4,340	5,635		Ad
Diocese of Ely Multi Academy Trust (DEMAT) HQ Staff	29,875	102,418	132,293		S
Discovery Primary Academy	41,997	135,983	177,980		S
Ditton Lodge Primary School	13,573	50,929	64,502		S
Dogsthorpe Academy	24,765	115,670	140,435		S
Dogsthorpe Infant School	19,818	77,679	97,497		S
Downham Feoffees Primary Academy	6,602	26,005	32,607		S
Dry Drayton Primary (CCC)	5,546	21,217	26,763		S*
Duke of Bedford School (PCC)	20,457	86,975	107,432		S*

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Duxford Primary School (CCC)	16,875	66,530	83,405		S*
Earith Primary Academy	7,878	33,688	41,567		S
East Cambs District Council	369,568	1,438,842	1,808,410		S
East of England Local Government Association (EEDA/EERA)	75,110	246,982	322,092		Ad
Eastfield Inf and Nursery (CCC)	15,927	62,803	78,731		S*
Easy Clean (Arbury Primary School)	139	555	694	Y	Ad
Easy Clean (Godmanchester)	449	1,633	2,082	Y	Ad
Easy Clean (Grt Peterbor)	27	83	110	Y	Ad
Easy Clean (TDET)	10,065	46,937	57,002		Ad
Easy Clean (The Phoenix School - Phase 2 Secondary)	752	3,219	3,971		Ad
Easy Clean (Upwood Primary School)	345	1,527	1,872		Ad
Easy Clean Contractors (Milton Primary School)	281	1,160	1,441		Ad
Ecovert FM Ltd	1,412	-	1,412		Ad
Edwards & Blake Ltd (Coates Primary School)	389	1,555	1,943		Ad
Edwards and Blake (Godmanchester Community Education Trust)	456	1,660	2,116		Ad
Edwards and Blake (Stukeley Meadows)	581	2,326	2,907		Ad
Edwards and Blake Ltd (Bassingbourn Primary)	804	3,165	3,969		Ad
Elior Holdings UK (Bouygues)	2,869	20,055	22,924		Ad
Elior UK	828	-	828		Ad
Elm C of E Primary Academy	17,144	62,657	79,802		S

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Elm Road Primary School	13,498	52,174	65,672		S
Elsworth C of E (A) Primary School (CCC)	6,194	24,540	30,734		S*
Elton Church School (CCC)	9,475	39,922	49,397		S*
Ely (City of) College - Academy	56,988	184,575	241,563		S
Ely St John Primary (CCC)	24,253	94,483	118,736		S*
Ermine Street Church Academy	12,549	45,819	58,368		S
Ernulf Academy	41,219	127,988	169,207		S
Everyone Health Limited	7,315	21,538	28,853		Ad
Eye C of E Primary School (PCC)	36,836	147,151	183,987		S*
Eye Parish Council	554	2,054	2,608		S
Eynesbury C of E School (CCC)	13,387	52,968	66,355		S*
Eyrescroft Primary School	30,840	127,720	158,559		S
Family Psychology Mutual	12,134	35,839	47,973		Ad
Farcet C of E Primary Academy	9,007	37,043	46,050		S
Farcet Parish Council	677	3,097	3,774		S
Fawcett Primary School	33,579	128,142	161,722		S*
Fen Ditton Primary Academy	11,573	44,269	55,842		S
Fen Drayton Primary (CCC)	6,057	24,096	30,153		S*
Fenland District Council	572,820	1,524,651	2,097,471		S
Fenstanton Primary School (CCC)	14,161	54,245	68,406		S*
Fields Early Years Centre (CCC)	14,008	57,477	71,485		S*
Folksworth C of E Primary (CCC)	3,185	12,604	15,789		S*
Fordham Primary School (CCC)	16,607	65,118	81,725		S*
Fourfields Primary School (CCC)	31,059	126,950	158,009		S*
Fowlmere Primary School (CCC)	4,420	17,484	21,904		S*
Foxton Primary School (CCC)	6,034	23,689	29,723		S*

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Freedom Leisure (Fenland DC)	40,620	129,892	170,512		Ad
Friday Bridge Primary (CCC)	9,375	37,479	46,855		S*
Friends Therapeutic Community	59,987	359,451	419,438		Ad
Fulbourn Primary School (CCC)	19,544	73,804	93,348		S*
Fulbridge Academy	91,728	292,970	384,698		S
Fusion	786	2,501	3,286		Ad
Gamlingay First School Academy	27,158	114,502	141,660		S
Gamlingay Parish Council	4,486	15,614	20,100		S
Girton Glebe Primary School	9,706	37,956	47,662		S
Gladstone Primary Academy	37,837	139,725	177,562		S
Glebelands Primary Academy	25,929	103,856	129,785		S
GLL - Greenwich Leisure Ltd	6,541	32,062	38,603		Ad
Godmanchester Community & Bridge Academies	35,192	127,100	162,292		S
Gorefield Primary Academy	10,472	39,713	50,185		S
Goshen Multiservices Ltd	1,344	8,679	10,023		Ad
Granta School (CCC)	76,294	274,919	351,214		S*
Great Abington Primary (CCC)	7,465	29,405	36,871		S*
Great and LT Shelford (CCC)	15,313	61,008	76,321		S*
Great Gidding C of E Primary (CCC)	3,572	14,016	17,588		S*
Great Paxton C of E Primary (CCC)	8,952	39,272	48,223		S*
Great Staughton Academy (MAT)	5,985	26,689	32,674		S
Great Wilbraham Primary (CCC)	6,146	23,252	29,398		S*
Greater Peterborough UTC	18,121	52,743	70,864		S
Guilden Morden Academy	7,822	28,671	36,493		S
Gunthorpe C P School (PCC)	2,261	9,156	11,417	Y	S*
Guyhirn C of E Primary Academy (CCC)	7,143	29,999	37,141		S

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Haddenham Level Drainage Commissioners	1,809	5,983	7,792		S
Haddenham Parish Council	1,839	6,248	8,087		S
Hampton College Academy	110,787	338,118	448,905		S
Hampton Gardens Academy	40,504	122,535	163,039		S
Hampton Hargate Primary (PCC)	42,137	175,100	217,237		S*
Hampton Lakes Academy	9,499	33,579	43,078		S
Hampton Vale Primary Academy	46,779	155,591	202,370		S
Hardwick Primary (CCC)	36,714	142,327	179,042		S*
Harston and Newton Primary School (CCC)	11,194	44,324	55,518		S*
Hartford Infant School	13,158	47,972	61,130		S
Hartford Junior School	17,162	62,315	79,477		S
Haslingfield Primary (CCC)	9,611	38,126	47,737		S*
Hatton Park School (MAT)	15,277	57,599	72,876		S
Hauxton Primary School (CCC)	7,460	29,572	37,032		S*
Heltwate School (PCC)	79,507	322,508	402,015		S*
Hemingford Grey Primary School	19,020	74,988	94,009		S*
Heritage Park School (PCC)	14,467	60,126	74,593		S*
Hertfordshire Catering Limited (Barrington CofE VC Primary School)	1,555	5,871	7,426		Ad
Hertfordshire Catering Limited (Harston & Newton Community Primary School)	1,133	4,284	5,418		Ad
Hertfordshire Catering Limited (Hartford Infants, Hartford Junior and Gamlingay First School Academy)	1,588	6,298	7,885		Ad

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Hertfordshire Catering Limited (Hauxton Primary School)	1,051	3,969	5,020		Ad
Hertfordshire Catering Limited (Melbourn Primary School)	2,397	9,058	11,456		Ad
Hertfordshire Catering Limited (Meldreth Primary School)	1,264	4,892	6,156		Ad
Hertfordshire Catering Limited (Petersfield C of E Aided Primary School)	537	2,074	2,610		Ad
Hertfordshire Catering Limited (Thongsley Fields Primary)	387	2,204	2,591		Ad
Highfield Ely Academy	77,562	289,073	366,635		S
Highfield Littleport Academy	46,617	149,146	195,762		S
Highlees Primary School	27,095	123,227	150,322		S
Hills Road Sixth Form College	176,438	644,126	820,564		S
Hinchingbrooke School	117,471	354,364	471,835		S
Histon and Imp. Infants (MAT)	15,869	60,222	76,091		S
Histon and Imp. Junior (MAT)	35,494	123,856	159,349		S
Histon and Impington Parish Council	5,078	17,285	22,363		S
Histon Early Years Centre (previously known as Histon Nursery School)	19,739	83,947	103,686		S*
Holme Church of England Primary Academy	9,231	39,487	48,718		S
Holywell C of E (C) School (CCC)	10,540	41,673	52,213		S*
Home Close	-	3,000	3,000		Ad
Homerton College	208,065	582,970	791,035		Ad
Homerton Early Years Centre (Nurseys School) (CCC)	19,279	75,096	94,375		S*
Horizons Education Trust	77,580	310,563	388,143		S

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Houghton Primary School (CCC)	16,907	66,133	83,040		S*
Huntingdon Nursey School (CCC)	20,284	77,768	98,052		S*
Huntingdon Primary School (CCC)	39,472	157,512	196,984		S*
Huntingdon Town Council	59,766	185,408	245,174		S
Huntingdonshire District Council	1,155,777	4,710,002	5,865,780		S
Icknield Primary (School (Anglian Learning Trust)	11,661	46,905	58,565		S
Impington Village College	125,540	365,377	490,917		S
Industrial Site Maintenance Ltd	2,123	11,496	13,619		Ad
Inspire Education Group	468,370	1,658,364	2,126,735		S
Isle of Ely Academy	23,242	74,804	98,046		S
Isleham Primary School (CCC)	13,869	53,494	67,363		S*
Jeavons Wood Primary Academy	32,113	108,069	140,182		S
John Clare Primary School (CCC)	717	3,020	3,737	Y	S*
Kelsey Kerridge S H	12,714	92,823	105,537		Ad
Ken Stimpson Community School (PCC)	67,375	263,801	331,176		S*
Kennett Community School (Academy)	5,370	20,610	25,980		S
Kettlefields Primary (CCC)	6,619	25,818	32,438		S*
Kimbolton Primary Acad (MAT)	6,858	23,447	30,305		S
Kimbolton School (Independent School)	31,874	179,993	211,868		Ad
Kinderley Primary School (CCC)	7,972	30,830	38,802		S*
Kings Hedges Primary (CCC)	41,954	154,586	196,540		S*
Kingsfield Primary School Academy	31,182	103,500	134,682		S
Lantern CP School Academy	23,809	95,074	118,883		S

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Leighton Primary School	21,098	85,988	107,087		S
Leverington Primary Academy	16,514	52,596	69,110		S
Lime Academy Abbotsmede	29,653	124,329	153,982		S
Lime Academy Orton	70,542	378,894	449,436		S
Lime Academy Parnwell	21,073	82,773	103,846		S
Lime Academy Watergall	30,225	110,430	140,655		S
Linton Heights Junior Academy	14,187	48,435	62,622		S
Linton Infants School (CCC)	16,217	64,290	80,507		S*
Linton Parish Council	1,685	8,074	9,759		S
Linton VC Academy	44,134	142,734	186,867		S
Lionel Walden School (CCC)	18,361	72,929	91,290		S*
Little Downham Parish Council	875	3,169	4,044		S
Little Paxton Parish Council	3,687	12,271	15,958		S
Little Paxton School (CCC)	25,673	100,321	125,994		S*
Little Thetford Primary (CCC)	8,026	30,877	38,903		S*
Littleport & East Cambridgeshire Academy	31,161	97,184	128,345		S
Littleport and Downham I D B	8,182	27,063	35,245		S
Littleport CP School (CCC)	30,794	121,342	152,136		S*
Long Road Sixth Form College	100,724	350,951	451,675		S
Longsands Academy	77,062	239,219	316,281		S
Luminus Group Limited	51,882	604,327	656,209		Ad
Lunchtime Company (CPET)	3,784	15,863	19,646		Ad
Lunchtime Company Ltd (Grove Primary)	1,739	1,934	3,673		Ad
Lunchtime UK (St Laurence's Catholic Primary School)	205	819	1,024		Ad
Lunchtime UK Ltd	103	412	515		Ad

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Magistrates Court Committee	-	632,000	632,000	Y	Ad
Malco Services	438	1,755	2,193		Ad
Manea Primary School (CCC)	20,608	80,563	101,172		S*
Martin Bacon Academy	29,584	122,460	152,044		S
Mayfield Primary School (CCC)	28,838	112,698	141,537		S*
Meadow Primary School	12,554	42,312	54,867		S
Meadowgate Academy (CCC)	68,981	271,463	340,444		S
Mears Ltd	41,370	-	41,370		Ad
Mears Ltd (SCDC)	9,945	-	9,945		Ad
Medeshamsted Academy (MAT)	35,460	106,302	141,762		S
Melbourn Primary School (CCC)	29,421	114,007	143,429		S*
Melbourn VC Academy	51,116	167,284	218,399		S
Meldreth Primary School (CCC)	18,639	74,100	92,739		S*
Mepal & Wicham CofE Primary Academy	7,800	27,241	35,040		S
Meridian School (CCC)	10,216	40,421	50,637		S*
Middle Fen and Mere I D B	22,406	61,799	84,205		S
Middle Level Commissioners	79,894	203,072	282,966		S
Middlefield CP School (Academy)	11,924	43,137	55,061		S
Milestone Infrastructure Ltd (M Group Services)	13,453	33,499	46,951		Ad
Millfield Primary School	26,523	102,333	128,856		S
Milton Primary Academy	17,188	70,373	87,561		S
Milton Road Primary Sch (CCC)	21,968	85,940	107,908		S*
Mitie PFI Limited	1,785	587	2,372		Ad
Monkfield Park School (CCC)	31,637	77,019	108,656		S*
Morley Memorial School (CCC)	29,250	102,798	132,048		S*

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Mountain Healthcare Ltd	1,721	7,302	9,023		Ad
Multi-Active Holiday Courses LTD	713	2,465	3,177		Ad
Murrow Primary School Academy	10,252	32,673	42,925		S
Neale Wade Academy	88,778	356,084	444,862		S
Nene Park Academy (MAT)	53,654	167,697	221,351		S
Netherhall School Academy	44,941	174,201	219,141		S
New Road Primary School (MAT)	16,509	59,385	75,894		S
Newark Hill Primary Acad (MAT)	22,769	103,100	125,870		S
Newborough & Borough Fen Parish Council	810	3,166	3,975		S
Newborough Primary (PCC)	11,772	49,873	61,645		S*
Newnham Croft Primary (CCC)	14,920	57,597	72,517		S*
Nightingale Cleaning Limited - CMAT Schools	20,056	140,899	160,956		Ad
Nightingale Cleaning Limited - CPET Schools	674	2,697	3,372		Ad
North Cambridge Acad (MAT)	23,095	70,929	94,023		S
North Level IDB	45,426	136,732	182,158		S
Northborough Primary (PCC)	761	3,152	3,913	Y	S*
Northstowe Secondary College	17,580	66,349	83,930		S
Norwood Primary School (PCC)	17,092	67,931	85,024		S*
NPS Peterborough Ltd	2,561	-	2,561		Ad
Oakington CofE Primary School Academy	7,637	33,065	40,702		S
Offord Primary School	7,428	31,571	38,999		S
Old Fletton Primary School (PCC)	32,767	135,631	168,398		S*
Olive AP Academy - Cambridge	8,511	32,228	40,739		S
Olive AP Academy - Nene Valley	8,887	29,010	37,897		S

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Orchard Park Comm School (CCC)	13,419	51,534	64,953		S*
Orchards C of E Primary Academy	33,827	123,019	156,846		S
Ormiston Bushfield Academy	69,425	204,160	273,586		S
Ormiston Meadows Acad (MAT)	21,534	91,380	112,915		S
Orton Waterville Parish Council	844	3,909	4,753		S
Over Primary School (CCC)	15,091	59,534	74,625		S*
OWN Academy Trust	100,632	367,786	468,418		S
Oxford Archaeology	62,460	133,625	196,085		Ad
Pabulum (Morley Memorial Primary School)	2,214	7,076	9,289		Ad
Pabulum (St Bede's Inter-Church School)	2,522	10,432	12,953		Ad
Pabulum Ltd (Hardwick & Cambourne Community Primary School)	1,664	6,832	8,495		Ad
Park Lane Primary & Nursey School	34,541	130,726	165,267		S
Park Street C of E (A) Primary (CCC)	8,006	30,971	38,977		S*
Paston Ridings Primary (PCC)	40,816	172,404	213,220		S*
Pathfinder CofE Primary School	18,297	80,046	98,343		S
Pathfinder Legal Services Ltd (CCC)	160,868	500,776	661,644		S
Peakirk Cum Glinton Primary School (PCC)	19,201	80,535	99,736		S*
Peckover Primary School	38,101	155,107	193,208		S
Pendragon CP School (CCC)	24,980	98,818	123,797		S*
Peterborough City Council	2,796,498	7,736,716	10,533,214		S
Peterborough Investment Partnership LLP	10,247	18,009	28,256		Ad

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Peterborough Keys Academies Trust (comprising of Ravensthorpe Primary, Thorpe Primary, Jack Hunt, Longthorpe Primary, Middleton Primary)	261,765	960,284	1,222,049		S
Peterborough Ltd t/a Aragon Direct Services	164,641	449,191	613,831		Ad
Peterborough Regional College	66,126	244,853	310,979	Y	S
Petersfield Primary School (CCC)	6,413	25,345	31,758		S*
Priory Junior School (CCC)	14,379	56,151	70,529		S*
Priory Park Infants School (CCC)	25,667	100,755	126,422		S*
Queen Edith School (CCC)	35,970	139,159	175,129		S*
Queen Emma Primary School (CCC)	35,883	140,045	175,929		S*
Queen Katharine Academy (Previously known as The Voyager Academy)	85,429	292,453	377,882		S
Queens Drive Infant School	22,558	93,143	115,702		S*
Rackham C of E School (CCC)	20,803	81,397	102,201		S*
Radis (Ditchburn Place)	17,349	47,381	64,730		Ad
Radis Community Care	11,313	10,778	22,091		Ad
Ramnoth Junior School	20,869	73,539	94,408		S
Ramsey Junior School	14,577	58,191	72,768		S
Ramsey Spinning Infant School	16,077	70,316	86,392		S
Richard Barnes Academy	53,654	214,159	267,812		S
Ridgefield Junior (CCC)	18,162	70,294	88,456		S*
Riverside Meadows Academy	27,457	96,287	123,744		S
Robert Arkenstall Primary (CCC)	19,321	75,986	95,308		S*

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Romsey Mill Trust	317	1,003	1,320		Ad
Round House C. P. Sch (MAT)	25,513	79,549	105,063		S
Sacred Heart Catholic Primary School	14,386	62,534	76,920		S
Samuel Pepys School (CCC)	53,177	204,503	257,680		S*
Sanctuary Group	69,081	702,354	771,436		Ad
Sawston Parish Council	5,459	19,353	24,812		S
Sawston VC Academy	71,462	213,420	284,882		S
Sawtry Infants School (CCC)	13,632	53,906	67,538		S*
Sawtry Junior Academy	10,809	44,441	55,250		S
Sawtry Parish Council	3,907	13,839	17,746		S
Sawtry Village Academy	33,604	108,306	141,910		S
Serco Limited (PCC)	162,392	-	162,392		Ad
Shade Primary School (MAT)	18,396	58,367	76,763		S
Shirley Community Primary School and Pre-School (CCC)	35,500	167,897	203,397		S*
Sir Harry Smith Community College (Academy)	62,537	254,111	316,648		S
Skanska	1,277	803	2,080	Y	Ad
Soham Town Council	5,327	20,055	25,382		S
Soham VC Academy	83,695	257,723	341,417		S
Soke Education Trust	95,991	398,264	494,255		S
Somersham Parish Council	1,215	5,553	6,768		S
Somersham Primary School	16,929	74,497	91,426		S
South Cambridgeshire District Council	1,283,792	4,861,203	6,144,995		S
Southfields Primary School (PCC) (Was Southfields Junior School)	50,652	207,100	257,752		S*
Spaldwick Community Primary School	8,823	35,013	43,836		S*
Spinney Primary School (CCC)	10,648	42,206	52,854		S*

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Spring Meadow Infants (CCC)	24,248	113,669	137,917		S*
St Albans RC Primary (CCC)	10,689	42,280	52,969		S*
St Andrews C of E Academy (Soham, Ely)	28,099	122,055	150,154		S
St Anne's C of E Primary (CCC)	15,340	62,052	77,392		S*
St Augustines C of E Junior School (PCC)	16,971	70,275	87,246		S*
St Bedes Inter Church School (Academy)	39,263	155,877	195,140		S
St Botolphs C of E Primary Academy	28,470	105,977	134,446		S
St Helen's Primary School (CCC)	9,060	35,678	44,737		S*
St Ives Town Council	18,532	62,185	80,717		S
St Ivo School Academy	80,606	256,524	337,130		S
St John Fisher	50,993	200,248	251,240		S*
St John's Academy (Stanground)	12,541	53,520	66,062		S
St John's C of E Primary Academy (Huntingdon)	28,417	138,198	166,615		S
St Laurence Catholic Primary School	14,823	58,345	73,168		S
St Luke's C of E Primary School Academy	7,410	33,993	41,404		S
St Mary's C of E Junior Ely	21,702	89,181	110,883		S
St Marys St Neots Academy	10,820	42,780	53,599		S
St Matthew's Primary School (CCC)	38,395	148,999	187,394		S*
St Michaels C of E Prim Sch (PCC)	36,687	150,092	186,779		S*
St Neots Town Council	46,558	110,189	156,747		S
St Pauls C of E Primary (CCC)	8,712	33,397	42,109		S*
St Peters C of E Academy (Wisbech)	21,751	94,583	116,334		S

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
St Peter's School HD Academy	82,279	255,124	337,403		S
St Philips C of E Primary (CCC)	22,370	86,534	108,903		S*
St Thomas More Catholic Primary School	31,736	141,352	173,088		S
Stanground Academy (MAT)	65,897	279,829	345,726		S
Stapleford Primary Academy	13,352	47,135	60,487		S
Steeple Morden C of E (CCC)	9,855	62,524	72,379		S*
Stephen Perse Foundation	5,963	53,851	59,814		Ad
Stilton Church of England Primary School	11,448	49,586	61,033		S
Stretham Primary School (CCC)	11,218	44,621	55,838		S*
Stukeley Meadows School (CCC)	28,360	110,842	139,202		S*
Sutton C of E Primary School (CCC)	15,579	61,211	76,790		S*
Sutton Parish Council	2,297	7,597	9,894		S
Swaffham Bulbeck C of E Prim Academy	5,988	23,905	29,894		S
Swaffham Internal Drainage Board	2,180	7,210	9,390		S
Swaffham Prior C of E Prim Academy	11,884	34,784	46,669		S
Swavesey Parish Council	1,471	5,451	6,921		S
Swavesey Primary School (CCC)	28,111	107,296	135,408		S*
Swavesey VC Academy (MAT)	53,982	171,118	225,100		S
Taylor Shaw (CMAT)	10,744	65,940	76,683		Ad
Taylor Shaw (Elliott Foundation AT)	6,125	36,127	42,252		Ad
Taylor Shaw Ltd (Abbey College Academy)	2,637	11,239	13,876		Ad
Teversham C of E Primary (CCC)	20,851	81,252	102,103		S*

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
The Beeches Primary School (PCC)	30,622	123,232	153,855		S*
The Cavendish School	6,654	27,502	34,155		S
The Centre School Academy	5,092	13,813	18,906		S
The Edmund Trust	1,843	44,060	45,903		Ad
The Galfrid School	13,232	57,348	70,581		S
The Grove Primary School (CCC)	24,395	96,751	121,147		S*
The Harbour Sch Academy	28,969	109,322	138,290		S
The King's (Cathedral) School	72,520	231,721	304,241		S
The Nene Infant & Nursery School	32,713	109,408	142,121		S
The Newton Community Primary School (CCC)	4,957	19,947	24,904		S*
The Pathfinder C of E Primary School	12,583	48,238	60,821	Y	S*
The Weatheralls Primary School (Academy)	30,708	130,407	161,115		S
Thomas Clarkson Academy	62,323	247,036	309,360		S
Thomas Deacon Academy	201,069	675,447	876,517		S
Thomas Eaton Primary Academy	12,640	52,239	64,879		S
Thongsley Fields Primary and Nursery School	22,169	83,656	105,826		S
Thorndown Community Pri (CCC)	40,885	160,940	201,825		S*
Thorney Parish Council	4,141	14,535	18,675		S
Thriplow C of E Primary Academy	5,676	24,417	30,093		S
TNS Catering (Linton Cluster)	1,348	5,393	6,742		Ad
TNS Catering (WASP Cluster 2)	1,068	4,272	5,340		Ad
Townley Primary School (CCC)	12,559	49,928	62,487		S*
Trumpington Meadows Primary School	15,005	57,958	72,963		S*
Trumpington Park Primary Academy	19,167	62,388	81,556		S

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
TSG Building Services Ltd	5,802	-	5,802		Ad
United Learning (previously CAP)	96,211	382,346	478,557		S
University of Cambridge Primary School	30,548	100,047	130,595		S
Upwood Primary Academy	9,570	42,366	51,936		S
VEROHR Ltd	1,907	6,591	8,497		Ad
VHS Cleaning (Linton VC)	1,222	4,171	5,393		Ad
VHS Cleaning (Netherhall)	314	1,318	1,631		Ad
VHS Cleaning (Stapleford Community Primary School)	307	1,115	1,422		Ad
VHS Cleaning Services (Bassingbourn VC and Sawston VC)	1,406	4,851	6,257		Ad
VHS Cleaning Services (Bewick Bridge Community Primary School)	118	471	589	Y	Ad
Vine Inter Church School (CCC)	30,675	115,189	145,864		S*
Visit Cambridge and Beyond	144	379	523		Ad
Warboys Primary Academy	20,620	91,868	112,488		S
Waterbeach CP School (CCC)	24,097	94,410	118,507		S*
Waterbeach Level Internal Drainage Board	1,964	6,497	8,461		S
Waterbeach Parish Council	2,526	8,356	10,883		S
Welbourne Primary Academy	21,040	92,110	113,149		S
Welland Primary School (MAT)	30,144	112,184	142,328		S
Werrington Primary School (PCC)	1,799	7,536	9,335	Y	S*
West Town Primary (MAT)	19,855	81,491	101,346		S
Westfield Junior School (CCC)	22,090	87,465	109,555		S*

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Westwood Primary School	68,511	235,232	303,742		S
Wheatfields Primary School (CCC)	27,516	107,089	134,604		S*
Whittlesey Internal Drainage Board	2,221	7,347	9,568		S
Whittlesey Town Council	1,835	6,069	7,903		S
Wilburton C of E Primary (CCC)	10,668	41,724	52,392		S*
William De Yaxley CofE Academy	10,023	39,795	49,817		S
William Law C of E Primary School	47,720	186,959	234,679		S
William Westley C of E (CCC)	12,973	50,884	63,856		S*
Willingham Primary School (CCC)	25,143	96,627	121,770		S*
Wimblington Parish Council	652	2,549	3,201		S
Winhills Primary School (Academy)	44,553	138,801	183,354		S
Wintringham Primary Academy	3,029	10,971	14,001		S
Wisbech and Fenland Museum	2,137	15,059	17,196		Ad
Wisbech Grammar	-	55,225	55,225		Ad
Wisbech St Marys C of E Primary Academy	17,132	67,094	84,226		S
Wisbech Town Council	4,496	15,003	19,499		S
Witcham Parish Council	324	1,265	1,588		S
Witchford Village College	48,841	149,402	198,242		S
Wyton Primary School (CCC)	16,049	61,162	77,211		S*
Yaxley Infants School (CCC)	15,828	63,039	78,867		S*
Yaxley Parish Council	9,294	32,262	41,556		S
YTKO Limited	2,910	7,698	10,608		Ad
Grand Total	30,627,860	104,014,719	134,642,579		

Investment Policy and Performance

Introduction

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

- a requirement to invest fund money in a wide variety of investments;
- the Fund's assessment of the suitability of different types of investments;
- the Fund's approach to risk, including the ways in which risks are assessed and managed;
- the Fund's approach to pooling investments;
- the Fund's policy on how social, environmental and corporate governance considerations are taken into account; and
- the Fund's policy on the exercise of the rights (including voting rights) attaching to investments.

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

The Fund adopts a long-term perspective, focussing its investment strategy to generate sustainable returns on a risk adjusted basis to grow the Fund's assets to reflect its equally long-term future liabilities. The Pension Fund Committee, Local Pensions Board, Fund officers and professional advisors have worked hard to develop an enhanced responsible investment (RI) policy, which forms part of our overall investment strategy. The new RI policy sets out our approach to sustainable responsible investment and will help us manage the carbon and climate risks impacting our investments better.

The RI policy was agreed following a consultation that was open to scheme members and scheme employers. You can find a copy of the summary consultation responses and an updated investment strategy statement on our [key documents page](#).

The revised RI policy will inevitably mean some changes to our underlying investments over time. In February 2022, the Investment Sub Committee approved decarbonisation targets to reduce the carbon emissions of listed equities by 23% by 2024 and by 57% by 2030 together with a climate action plan for 2022, 2023 and beyond.

The Fund intends decarbonising the portfolio at the same rate as the European Policy Curve (EPC) meaning the Funds decarbonisation pathway would align with the Paris Accord and achieve the ambitions target to reach net zero by 2050 or earlier.

Progress against these targets will be reviewed regularly via a climate dashboard setting out key carbon metrics which will be measured and tracked over time. Regular communication will be provided on how the Fund is progressing on its journey to achieve net zero.

You can find copies of the Funds climate action plan, decarbonisation pathway, and climate dashboard on the [key documents page](#).

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

The Fund will continue to support the principles of the UK Stewardship Code (the "Stewardship Code") in the following year.

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

Investment Policy and Performance (continued)

Role of Investment Managers

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

Active focus

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

Custodian

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

Asset Pooling

The Fund is working with ten like-minded LGPS funds to implement the ACCESS asset pool in response to the Government’s LGPS reform agenda. The main aim is to encourage LGPS Funds to work together to form asset pools to “pool investments to significantly reduce costs, while maintaining investment performance.” Individually, the participating funds have a strong performance history and potential for substantial benefits for a group of successful, like-minded authorities collaborating and sharing their collective expertise. Collectively as at 31st March 2022, the ACCESS Pool has significant scale with assets of £60bn (of which 58.5% has been pooled) serving 3,500 employers with 1.2 million members including 310,000 pensioners.

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

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

On 31 March 2022, the Cambridgeshire Fund had invested £1,709.7m in sub-funds of the ACCESS Authorised Contractual Scheme and £959.7m in the UBS passive arrangement resulting in £2,669.4m of assets under pool management representing 62.3% of the Fund’s assets.

During 2022-23 the Fund expects further investment in fixed income sub-funds of the ACS when they become available. The focus for ACCESS in 2022-23 is to continue work performed in 2021-22 to develop a pooled solution for Alternative asset classes. In December 2021 MJ Hudson were appointed implementation advisor for the Pool’s alternative assets.

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

In addition to the savings in Investment Management fees through joint investments, 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.

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

Investment Policy and Performance (continued)

The Costs of Pooling

The costs of setting up the ACCESS pool and the operating costs of the pool are collected by a nominated ACCESS authority and re-charged in equal shares to the eleven ACCESS funds. Cambridgeshire's share of costs is reported within Oversight and Governance costs in Note 11 to the Statement of Accounts and comprises the following:

Operational Costs	2021-22	2015-16 to 2021-22
	£000	Cumulative £000
Strategic & Technical	32.6	161.6
Legal	15.0	112.0
Project Management	0.0	81.1
ACCESS Support Unit	44.9	160.5
Other	2.7	29.4
Total Operational Costs	95.2	544.6

Cost Savings

The fee savings for the 2021-22 financial year resulting from the asset pooling agenda exceed £3.8m.

Cost Transparency

The analysis below shows the investment expenses incurred during financial year 2021-22 between expenses incurred in respect of Pooled Assets held in the ACCESS Pool and those assets held outside of the pool. Direct costs include: invoiced costs and costs deducted from the value of fund, or from income generated, in accordance with the fee agreement in place with each manager and explicit transaction costs. Indirect costs include: implicit costs and third-party fees and charges. These are indicative estimates provided by Investment Managers as the reporting practices for the Cost of Transparency are still evolving.

Cost Transparency - Continued

	Asset Pool			Non- Asset Pool			Fund Total
	Direct	Indirect	Total	Direct	Indirect	Total	
	£000	£000	£000	£000	£000	£000	£000
Investment Management Fee	7,745	271	8,016	8,132	1,825	9,957	17,973
Performance Fee	0	5,288	5,288	4,137	2,464	6,601	11,889
Broker commissions	0	348	348	18	6	24	372
Other explicit costs	0	91	91	604	793	1,397	1,488
Implicit/indirect transaction costs	0	4,304	4,304	0	738	738	5,042
Administration	295	0	295	525	758	1,283	1,578
Governance and Compliance	34	0	34	464	148	612	646
Other	-24	37	13	200	1,937	2,137	2,150
Total	8,050	10,339	18,389	14,080	8,669	22,749	41,138

Investment Policy and Performance (continued)

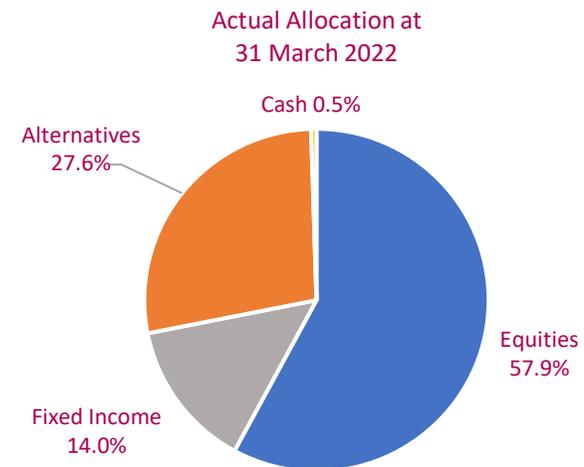
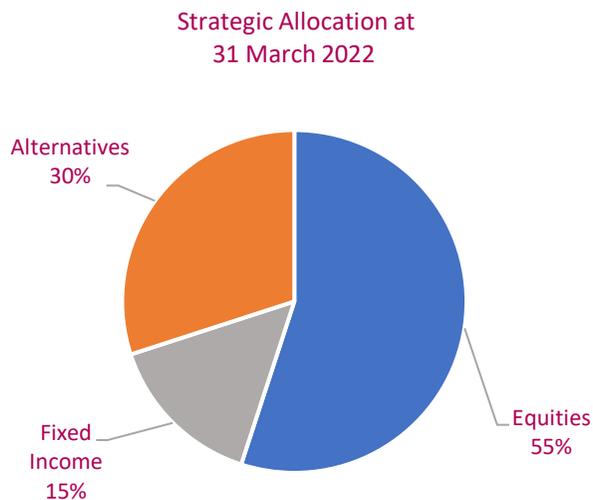
Investment Allocation and Performance

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

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

The strategy approved by the Pension Fund Committee in March 2019 aimed to reduce the Fund's reliance upon, and the associated risks, of a large allocation to equities whilst retaining sufficient exposure to growth assets. The strategy focused on a reduction in equities and an increase in Alternative assets (such as Private equity and Infrastructure) and a flexible allocation to fixed income. The ISC subsequently reviewed the regional mix within the equity allocation and as a result reduced the exposure to UK Equities in conjunction with the roll-out of sub-funds offered by the ACCESS pool ACS. The Fund has a risk management strategy in place managed by Schroders (formerly known as River & Mercantile) with the objective of reducing equity risk.

The charts below show the Strategic Asset Allocation at the start and close of the financial year compared to the actual allocation of assets at 31 March 2022.



Investment Policy and Performance (continued)

The value of the investments held by each of the Fund's Investment Managers on 31 March 2021 and 31 March 2022 is shown in the following table.

Value of investments at the balance sheet date

Manager	31 March 2021		31 March 2022	
	£m	% of Total	£m	% of Total
UBS Passive UK Equity	85.0	2.2	91.3	2.0
Link Fund Solutions – ACCESS Global Equity (JO Hambro)	509.5	13.2	539.4	12.6
Link Fund Solutions - ACCESS Global Stock (Dodge and Cox)	486.7	12.6	562.5	13.1
Link Fund Solutions – ACCESS Global Equity (Longview)	362.1	9.4	414.8	9.7
Schroders	-15.3	-0.4	8.8	0.2
UBS Passive Global Equity	872.0	22.6	868.4	20.3
BlueBay Asset Management	183.4	4.7	197.8	4.6
M&G Investments	182.5	4.7	0.0	0.0
Link Fund Solutions – M&G Alpha Opportunities	157.0	4.1	193.0	4.5
Schroders	0.0	0.0	210.8	4.9
Schroders Property	252.7	6.5	300.8	7.0
Adams Street	131.9	3.4	178.5	4.2
Allianz	19.7	0.5	19.2	0.4
AMP debt	45.5	1.2	41.7	1.0
Cambridge and Counties Bank	76.0	2.0	85.0	2.0
Cambridge Building Society	15.0	0.4	15.0	0.3
Foresight	15.2	0.4	28.4	0.7
Equitix	32.2	0.8	20.6	0.5
HarbourVest	123.9	3.2	159.3	3.7
IFM Infrastructure	62.8	1.6	76.1	1.8
JP Morgan	59.2	1.5	59.6	1.4
M&G	119.0	3.1	138.5	3.2
Partners Group	41.8	1.1	50.0	1.2
UBS Infrastructure	10.7	0.3	8.9	0.2
Cash	36.4	0.9	19.3	0.5
TOTAL	3,864.9	100.0	4287.7	100.0

Investment Policy and Performance (continued)

Total Fund Performance

The total investment return for the Fund over the financial year was 9.9% net of fees compared with a weighted benchmark return of 11.0%. In the previous year the total investment return was 26.5% compared with a weighted benchmark of 27.7%. The Fund's total investment return was 9.9% p.a over the three years to 31 March 2022, 7.9% p.a over the five years to 31 March 2022, and 9.5% p.a over the ten years to 31 March 2022.

Performance of Managers

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

Asset Class /Manager	1 year (% p.a)			3 year (% p.a)			10 year (% p.a)		
	Return	Benchmark	Variance	Return	Benchmark	Variance	Return	Benchmark	Variance
UBS Passive	10.4	10.3	0.1	13.3	13.2	0.1	n/a	n/a	n/a
J O Hambro	5.9	12.4	-6.5	15.2	13.4	1.8	n/a	n/a	n/a
Dodge & Cox	14.7	14.8	-0.1	12.8	9.4	3.4	n/a	n/a	n/a
Longview	14.6	12.4	2.2	n/a	n/a	n/a	n/a	n/a	n/a
Schroders (formally know as River & Mercantile)	1.9	1.9	0.0	n/a	n/a	n/a	n/a	n/a	n/a
BlueBay Asset Management	-0.8	0.1	-0.9	n/a	n/a	n/a	n/a	n/a	n/a
M&G Alpha Opportunities	0.3	4.1	-3.8	n/a	n/a	n/a	n/a	n/a	n/a
Adams Street	53.4	19.8	33.6	35.5	19.8	15.7	n/a	n/a	n/a
Allianz	-6.9	4.0	-10.9	3.2	4.0	-0.8	n/a	n/a	n/a
AMP debt	11.1	10.0	1.1	5.6	10.0	-4.4	n/a	n/a	n/a
Equitix	-13.2	10.0	-23.2	2.4	10.0	-7.6	n/a	n/a	n/a
HarbourVest	70.3	19.8	50.5	33.1	19.8	13.3	n/a	n/a	n/a
Foresight	1.8	19.8	-18.0	n/a	n/a	n/a	n/a	n/a	n/a
IFM Infrastructure	21.2	10.0	11.2	n/a	n/a	n/a	n/a	n/a	n/a
JP Morgan	3.9	10.0	-6.1	n/a	n/a	n/a	n/a	n/a	n/a
M&G Residential Property	4.4	6.0	-1.6	2.4	6.0	-3.6	n/a	n/a	n/a
M&G Secured Loans	2.0	4.2	-2.2	2.9	4.5	-1.6	4.1	4.6	-0.5
M&G Shared Ownership	4.4	6.0	-1.6	n/a	n/a	n/a	n/a	n/a	n/a
Partners Group	17.9	10.0	7.9	11.8	10.0	1.8	n/a	n/a	n/a
UBS Infrastructure	-19.1	10.0	-29.1	-9.8	10.0	-19.8	n/a	n/a	n/a
Schroders Property	17.9	13.1	4.8	8.1	8.1	0.0	7	8.1	-1.1

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

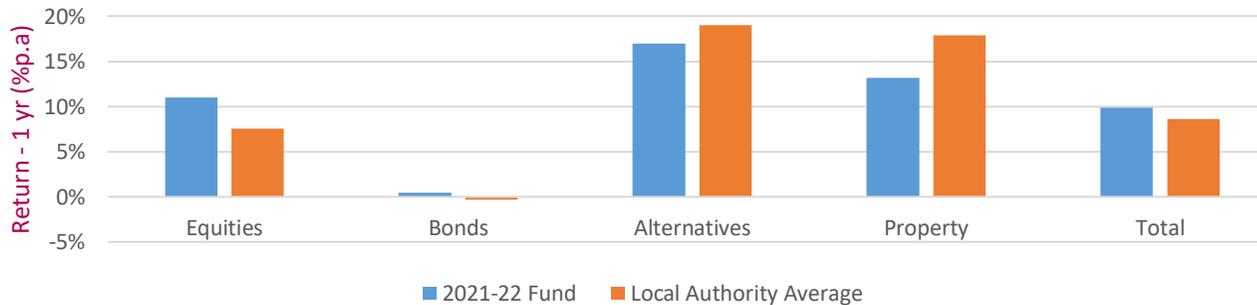
Investment Policy and Performance (continued)

Performance in Comparison with Local Authority Universe

The Local Authority Universe is a national scheme consisting of 63 pension funds collated by PIRC Ltd that provides benchmarking of local authority pension funds investment performance.

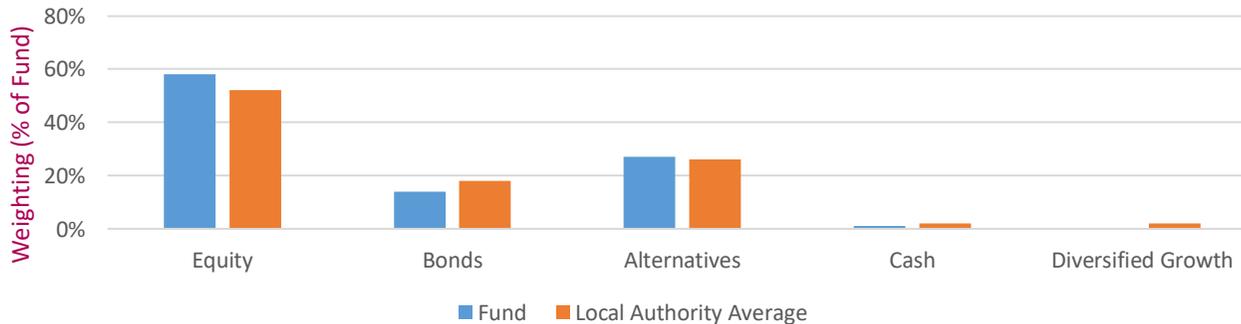
In 2021-22 the Fund's performance of 9.9% net of fees over the financial year was ranked 26th percentile out of the 63 Funds participating in the Universe. The investment return achieved was influenced by the Fund's holding of a higher proportion of Global Equities.

Investment Return compared to Local Authority Universe



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

Investment Allocation compared to Local Authority Universe



Investment Policy and Performance (continued)

Climate Change Report

Executive summary

The Fund recognises the systemic risk associated with climate change as well as the County Council's targets in this regard and the views and aspirations of other scheme employers and scheme members.

In order to manage this systemic risk and to align with its support of the Paris Agreement and a "just transition", the Fund currently expects that its investment portfolio will be net carbon neutral by 2050 at the latest, in line with UK Government's targets.

The Fund is working to produce climate change reporting that complies with the Task Force on Climate-Related Financial Disclosures (TCFD) framework, expected to become mandatory for LGPS Funds in the coming years. This report provides a summary of the Fund's position as it relates to climate change, assessed across the four pillars under the TCFD Framework:

- **Governance:** How the Pension Fund Committee maintains oversight and incorporates climate change into its decision making;
- **Strategy:** How potential future climate warming scenarios could impact the Fund;
- **Risk Management:** How climate-related risk is incorporated in the Fund's broader risk management processes; and
- **Metrics and Targets:** How the Committee measures, and monitors progress against different climate related indicators known as metrics and targets.

Governance

The Administering Authority has delegated to the Pension Fund Committee ("Committee") the power to determine and maintain the

Fund's strategies, policies and procedures. Implementation of the strategy and the monitoring of performance is delegated to the Investment Sub-Committee ("ISC"), for which the membership is drawn from the Committee.

Research into how climate-related risks and opportunities impact financial markets is constantly evolving and expanding. The Committee or its ISC receives training on a regular basis to keep up-to-date with developments and will allocate time on meeting agendas to cover items such as climate-change scenario analysis or reporting of metrics.

During the Fund year, the Committee or ISC received various training sessions covering climate-related investment risks and reporting requirements in line with the TCFD recommendations. The Committee acknowledges that the reporting of climate-related risk is relatively new and the collective experience of the Committee and ISC will grow over time.

Climate change will form an explicit agenda item at least annually for the Committee or ISC when the Fund's annual climate change / TCFD report is updated. It will also be covered as part of other agenda items as part of a wider discussion of funding or investment strategy, or as part of the investment manager appointment and review discussions.

Strategy

Given the uncertainty around the timing and impact of climate-related transition and physical risks, the ISC considered three climate scenarios or 'warming pathways' i.e. the expected degrees of warming of the atmosphere by the end of the century relative to pre-industrial levels, to help test the resiliency of the Fund's investment strategies at the strategic level.

Investment Policy and Performance (continued)

Whilst a lower warming pathway (2°C scenario) is one in which governments, businesses and society should aim for as a minimum, there is a possibility that a failure to reduce GHG emissions quickly enough could set off irreversible feedback loops that significantly warms the planet (as modelled by 3°C and 4°C scenarios).

The Fund will be impacted by climate change, regardless of the scenario that unfolds.

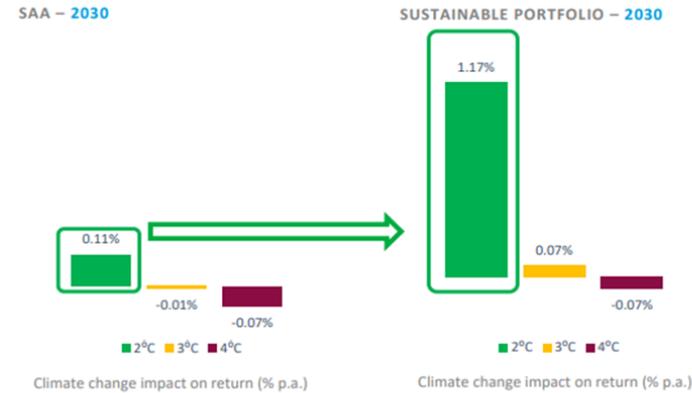
Resilience of the Fund's investment strategy

The table below shows how a 2°C scenario leads to enhanced projected returns for the Fund's investment strategy versus 3°C or 4°C scenarios, with the greatest Impact over the period to 2030.

Warming pathway scenario	Year	Climate change impact on return (% per year)
2°C	2030	0.12%
2°C	2050	-0.06%
2°C	2100	-0.08%
3°C	2030	-0.01%
3°C	2050	-0.06%
3°C	2100	-0.10%
4°C	2030	-0.08%
4°C	2050	-0.14%
4°C	2100	-0.18%

Transition opportunities emerge from a 2°C scenario

The graphic to the right illustrates the benefits of investing sustainably (i.e. in a portfolio broadly aligned with the Fund's investment strategy but where asset class exposures are mapped to sustainable equivalents).



Under the 2°C scenario, to 2030, the Sustainable Portfolio is expected to benefit by up to +16.2% on a cumulative basis, compared with the Fund's current investment strategy.

Key findings of the analysis

Investing for a 2°C scenario is both an imperative and an opportunity the Fund should address.

- An imperative, since, for nearly all asset classes and timeframes, a 2°C scenario leads to enhanced projected returns versus 3°C or 4°C and a better investment outcome.
- An opportunity, since, although incumbents can suffer losses in a 2°C scenario, there are many notable investment opportunities enabled in a low-carbon transition, including sustainability themed investments in listed and private equities to infrastructure and fixed income.

Climate scenario analysis is an ever evolving space and, as such, the scenarios modelled and reported may be subject to review in future periods. It is important to note that the modelling may understate the true level of risk due to the uncertainty around the future economic impacts of climate change.

Investment Policy and Performance (continued)

Risk Management

This section summarises the primary climate-related risk management processes and activities carried out for the Fund. These assist with understanding the materiality of climate-related risks, both in absolute terms and relative to other risks that the Fund is exposed to.

Governance	<p>The Fund recognises the systemic risk associated with climate change as well as the County Council’s targets in this regard and the views and aspirations of other scheme employers and scheme members.</p> <p>The Fund has acknowledged the risk to the Fund of climate change in its Risk Register: “As long-term investors, the Fund believes climate risk has the potential to significantly alter the value of the Fund’s investments.”</p> <p>The Officers maintain a Climate Action Plan which is reviewed and updated on a regular basis. This document forms part of the ISC’s wider business plan and summarises the progress, actions and outcomes of scheduled climate-related investment projects and tasks.</p>
Strategy	<p>The Fund’s advisers will take climate-related risks and opportunities into account as part of the wider strategic investment advice provided to the Committee and ISC. This includes highlighting the expected change in climate-risk exposure through proposed asset allocation changes, both from the top-down level (via climate scenario analysis) and bottom-up (via climate-related metrics). Climate scenario analysis for the investments of the Fund will be reviewed periodically.</p>

Reporting	<p>The ISC will receive an annual climate dashboard providing an update on climate-related metrics and progress against targets in respect of the assets held in the Fund. The ISC may use the information to engage with the Fund’s investment managers.</p> <p>A quarterly stewardship monitoring report is being introduced in 2022-23 which summarises how the investment managers choose to vote and engage on climate-related issues (among other key engagement priorities).</p>
Manager selection and retention	<p>The ISC, with advice from its advisers, will consider an investment manager’s firm-wide and strategy-specific approach to managing climate-related risks and opportunities when either appointing a new manager, in the ongoing review of a manager’s appointment, or as a factor when considering the termination of a manager’s appointment.</p>

What are the climate-related risks and opportunities?

The Fund has considered two types of climate-related risks and opportunities in its climate scenario analysis:

1. Transition risks and opportunities

This covers the potential financial and economic risks and opportunities from the transition to a low-carbon economy (i.e. one that has a low or no reliance on fossil fuels), in areas such as:

- Policy and legislation
- Market
- Technology
- Reputation

Investment Policy and Performance (continued)

Risks include the possibility of future restrictions, or increased costs, associated with high carbon activities and products.

There are also opportunities, which may come from the development of low-carbon technologies. In order to make a meaningful impact on reducing the extent of global warming, most transition activities need to take place over the next decade and certainly in the first half of this century.

2. Physical risks and opportunities

The higher the future level of global warming, the greater physical risks will be in frequency and magnitude. Physical risks cover:

- Physical damage (storms; wildfires; droughts; floods)
- Resource scarcity (water; food; materials; biodiversity loss)

Physical risks are expected to be felt more as the century progresses though the extent of the risks is highly dependent on whether global net zero greenhouse gas emissions are achieved by 2050.

There are investment opportunities, for example, in newly constructed infrastructure and real estate that are designed to be resilient to the physical impacts of climate change, as well as being constructed and operated in a way that have low or no net carbon emissions. There are also opportunities for investment in those companies or industries that focus on energy conservation and resource efficiency.

Metrics and targets

Metrics

The primary metrics that are used by the Fund to measure climate-related impact are:

- Absolute emissions. This is the total emissions of seven major GHGs associated with the investments held (carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulphur hexafluoride and nitrogen trifluoride).

- Carbon footprint. This is the total emissions per million pounds invested.
- Weighted average carbon intensity (WACI). This is the total emissions per million pounds of sales

Limitations of emissions data

The Fund is aware of issues around data quality, in particular carbon data for many private companies, governments and asset classes is not currently sufficiently robust to set targets against. The Fund has therefore focused on the listed equity portfolio initially, given data quality is more robust within this asset class and it comprises a majority of the Fund's strategic investment portfolio. The Fund will seek to include other asset classes in its carbon reporting as this data quality improves over time.

The Fund is also aware that Scope 3 emissions data, i.e. covering indirect emissions from the value chain such as those embedded in material inputs or freight, is an area that needs development and as such it is not included in the Fund's target-setting process. However, the Fund will continue to collect this data to inform its engagement with investment managers.

Targets

The Fund's overall climate-related objective is to align its portfolio with a 'pursue efforts towards 1.5°C' objective - i.e. net zero by 2050 or earlier, with an aspiration of achieving a net zero position by 2045.

The Fund uses absolute emissions as the base line measure for a de-carbonisation pathway as it:

- Gives a 'real world' measure of the amount of carbon the Fund's portfolio is responsible for emitting
- Less likely to be susceptible to skews from carbon offsetting
- Less impacted by other external factors such as corporate sales due to changes in wholesale prices e.g. oil and gas prices

Investment Policy and Performance (continued)

On this basis, the Fund has also set interim targets for the listed equity portfolio in order to make progress towards the Fund’s overall climate objective:

1. Emissions reductions of 23% (from the 2021 baseline) by 2024
2. Emissions reductions of 57% (from the 2021 baseline) by 2030

Carbon reporting dashboard

The Fund’s metrics, initially measured in 2021 and to be used as a baseline for future targets, are set out in a publicly available carbon reporting dashboard¹ :

The 2021 metrics are based on Scope 1 and 2 emissions data for the listed equity portfolio.

The dashboard will be updated on an annual basis.

Setting a de-carbonisation pathway Agreed Fund Climate Metrics*

Listed equity portfolio – Scope 1 & 2

tCO₂e = metric tonnes in carbon dioxide equivalent
 Scope 1: "direct" emissions from owned or controlled sources
 Scope 2: "indirect" emissions from the generation for purchased energy
 Scope 3: indirect emissions from the value chain (e.g. embedded in material inputs, freight, etc.)



* Agreed at 30 November 2021 ISC meeting
 © 2021 Mercer Limited. All rights reserved.
 © 2021 MSCI ESG Research LLC. Reproduced by permission.

1 <https://pensions.northamptonshire.gov.uk/app/uploads/2022/04/CarbonReportingDashboardCPF.pdf>

Investment Policy and Performance (continued)

Independent Adviser's annual review – Twelve months to 31st March 2022

Sam Gervaise-Jones, CFA

May 2022

Twelve months ago, in my first investment review after taking on the role of independent adviser to the Cambridgeshire Pension Fund, we had been wrestling with the impact of COVID-19, Brexit, a change of US President, global climate disruption and continued social upheaval.

My outlook noted plenty of positives, mainly concerning the roll out of vaccines and the prospect of a return to economic growth, but also no shortage of uncertainty, particularly around the prospect of inflation brought on by years of unprecedented stimulus.

Tragically 2021 did not see the end of COVID-19, with a continued toll across both lives and livelihoods. The emergence of new strains, together with continued divergence in different countries' approaches to managing the pandemic, has contributed to continuing uncertainty. While in some ways life appears to be getting back to normal, in others we are more restricted than ever.

A year ago the geopolitics were dominated by the rise of China and a shift of direction in the Whitehouse. Now we face war in Europe, a cost of living crisis, supply chain challenges, rising inflation, the list goes on! Political and economic uncertainty is not going away, and so resilience in the Cambridgeshire Pension Fund continues to be highly desirable.

Here I take the opportunity to provide an investment review covering the financial year 2021/22, in addition to providing some thoughts for the future.

Market Activity

Equities

The year started well globally, with equity markets continuing their upward trajectory during Q2 2021: Gains in most regions were supported by ongoing Covid-19 vaccine programs and increasing economic activity as countries

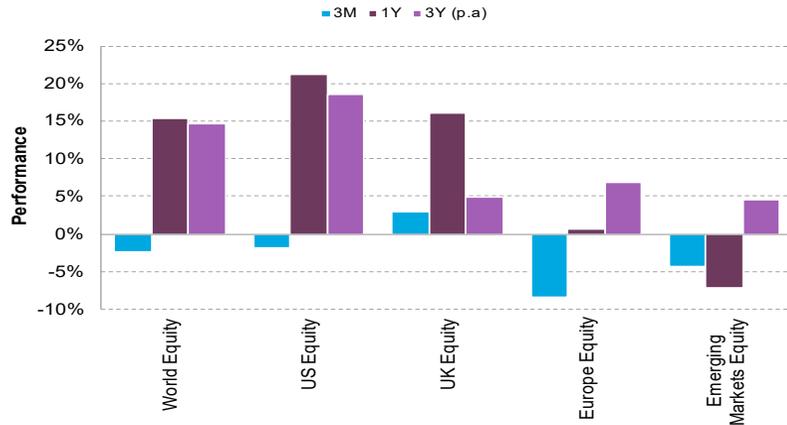
gradually reopened, which helped boost corporate earnings. US equity markets indices reached record highs. Growth in GDP, consumption, and industrial activity continued to strengthen; contributing to a significant jump in headline inflation risk as the US Consumer Price Index for All Urban Consumers rose to +5.4% year over year as of 30 June. With that risk firmly in view, investors watched markets wobble around the expected timing of interest rate increases and bond buybacks, or tapering, by the US Federal Reserve (the Fed).

European and UK equities gained although mixed economic and market results told a slightly different story at an individual country level. Supply chain disruptions, such as the semiconductor shortages that weighed on the automobile sector, affected production in a variety of industries. Emerging Markets were also varied: the MSCI EM Latin America Index rose +15.0% while emerging Asia was more muted, rising by +3.8%. Concerns over inflation, US dollar strength, and the Delta variant weighed somewhat on investor sentiment

Q3 saw developed markets equities broadly flat, as modest gains in July and August were erased in September. The threat of rising inflation, increasing global supply chain disruptions and the looming prospect of the US Federal Reserve (the Fed) tapering its bond purchases caused significant concern towards the end of the quarter. The recovery of European stocks slowed despite the significant progress made in rolling out vaccines: by the end Q3, most major European economies had fully vaccinated approximately 75% of their adult populations, enabling many restrictions to be lifted. However, worries emerged over increased inflation due to rising energy prices and supply-chain disruptions. Emerging market equities declined, losing -8.1% during Q3 amid a significant sell-off in Chinese stocks. Regulatory activity in China became a major concern during the quarter, which negatively affected the technology and property sectors and caused fears of potential contagion. Power shortages and supply-chain issues also negatively impacted the wider economy in Asia. In contrast, net energy exporters (Russia and the countries of the Gulf Cooperation Council (GCC), outperformed as energy prices continued to rise.

Investment Policy and Performance (continued)

Performance of Equity Markets to 31 March 2022



Indices Used

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

Global developed equity markets gained ground in Q4 2021 ensuring that—for a third consecutive calendar year—the index reported double-digit gains, closing out the year +21.8% (in USD terms) higher than at the start. In the first half of 2021, the gradual reopening of the global economy, which was supported by loose fiscal and monetary policies, helped elevate earnings growth—particularly for cyclical sectors struggling to recover from 2020 pandemic-related lows

However, this upward trajectory was not without volatility: as the Omicron variant surged, collective fears about a potential return to rolling lockdowns triggered a sharp market decline in November. Rising inflation prompted concerns throughout the year as higher-than-expected input prices heightened pressures on central banks to normalise interest rates. The UK, which has seen resurgent inflation, surprised markets by hiking rates in December and the US Federal Reserve also hardened its stance, initiating and then accelerating its tapering program to reduce the volume of US government bond purchases.

Rising geopolitical risk pushed developed equity markets into risk-off mode in Q1 2022 and the MSCI World Index was down 5.2% (in USD terms) for the quarter. Negative sentiment drove deratings with volatility rising in January and February before interest rate hikes in developed markets helped dampen market noise in March, allowing developed equity markets to claw back some losses. Foreign sanctions levied on key commodities players in Russia led to increasingly constrained supply chains, especially in Europe, as well as a strong uplift in gas and energy prices. The Continent, with its close energy ties to Russia, was hit particularly hard as the Stoxx 50 closed down 11.4%. Higher commodities prices also contributed to a strong increase in inflation rates in the US, where inflation hit 8.5% for the 12 months ended 31 March 2022—the highest 12-month rate in more than four decades. Emerging markets fell during Q1 as the MSCI Emerging Markets returned -7.0%. Returns across constituent countries were broadly negative; in Asia, China had to contend with resurgent Covid-19 infections and fresh lockdowns. The only bright spot? Markets in Brazil performed strongly, where the MSCI Brazil Index closed Q1 up 36% on the strength of rising commodity prices and highlighting the volatile nature of some of these markets.

Bonds

US Treasury yields declined in Q2, with further fiscal stimulus becoming less likely and the market coming around to the idea that inflation may have peaked. The 10-year Treasury fell but was still up YTD after its dramatic Q1 rise.

On the other side of the Atlantic, European government bonds underperformed US counterparts, driven by a growing optimism about recovery. US investment grade (IG) bonds posted positive performance of 3.4% in Q2—a dramatic change versus Q1—as rates rallied and earnings exceeded expectations, but remained in negative territory

Lower-rated bonds outperformed higher quality peers, with BBB-rated bonds gaining 0.44%. US high yield (HY) bonds posted a positive return of 2.8% in Q2 while yields fell to a record low in June (4.3% at end-Q2) and spreads rallied to their lowest levels since October 2018 as equities and Treasuries

Investment Policy and Performance (continued)

After a rough Q1 for Emerging Market Debt, Q2 saw a significant—if not complete—reversal of losses. Hard Currency bonds were up 4.1% after falling 4.5% in Q1, despite concerns about Chinese growth and a rise in Covid-19 cases in Asia; IG and HY sectors were both positive. African and Latin American countries delivered stronger results, led by Venezuela (+46.8%). EM Corporate debt gained 2.1%, bringing YTD performance to 1.3%, with further spread compression and high-yield issuers outperforming investment grade. Oil and gas (+4.3%) was the top performer.

At the beginning of Q3, US Treasury yields continued their decline: The US 10-year Treasury yield hit a nine month low in early August before rising towards the end of the quarter, propelled by renewed concerns about inflation. In Europe, government bond yields followed the same path: With yields making a circular trip during the quarter, global credit saw little change. Returns were muted across geographies.

Headwinds in hard currency Emerging Markets (EM) came from China, with partial shutdowns of ports in reaction to rising Covid-19 cases. EM corporate debt generated a modestly positive performance of 0.25% during Q3. Investment grade issuers slightly outperformed their high-yield peers. Most sectors contributed, led by Transportation, Financials (0.9%), and Infrastructure (1.0%), while Real Estate (-2.8%) lost ground on the news about the potential default risk of China's second-largest property developer, Evergrande.

Indices Used

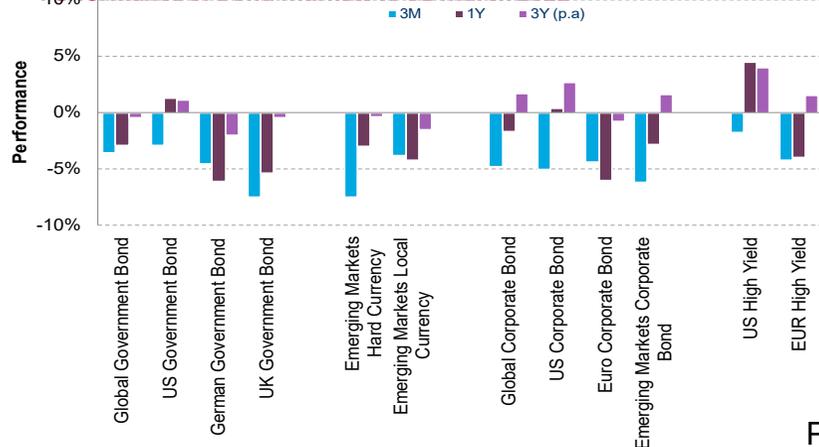
World Equity: Barclays GlobalAgg Treasury TR (GBP Unhedged), ICE BofA ML US Treasury (GBP Unhedged), ICE BofA ML German Government (GBP Unhedged), ICE BofA ML UK Gilt (GBP Unhedged), JPM EMBI GLOBAL DIVERSIFIED TR (GBP Unhedged), JPM GBI-EM Global Div TR (GBP Unhedged), Barclays Global Agg Corporate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

The final quarter of 2021 brought an eventful end to a tumultuous year. The Omicron variant put pressure on the global economic recovery, policymakers turned hawkish, the US Federal Reserve began tapering bond purchases and the US Treasury yield curve flattened as short-dated yields rose almost 0.5% (while the long end of the curve declined). European interest rates remained broadly unchanged. Short-end rates increased marginally against a slight decline in long-dated yields. In December, the European Central Bank reiterated its position that supportive monetary policy was still needed to stabilise inflation at the desired 2%—even as tapering began. December also saw the Bank of England increase rates for the first time in more than three years, raising rates from 0.1% to 0.25%.

US investment grade bonds posted marginal positive returns. European investment grade strategies experienced a challenging quarter, losing -0.67%. European high yield bonds fared worse than their US counterparts,

Hard Currency EM Debt lost -0.4% in the final quarter and finished 2021 in negative territory at -1.8%. Performance in Q4 was mainly the result of spreads widening as concerns grew about the sustainability of the global economic recovery. Sovereign bonds, which account for 75% of the market, were a source of weakness while lower-quality high yield issuers underperformed their IG counterparts. Sovereign debt issued by Ukraine and Turkey performed worst among emerging markets; Mexico and Indonesia performed best.

Performance of Bond Markets to 31 March 2022



Investment Policy and Performance (continued)

During Q1 2022, fixed income markets were affected by two negative macroeconomic risk factors: Russia's invasion of Ukraine and rising rates across yield curves. The US Fed has grown increasingly hawkish in recent months, causing US Treasury yields to rise and the curve to flatten dramatically. Currently, markets are pricing in a high probability of an additional rate hike of 50bps in June — and more increases may follow in the months to come. In Europe, interest rates have followed a similar trajectory: the German 2-year rate (Schatz) has risen the 0% mark for the first time in seven years, while the German 10-year rate (Bund) has jumped 73bps to reach 0.55%. US investment grade corporate bonds took the worst hit amongst global credit markets in Q1. Relatively long in duration, the market took the full blow of rising rates and declined by -7.7% in Q1. Although all industry sectors posted negative returns, Leisure, Retail and Transportation benefited from the Covid-19 economic recovery and limited their losses relative to other sectors.

European investment grade corporate bonds have fared slightly better than their US peers due to lower interest rate duration—despite war erupting in the region. As the Covid-19 recovery played out in Europe, Hospitality and Airlines provided the best relative performance by industry sector.

EM debt suffered its second-worst quarterly performance on record, clearly impacted by the war in Ukraine and ensuing sanctions against Russia. Both Ukraine and Russia were prominent EM debt index constituents before the conflict and the value of their debt was significantly marked down. JPMorgan removed Russia (and Belarus) from its suite of EM debt indices on 31 March 2022.

Fund Activity

Responsible Investment

Having consulted with stakeholders last summer, the Pensions Committee approved and adopted a new Responsible Investment policy, along with a revised Investment Strategy Statement. Since then, we have seen continued work looking at how best to implement the commitments made in the policy, in particular how to tackle the challenging topic of defining and monitoring progress towards a net zero carbon position, with all the implications that has for the investment portfolio and resourcing the management of the fund.

With a consultation expected from government imminently concerning mandatory reporting of investment portfolio carbon intensity this work will only get more important.

As ever, requirements will continue to evolve. Thankfully, having a modern, fit for purpose policy in place should put us in a strong position to meet these challenges as they arise.

Fund Performance

The fund continues to perform well, seeing a significant increase in its funding ratio as well as asset value in the past year.

Our equity investments are in aggregate up 11%, slightly ahead of the passive benchmark and highly beneficial as the largest single asset class in the portfolio. Fixed income investments haven't fared quite as well, trailing the benchmark somewhat, which the fund's monitoring governance is managing. The growing alternatives portfolio has shown strong performance, comfortably ahead of benchmark.

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

Investment Policy and Performance (continued)

These alternative investments, particularly those focused on infrastructure, are designed to enhance portfolio diversification – providing a return stream meaningfully different to that provided by the equity investments and also have potentially useful inflation proofing characteristics. Some, more exposed to economic activity such as ports and transport have seen challenges but the post-covid rebound in activity will be positive for them. Irrespective, these investments take time to build up, committing to managers who then go out and source appropriate assets over an investment period that can run to several years.

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

Outlook

Inflation is here. Debate has raged for some time over potential catalysts for a rise in inflation. Whether its low interest rates, quantitative easing, other forms of stimulus, supply line interruptions, energy cost rises, covid, immigration changes or anything else, developed economies are facing inflation figures they have not seen in many years. While the fund has many asset investments that should keep up with inflation, any major shift in the investment environment can pose challenges for performance.

It's also important to note that Environmental concerns have not magically disappeared. The long-term risks to the fund, its beneficiaries, and wider society remain. Indeed, they are potentially enhanced should social inequality and financial stress reduce the world's ability to address the climate situation.

More positively, the next 12 months should see a number of substantial changes for the fund that will give us tools to face these challenges. I expect the ACCESS Pool private markets propositions to start to take shape, opening a series of avenues to invest in alternative asset classes in a more efficient and effective manner. In addition, we will make progress on implementing the fund's RI policy and net-zero commitments.

We await results of the triennial valuation but expect a healthy funding position that leaves us in a good place, with strong governance and a resilient portfolio, to face the future with confidence.

Actuarial Information

Cambridgeshire Pension Fund (“the Fund”) Actuarial Statement for 2021-22

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

Description of Funding Policy

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

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

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

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

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

Funding Position as at the last formal funding valuation

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

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

Principal Actuarial Assumptions and Method used to value the liabilities

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

Method

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

Actuarial Information (continued)

Assumptions

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

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

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

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

*Aged 45 at the 2019 Valuation.

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

Experience over the period since 31 March 2019

Markets were severely disrupted by COVID 19 in March 2020, but over most of 2020-21 and 2021-22 they recovered strongly. However, due to the war in Ukraine, March 2022 markets were particularly volatile, which affects values as at the accounting date. All other things being equal, the funding level of the Fund as at 31 March 2022 is likely to be better than that reported at previous formal valuation as at 31 March 2019.

It is important to note that the formal triennial funding valuation exercise is as at 31 March 2022 and this may show a different picture when the finalised position is disclosed in next year's annual report. In particular, changes in Fund membership, changes in anticipated real investment returns, and changes in demographic assumptions will affect the valuation results. The Funding Strategy Statement will also be reviewed as part of the triennial funding valuation exercise.

Douglas Green FFA
19 April 2022
For and on behalf of Hymans Robertson LLP

Actuarial Information (continued)

Extract from the Actuarial Valuation Report

Executive Summary

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

Funding Position

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

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

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

Contribution Rates

The table below summarizes the whole fund Primary and Secondary Contribution rates at this triennial valuation. The Primary rate is the payroll weighted average of the underlying individual employer primary rates and the Secondary rate is the total of the underlying individual employer secondary rates (before any pre-payment or capitalization of future contributions), calculated in accordance with the Regulations and CIPFA guidance.

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

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

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

Douglas Green FFA

Robert McInroy FFA

15 March 2020

For and on behalf of Hymans Robertson LLP

Audit Opinion

Left blank for Audit opinion

Audit Opinion (continued)

Left blank for Audit opinion

Audit Opinion (continued)

Left blank for Audit opinion

Fund Account

31-Mar-21 £000	Notes	31-Mar-22 £000
Dealings with members, employers and others directly involved in the fund:		
154,534 Contributions	Note 7	134,643
22,232 Transfers in from other pension funds	Note 8	11,532
176,766		146,175
-109,596 Benefits	Note 9	-118,306
-11,632 Payments to and on account of leavers	Note 10	-8,754
-121,228		-127,060
55,538 Net additions/(withdrawals) from dealing with members		19,115
-22,690 Management expenses	Note 11	-25,633
32,848 Net additions/(withdrawals) including fund management expenses		-6,518
Returns on investments:		
31,406 Investment income	Note 13	30,719
836,312 Profit and (losses) on disposal of investments and changes in the value of investments	Notes 14a and 17b	382,996
867,718 Net return on investments		413,715
900,566 Net increase/(decrease) in the net assets available for benefits during the year		407,197
2,997,669 Opening net assets of the scheme		3,898,235
3,898,235 Closing net assets of the scheme		4,305,432

Notes on pages 55 to 85 form part of the financial statements.

Net Asset Statement

31-Mar-21 £000		Notes	31-Mar-22 £000
3,913,043	Investment assets		4,290,145
-48,160	Investment liabilities		-2,445
3,864,883	Total net investments	Note 14	4,287,700
39,679	Current assets	Note 21	23,805
-6,327	Current liabilities	Note 22	-6,073
33,352	Net Current Assets		17,732
3,898,235	Closing net assets of the scheme	Note 17a	4,305,432

Notes on pages 55 to 85 form part of the financial statements.

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

Notes to the Pension Fund Accounts

1. DESCRIPTION OF THE FUND

The Cambridgeshire County Council Fund is part of the Local Government Pension Scheme (LGPS) and is administered by Cambridgeshire County Council. The County Council is the reporting entity for this Pension Fund. The following description of the Fund is a summary only. For more detail, reference should be made to the Annual Report 2021-22 on pages 1 to 49 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 Local Government Pension Scheme (Amendment) Regulations 2018.

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

Membership

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

- Scheduled Bodies - local authorities and similar bodies whose staff are automatically entitled to be members of the Fund;

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

As at 31 March 2022 there was 213 (2021: 217) active employers within the Cambridgeshire Pension Fund, including the County Council itself.

	31-Mar-21	31-Mar-22
Number of employers with active members	217	213

The Fund has over 92,000 individual members, as detailed below:

Number of employees in scheme:	31-Mar-21	31-Mar-22
County council	9,483	9,362
Other employers	19,228	19,549
Total	28,711	28,911

Number of Pensioners:		
County council	8,861	9,185
Other employers	11,519	12,155
Total	20,380	21,340

Deferred pensioners:		
County council	13,793	13,859
Other employers	17,112	17,514
Total	30,905	31,373

Undecided Leavers:		
County council	4,072	4,627
Other employers	5,339	6,384
Total	9,411	11,011

Total members	89,407	92,635
----------------------	---------------	---------------

Notes to the Pension Fund Accounts (continued)

Funding

Benefits are funded by contributions and investment earnings. Currently the level of contribution income is sufficient to fund regular benefit payments. Contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ended 31 March 2022. Employers' contributions are set as part of the triennial actuarial funding valuation. The last such valuation was at 31 March 2019. Employers' contributions comprise a percentage rate on active payroll between 5.7% and 31.7% and deficit payments of fixed cash amounts set for each employer as part of the triennial funding valuation.

Benefits

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

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

Career Average Revalued Earnings (CARE)

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

the 50/50 option and pay proportionately lower contributions.

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

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

2. BASIS OF PREPARATION

The statement of accounts summarises the Fund's transactions for the 2021-22 financial year and its financial position at 31 March 2022. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on a going concern basis.

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

Notes to the Pension Fund Accounts (continued)

Going Concern

The Funding Level as per the recent triennial valuation exercise (March 2019) was 100%. The Funding Level at year ending March 2022 was 114%.

There are 499 individual active employers as at March 2022. All employers are paying their contributions as per the rates and adjustment certificate. No employer has deferred their payments. Benefits paid for the year were approximately £118m, with contributions of approximately £134m, showing a net cash inflow.

The actual annual investment return for March 2022 was 9.9% and the Fund value had increased to £4.305 billion (subject to audit), meaning the fund has increase by £407.2 million during the year. At 31 March 2022 the Pension Fund has 58% of its investments allocated to equities and 14% allocated to Bonds, with £27.8 million in cash, which are all assets that could be liquidated quickly to pay benefits should the need arise.

The Pension Fund is satisfied that it is sufficiently liquid to conclude that it is a going concern, since the value of pension fund assets that can be liquidated at short notice if needed is £3.1 billion which significantly exceeds the annual expenditure of the fund.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Account – Revenue Recognition

Contribution Income

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

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

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

Transfers to and from Other Schemes

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

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

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

Investment Income

i) Interest income

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

ii) Dividend income

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

iii) Distributions from pooled funds

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

Notes to the Pension Fund Accounts (continued)

Investment Income (continued)

iv) Movement in the net market value of investments

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

Fund Account – Expense Items

Benefits Payable

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

Taxation

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

Management Expenses

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

Administrative Expenses

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

Oversight and Governance Costs

All oversight and governance expenses are accounted for on an accruals basis. The costs of obtaining legal and consultancy advice are charged direct to the Fund. The cost of the Pool are charged direct to the Fund.

Investment Management Expenses

Investment Management expenses are accounted for on an accruals basis.

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

Investment fees are charged directly to the fund as part of management expenses and are not included in, or netted off from, the reported returns on investments. Where fees are netted off returns by investment managers, these expenses are grossed up to increase the change in value of investments.

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 2021-22, £234k of fees are based upon such estimates (2020-21: £226K). In addition, manager fees deducted from pooled funds of £21.9m (2020-21: £16.8m) are based upon information received from fund managers.

Notes to the Pension Fund Accounts (continued)

Net Assets Statement

Financial Assets

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

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

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

Foreign Currency Transactions

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

Derivatives

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

Cash and Cash Equivalents

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

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

Financial Liabilities

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

Actuarial Present Value of Promised Retirement Benefits

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

Additional Voluntary Contributions

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

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

Notes to the Pension Fund Accounts (continued)

Contingent Assets and Liabilities

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

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

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

4. CRITICAL JUDGEMENT IN APPLYING ACCOUNTING POLICIES

Pension Fund Liability

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

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

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

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

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

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

The items in the Net Assets Statement as 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

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

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

Effect if Actual Results Differ from Assumptions:

The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability by approximately £115m. A 0.1% increase in assumed earnings inflation would increase the value of liabilities by approximately £8m, and a 1 year increase in assumed life expectancy would increase the liability by approximately £224m. Although the example above is based on an increase, a decrease to discount rate and assumed life expectancy could also occur.

Notes to the Pension Fund Accounts (continued)

- **Cambridge and Counties Bank Uncertainties:**

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

Effect if actual results differ from assumptions: The investment in the financial statements is £85.0m. There is a risk that this investment may be under or overstated in the accounts. As set out in the independent, professional valuation report, the valuation of the Cambridge and Counties Bank is in the range of £81.7m to £89.1m. The mid-point of this valuation range has been applied within the Fund's accounts.

- **Other Private Equity and Infrastructure Uncertainties:**

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

Effect if actual results differ from assumptions: Total private equity and infrastructure investments (excluding Cambridge and Counties Bank – see above) at fair value in the financial statements are £714.7m. There is a risk that this investment may be under or overstated in the accounts. Note 18 gives a price sensitivity of Alternative investments of 23.7%, which indicates that Other private equity and infrastructure values may range from £545.3m to £884.1m.

6. EVENTS AFTER THE BALANCE SHEET DATE

There have been no events since 31 March 2022, and up to the date when these accounts were authorised that require any adjustments to these accounts.

7. CONTRIBUTIONS RECEIVABLE

By Category:

31-Mar-21		31-Mar-22
£000		£000
29,081	Employees' contributions	30,628
	Employers' contributions:	
89,914	Normal contributions	93,644
35,539	Deficit recovery contributions	10,371
125,453	Total employers' contributions	104,015
154,534		134,643

By Authority:

31-Mar-21		31-Mar-22
£000		£000
28,127	Administering authority	29,164
120,606	Scheduled bodies	99,693
5,801	Admitted bodies	5,786
154,534		134,643

8. TRANSFERS IN FROM OTHER PENSION FUNDS

31-Mar-21		31-Mar-22
£000		£000
6,750	Individual transfers	10,865
15,482	Group transfers	667
22,232		11,532

Notes to the Pension Fund Accounts (continued)

9. BENEFITS PAYABLE

By category:

31-Mar-21		31-Mar-22
£000		£000
92,311	Pensions	96,636
14,081	Commutation and lump sum retirement benefits	19,444
3,204	Lump sum death benefits	2,226
109,596		118,306

By authority:

31-Mar-21		31-Mar-22
£000		£000
35,867	Administering authority	36,422
64,819	Scheduled bodies	71,853
8,910	Admitted bodies	10,031
109,596		118,306

10. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

31-Mar-21		31-Mar-22
£000		£000
998	Refunds to members leaving service	793
5,113	Group transfers	0
5,521	Individual transfers	7,961
11,632		8,754

11. MANAGEMENT EXPENSES

31-Mar-21		31-Mar-22
£000		£000
2,726	Administrative costs	2,602
19,230	Investment management expenses	22,130
734	Oversight and governance costs*	901
22,690		25,633

*Base fees payable to External Auditors, included within Oversight and Governance costs were £17k during the year (2020-21 £17k). The scale fee variation will be communicated in due course.

Notes to the Pension Fund Accounts (continued)

12. INVESTMENT MANAGEMENT EXPENSES

2021/22	Management fees	Performance related fees	Transaction costs	Other costs	Total
	£000	£000	£000	£000	£000
Bonds	257	0	0	0	257
Pooled investments	9,441	0	0	421	9,862
Pooled property investments	431	0	435	170	1,036
Private Equity/Infrastructure	5,748	4,137	187	883	10,955
Custody Fees	0	0	0	20	20
Total	15,877	4,137	622	1,494	22,130

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

13. INVESTMENT INCOME

31-Mar-21	31-Mar-22
£000	£000
526 Income from bonds	780
3 Income from equities	0
11,975 Pooled investments – unit trusts and other managed funds	8,597
7,859 Pooled Property Investments	8,487
10,524 Private equity/infrastructure income	12,826
519 Interest on cash deposits	29
0 Other – securities lending income	0
31,406	30,719

Notes to the Pension Fund Accounts (continued)

14. INVESTMENTS

31-Mar-21 £000	31-Mar-22 £000
Investment assets	
156,972 Bonds	210,791
2,761,795 Pooled investments	2,945,943
237,190 Pooled property investments	301,637
688,334 Private equity/infrastructure	799,689
66,353 Cash deposits	19,850
2,152 Derivatives contracts: Options	11,100
247 Investment income due	286
0 Amounts receivable for sales	849
3,913,043 Total investment assets	4,290,145
Investment liabilities	
-48,160 Derivatives contracts: Options	-2,410
0 Amounts payable for purchases	-35
-48,160 Total investment liabilities	-2,445
3,864,883 Net investment assets	4,287,700

Notes to the Pension Fund Accounts (continued)

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

	Market value 01-Apr-21	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-22
	£000	£000	£000	£000	£000
Bonds	156,972	132,231	-81,155	2,743	210,791
Pooled investments	2,761,795	40,086	-112,164	256,226	2,945,943
Pooled property investments	237,190	45,014	-21,426	40,859	301,637
Private equity/infrastructure	688,334	75,093	-87,909	124,171	799,689
	3,844,291	292,424	-302,654	423,999	4,258,060
Derivative contracts:					
• Purchased/written options	-46,008	149,776	-53,073	-42,005	8,690
	3,798,283	442,200	-355,727	381,994	4,266,750
Other investment balances:					
· Cash deposits	66,353				19,850
· Investment income due	247				286
· Amount receivable for sales	0				849
· Amounts payable for purchases of investments	0				-35
Net investment assets	3,864,883				4,287,700

Notes to the Pension Fund Accounts (continued)

14(a) Reconciliation of movements in investments and derivatives

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

Notes to the Pension Fund Accounts (continued)

14(b). Investments analysed by fund manager

Market value 31-Mar-21			Market value 31-Mar-22	
£000	% of net investment assets		£000	% of net investment assets
Investments managed under Pool Governance:				
1,358,174	35.1	Link Fund Solutions	1,709,669	39.9
957,079	24.8	UBS Global Asset Management	959,654	22.4
2,315,253	59.9	Total Investments managed under Pool Governance	2,669,323	62.3
Investments managed outside Pool Governance:				
131,898	3.4	Adams Street Partners	178,519	4.2
19,736	0.5	Allianz Global Investors	19,190	0.4
45,488	1.2	Ares Management	41,671	1.0
183,388	4.7	BlueBay Asset Management	197,832	4.6
76,000	2.0	Cambridge and Counties Bank	85,000	2.0
15,000	0.4	Cambridge Building Society	15,000	0.3
32,176	0.8	Equitix Investment Management	28,356	0.7
15,225	0.4	Foresight Group	20,565	0.5
123,900	3.2	HarbourVest Partners (UK)	159,331	3.7
62,786	1.6	IFM Infrastructure	76,081	1.8
59,218	1.5	JP Morgan	59,578	1.4
247,048	6.4	M&G Investments	81,036	1.9
54,400	1.5	M&G Real Estate	57,452	1.3
41,798	1.1	Partners Group (UK)	50,001	1.1
141,770	3.7	River and Mercantile Group*	0	0.0
252,654	6.5	Schroders Investment Management	520,488	12.1
10,710	0.3	UBS Infrastructure	8,946	0.2
36,435	0.9	Cash with custodian	19,331	0.5
1,549,630	40.1	Total Investments managed outside Pool Governance	1,618,377	37.7
3,864,883	100.0	Net investment assets	4,287,700	100.0

All the above companies are registered in the United Kingdom.

* River and Mercantile Group were acquired by Schroders Investment Management in January 2022.

Notes to the Pension Fund Accounts (continued)

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

Security	31-Mar-21	% of total fund	31-Mar-22	% of total fund
	£000	%	£000	%
LF ACCESS Global Stock - Dodge and Cox	486,668	12.5	562,493	13.1
LF ACCESS Global Equity - J O Hambro	509,482	13.1	539,385	12.5
LF ACCESS Global Equity - Longview	362,023	9.3	414,792	9.6
UBS Asset Management Life USA Equity Tracker Hedged	209,901	5.4		
	1,568,074		1,516,670	

15. ANALYSIS OF DERIVATIVES

Objectives and policies for holding derivatives

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

• Futures

There were no outstanding exchange traded future contracts at 31 March 2022 or 31 March 2021.

• Forward foreign currency

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

There were no open forward currency contracts at 31 March 2022 or 31 March 2021. There is no specified requirement to use currency hedging within the Fund's Investment Management Agreements. Instead, the Fund managers use their discretion as to whether or not any currency hedging should be used to mitigate any potential risk.

Notes to the Pension Fund Accounts (continued)

•Options

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

Investment underlying option contract	Expires	Put/Call	Notional Holdings	31-Mar-21	Notional Holdings	31-Mar-22
				£000		£000
Assets						
Overseas equity purchased	One to three months	Put	158,099	2,152	132,999	11,100
Total assets				2,152		11,100
Liabilities						
Overseas equity written	One to three months	Put	-203,057	-285	-170,996	-1,485
Overseas equity written	One to three months	Call	-154,327	-47,875	-132,999	-925
Total liabilities				-48,160		-2,410
Net purchased/written options				-46,008		8,690

Notes to the Pension Fund Accounts (continued)

16. FAIR VALUE

Valuation of Financial Instruments Carried At Fair Value

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

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

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

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

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

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

16a. Fair value hierarchy

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

Value at March 2022	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	£000	£000	£000	£000
Bonds	210,791	0	0	210,791
Equities	0	0	0	0
Pooled Investments	13,089	2,932,854	0	2,945,943
Pooled Property Investments	0	0	301,637	301,637
Private Equity/Infrastructure	0	0	799,689	799,689
Derivatives	0	11,100	0	11,100
Net Investment Assets	223,880	2,943,954	1,101,326	4,269,160

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

Notes to the Pension Fund Accounts (continued)

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

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Cash and cash equivalents	Level 1	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required
Quoted Bonds	Level 1	Fixed interest securities valued at a market value based on current yields.	Not required	Not required
Pooled investments – not exchange traded open ended funds	Level 2	Closing bid and offer prices are published. Closing single price where a single price is published	NAV based pricing set on a forward pricing basis.	Not required
Unquoted bonds and unit trusts	Level 2	Average of broker prices	Evaluated price feeds.	Not required
Pooled Property	Level 3	Valued by investment managers on a fair value basis each year using PRAG guidance	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.
Private equity and infrastructure- equity	Level 3	Comparable valuation of similar companies	Price/Earnings or EBITDA multiple	Valuations could be affected by material events occurring between the date of the financial statements provided and the Fund's own reporting date.
Private equity and infrastructure - other	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines (2012)	Share of net assets	Valuations could be affected by material events occurring between the date of the financial statements provided and the Fund's own reporting date, and by any differences between audited and unaudited accounts.

Notes to the Pension Fund Accounts (continued)

Sensitivity of assets valued at Level 3

Having analysed historical data and current market trends, and consulted with independent investment advisers, the Fund has determined that the valuation methods described above are likely to be accurate within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2022.

Asset Type	Market Value as at 31-Mar-22 £000	Assessed valuation range (+/-)	Value on Increase £000	Value on Decrease £000
Private Equity	799,689	23.7	989,215	610,163
Property	301,637	15.0	346,883	256,391
Total Assets	1,101,326		1,336,098	866,554

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

Period 2021-22	Market value 01- Apr-21 £000	Transfers in/out of Level 3 £000	Purchases during the year and derivative payments £000	Sales during the year and derivative receipts £000	Unrealised gains/(losses) £000	Realised gains/(losses) £000	Market value 31- Mar-22 £000
Pooled property investments	237,190	0	45,014	-21,426	44,918	-4,059	301,637
Private equity and infrastructure - equity	76,000	0	0	0	9,000	0	85,000
Private equity and infrastructure - other	612,334	0	75,093	-87,909	75,309	39,862	714,689
Total	925,524	0	120,107	-109,335	129,227	35,803	1,101,326

Notes to the Pension Fund Accounts (continued)

17. FINANCIAL INSTRUMENTS

17a. Classification of financial instruments

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

31-Mar-21			31-Mar-22		
Fair value through profit and loss	Loans and receivables	Financial Liabilities	Fair value through profit and loss	Loans and receivables	Financial Liabilities
£000	£000	£000	£000	£000	£000
Financial assets					
156,972	0	0	210,791	0	0
2,761,795	0	0	2,945,943	0	0
237,190	0	0	301,637	0	0
688,334	0	0	799,689	0	0
2,152	0	0	11,100	0	0
0	90,818	0	0	27,877	0
0	247	0	0	1,135	0
0	15,214	0	0	15,778	0
3,846,443	106,279	0	4,269,160	44,790	0
Financial liabilities					
0	0	-48,160	0	0	-2,410
0	0	0	0	0	-35
0	0	-6,327	0	0	-6,073
0	0	-54,487	0	0	-8,518
3,846,443	106,279	-54,487	4,269,160	44,790	-8,518
3,898,235 Total					4,305,432

Notes to the Pension Fund Accounts (continued)

17b. Net Gains and Losses on Financial Instruments

31-Mar-21 £000		31-Mar-22 £000
	Financial assets:	
918,956	Fair value through profit and loss	423,999
5	Loans and receivables	1,360
0	Financial liabilities measured at amortised cost	
	Financial liabilities:	
-82,590	Fair value through profit and loss	-42,005
-59	Loans and receivables	-358
0	Financial liabilities measured at amortised cost	
836,312	Total gains/(losses)	382,996

18. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Risk and risk management

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

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

a) Market risk

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

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

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

The Fund manages these risks in two ways:

- the exposure of the Fund to market risk is monitored through a factor risk analysis, to ensure that risk remains within tolerable levels
- specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments.

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

Notes to the Pension Fund Accounts (continued)

Other price risk

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

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

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

Other price risk – sensitivity analysis

Following analysis of historical data and expected investment return movement during the financial year, in consultation with the Fund's investment advisers, the Council has determined that the following movements in market price risk would have reasonably been possible for the 2021-22 reporting period.

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

Asset Type	Potential Market Movement +/- (%p.a.)
UK equities	19.9
Global equities	20.1
Index linked bonds	9.2
Pooled fixed interest bonds	8.1
Multi asset credit	7.4
Property	15.0
Alternatives	23.7
Cash and other investment balances	3.0

Notes to the Pension Fund Accounts (continued)

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

31-Mar-22	Value as at	% (rounded)	Value on	Value on
Asset Type	31-Mar-22	Change	Increase	Decrease
	£000		£000	£000
UK equities	91,264	19.9	109,426	73,102
Global equities	2,385,060	20.1	2,864,457	1,905,663
Index linked bonds	210,791	9.2	230,184	191,398
Pooled fixed interest bonds	65,700	8.1	71,022	60,378
Multi asset credit	390,830	7.4	419,751	361,909
Property	301,637	15.0	346,883	256,391
Alternatives	799,689	23.7	989,215	610,163
Cash and other investment balances	42,729	3.0	44,011	41,447
Total Assets	4,287,700		5,074,949	3,500,451

31-Mar-21	Value as at	% (rounded)	Value on	Value on
Asset Type	31-Mar-21	Change	Increase	Decrease
	£000		£000	£000
UK equities	85,032	16.7	99,232	70,832
Overseas equities	2,230,221	17.4	2,618,279	1,842,163
Global pooled equities	156,972	7.5	168,745	145,199
Index linked bonds	64,500	8.0	69,660	59,340
Pooled fixed interest bonds	365,936	6.2	388,624	343,248
Property	237,190	14.2	270,871	203,509
Alternatives	688,334	23.5	850,092	526,576
Cash and Other investment balances	36,698	3.0	36,808	36,588
Total Assets	3,864,883		4,502,311	3,227,455

Notes to the Pension Fund Accounts (continued)

Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's interest rate risk is routinely monitored by the Council and its investment consultant in accordance with the Fund's risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks. The Fund's direct exposure to interest rate movements as at 31 March 2022 and 31 March 2021 is set out to the right. These disclosures present interest rate risk based on the underlying financial assets at fair value.

Interest rate risk sensitivity analysis

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

31-Mar-21	Asset Type	31-Mar-22
£000		£000
66,353	Cash and cash equivalents	19,850
24,465	Cash balances	8,027
156,972	Index-linked securities	210,791
430,436	Fixed interest securities	456,530
678,226	Total	695,198

Exposure to interest rate risk	Asset values	Impact of 1%	Impact of 1%
	31-Mar-22	decrease	increase
	£000	£000	£000
Cash and cash equivalents	19,850	19,850	19,850
Cash balances	8,027	8,027	8,027
Index-linked securities	210,791	212,899	208,683
Fixed interest securities	456,530	461,095	451,965
Total change in assets available	695,198	701,871	688,525

Exposure to interest rate risk	Asset values	Impact of 1%	Impact of 1%
	31-Mar-21	decrease	increase
	£000	£000	£000
Cash and cash equivalents	66,353	66,353	66,353
Cash balances	24,465	24,465	24,465
Index-linked securities	156,972	158,542	155,402
Fixed interest securities	430,436	434,740	426,132
Total change in assets available	678,226	684,100	672,352

Notes to the Pension Fund Accounts (continued)

Exposure to interest rate risk	Interest receivable	Value on 1% increase	Value on 1% decrease
	2021-22		
	£000	£000	£000
Cash deposits, cash and cash equivalents	29	29	29
Index-linked securities	780	788	772
Fixed interest securities	1,950	1,970	1,931
Total	2,759	2,787	2,732

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

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

Currency risk

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

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

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

Notes to the Pension Fund Accounts (continued)

Currency risk – sensitivity analysis

Following analysis of historical data with the Fund’s advisers, the Council considers the likely volatility associated with foreign exchange rate movements to be 9.5% (the 1 year expected standard deviation). A 9.5% (31 March 2021: 9.8%) fluctuation in the currency is considered reasonable based on the Fund adviser’s analysis of long-term historical movements in the month-end exchange rates over a rolling 36 month period. This analysis assumes that all other variables, in particular interest rates, remain constant. A 9.8% strengthening/weakening of the pound against the various currencies in which the fund holds investments would decrease/increase the net assets available to pay benefits as follows.

Assets exposed to currency risk	Value at 31-Mar-22 £000	Potential market movement £000	Value on increase £000	Value on decrease £000
Overseas equities - Hedged	536,846	0	536,846	536,846
Overseas equities - Unhedged	1,848,214	175,580	2,023,794	1,672,634
Overseas fixed income	456,530	43,370	499,900	413,160
Overseas cash fund	23	2	25	21
Total	2,841,613	218,952	3,060,565	2,622,661

Assets exposed to currency risk	Value at 31-Mar-21 £000	Potential market movement £000	Value on increase £000	Value on decrease £000
Overseas equities - Hedged	548,469	0	548,469	548,469
Overseas equities - Unhedged	1,681,752	164,812	1,846,564	1,516,940
Overseas fixed income	430,436	42,183	472,619	388,253
Overseas cash fund	1,046	103	1,149	943
Total	2,661,703	207,098	2,868,801	2,454,605

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 deposits placed with any one class of financial institution.

Notes to the Pension Fund Accounts (continued)

The Council believes it has managed its exposure to credit risk, and has had no experience of default or uncollectible deposits over the past five financial years. The Fund's cash holding under its treasury management arrangements at 31 March 2022 was £27.8m (31 March 2021: £90.8m). This was held with the following institutions:-

	Rating	31-Mar-21 £000	31-Mar-22 £000
Money market funds			
Northern Trust Global Investors Global Cash Fund	AAAm	23,878	1,249
Bank deposit account			
Barclays Bank	A	421	34
NatWest Bank	A	24,044	7,993
Bank current accounts			
Northern Trust custody accounts	A-1+	42,475	18,601
Total		90,818	27,877

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 2022 the value of illiquid assets was £1,101m, which represented 25.7% of the total Fund assets (31 March 2021: £925.5m, which represented 23.9% 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 2022 are due within one year.

d) Refinancing risk

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

Notes to the Pension Fund Accounts (continued)

19. FUNDING ARRANGEMENTS

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

The key elements of the funding policy are:

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

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

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

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

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

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

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

Notes to the Pension Fund Accounts (continued)

Basis of valuation

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

Financial assumptions

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

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

*CPI plus 0.3%

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

Mortality assumptions

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

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

Note that the figures for active and deferred members assume that they are aged 45 at the valuation date.

Various scaling factors have been applied to the mortality tables to reflect the predicted longevity for each class of member and their dependants.

Other demographic valuation assumptions:

- a) **Retirements in ill health** - Allowance has been made for ill-health retirements before Normal Pension Age.
- b) **Withdrawals** - Allowance has been made for withdrawals from service.
- c) **Retirements in normal health** - We have adopted the retirement age pattern assumption as used for the purpose of the 2016 LGPS cost cap valuation.
- d) **Death in Service** - Allowance has been made for death in service.
- e) **Promotional salary increases** - Allowance has been made for promotional salary increases.
- f) **Family details** - A varying proportion of members are assumed to have a dependant at retirement or on earlier death. For example, at age 60 this is assumed to be 90% for males and 85% for females. The dependant of a male member is assumed to be 3 years younger than the member and the dependant of a female member is assumed to be 3 years older than the member.
- g) **Commutation** - 25% of future retirements elect to exchange pension for additional tax free cash up to HMRC limits for service to 1 April 2008 (equivalent 64% for service from 1 April 2008).
- h) **50:50 option** - 1.0% of members (uniformly distributed across the age, service and salary range) will choose the 50:50 option.

Notes to the Pension Fund Accounts (continued)

20. ACTUARIAL PRESENT VALUE OF PROMISED RETIREMENT BENEFITS

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

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

31-Mar-21 £m		31-Mar-21 £m
-5,774	Present value of promised retirement benefits	-5,591
3,898	Fair value of scheme assets (bid value)	4,305
-1,876	Net liability	-1,286

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

Assumptions used

31-Mar-21 % p.a.	Assumption	31-Mar-22 % p.a.
2.85%	Inflation/pension increase rate assumption	3.20%
3.35%	Salary increase rate	3.70%
2.00%	Discount rate	2.70%

Notes to the Pension Fund Accounts (continued)

21. CURRENT ASSETS

31-Mar-21	31-Mar-22
£000	£000
Debtors:	
2,326 Contributions Due – Members	2,602
6,079 Contributions Due – Employers	8,081
6,809 Sundry Receivables	5,095
15,214	15,778
24,465 Cash Balances	8,027
39,679	23,805

22. CURRENT LIABILITIES

31-Mar-21	31-Mar-22
£000	£000
4,823 Sundry Payables	5,146
1,504 Benefits Payable	927
6,327	6,073

23. ADDITIONAL VOLUNTARY CONTRIBUTIONS

31-Mar-21	31-Mar-22
£000	£000
8,173 Prudential	8,629
403 Utmost	320
8,576	8,949

24. AGENCY

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

31-Mar-21	31-Mar-22
£000	£000
3,539 Unfunded pensions	3,418
3,539	3,418

Notes to the Pension Fund Accounts (continued)

25. RELATED PARTY TRANSACTIONS

Cambridgeshire County Council

The Cambridgeshire County Council Pension Fund is administered by Cambridgeshire County Council. Consequently there is a strong relationship between the Council and the Fund. The Council incurred costs of £2.5m (2020-21: £2.0m) 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 £29.1m, excluding Local Education Authority schools, to the Fund in 2021-22 (2020-21: £21.5m). At 31 March 2022 there was £7.2m (31 March 2021: £7.1m) due to the Fund by the Council.

Governance

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

Councillor Alan Sharp, Councillor Joshua Schumann, Councillor Ian Gardener, Matthew Pink and John Walker.

The following member is on the Board of an employer body in the Pension Fund:

Lee Phanco

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

Cambridge and Counties Bank

The Fund is joint owner, along with Trinity Hall, Cambridge, of Cambridge and Counties Bank (CCB). As the Fund has no controlling interest in the Bank and it is included within the Fund's financial statements as a minority interest. Each shareholder is entitled to appoint one shareholder Non Executive Director to the Board of CCB. The Fund is represented by an Officer of the Pension Fund, for which CCB paid £52,250 during the year (2021-22 £52,250) to the Pension Fund (See Note 5).

ACCESS Pool

The Fund is working with ten like-minded LGPS funds to implement the ACCESS asset pool in response to the Government's LGPS reform agenda. On 31 March 2022, the Cambridgeshire Fund had invested £1,709.7m in sub-funds of the ACCESS Authorised Contractual Scheme and £959.7m in the UBS passive arrangement resulting in £2,669.4m of assets under pool management representing 62.3% of the Fund's assets.

During 2021/22 a total of £95.2k was charged to the Pension Fund by ACCESS asset pool in respect of operating costs (£78.4k in 2020/21).

25(a) KEY MANAGEMENT PERSONNEL

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

26. CONTINGENT LIABILITIES AND CONTRACTUAL COMMITMENTS

Outstanding contractual commitments at 31 March 2022 totalled £304.3m (31 March 2021: £303.3m).

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.

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

Glossary

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

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

ACS Authorised Contractual Scheme.

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

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

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

CASH EQUIVALENTS Assets which are readily convertible into cash.

CIPFA Chartered Institute of Public Finance and Accountancy

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

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

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

COUPON The regular payment made on bonds.

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

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

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

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

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

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

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

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

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

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

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

Glossary (continued)

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

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

GMP Guaranteed Minimum Pension.

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

IDRP Internal Dispute Resolution Procedures

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

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

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

ISC Investments Sub-Committee.

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

LPB Local Pension Board.

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

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

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

PFC Pension Fund Committee.

PLSA Pensions and Lifetime Savings Association.

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

RAG Red, Amber and Green.

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

SAB Scheme Advisory Board.

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

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

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

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

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

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

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

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

ACCESS

Annual Report

2021/22

Contents

Foreword by Cllr Mark Kemp-Gee	3
Introduction by Kevin McDonald – Director ACCESS Support Unit	4
ACCESS Background	6
ACCESS LGPS Authorities	7
Key Performance	8
Savings	9
Business Plan Milestone 2021/22	10
Business Plan 2022/23	11
Environmental, Social and Governance	12

Foreword

As Chairman of the ACCESS Joint Committee, I am pleased to introduce the latest Annual Report for the ACCESS Pool.

The COVID-19 pandemic not only shaped the way we all work but also led to significant market volatility. This volatility has continued following the Russian invasion of Ukraine and that cruel and unwarranted event has exacerbated energy and other supply chain issues that have contributed to rampant inflationary pressures. All in all, a difficult time for investors everywhere.

The development of the ACCESS Pool continues at pace with an additional four sub-funds opened during the year to assist the authorities in achieving diversification within their investment strategies attracting an additional £3.2 billion investment into the Pool.

In January 2022 MJ Hudson were appointed as implementation adviser for the establishment of pool vehicles for illiquid assets, after a competitive call off utilising the National LGPS Frameworks.

As implementation advisor, MJ Hudson will provide support to the Pool in selecting individual investment opportunities and investment managers to build portfolios in a range of illiquid assets including private equity, private debt, infrastructure and initially, real estate.

Another key achievement during the year was the development of updated Responsible Investment guidelines for which the pool was partnered by Minerva Analytics. Once consultation has been completed the guidelines will be formally published.

In addition to its Annual Report, ACCESS also produced a Progress Update report in conjunction with its communication advisers MHP Mischief, to provide an insight to the Pool, key activities and future plans.

In the year ahead we welcome representatives of the Local Pension Boards to observe the future Joint Committee meetings. Two members from each Board will be able to attend a meeting at least once a year.

In closing I would like to thank my fellow ten Joint Committee members, each representing their respective Authorities, along with the officers who support them, and the ACCESS Support Unit.



Cllr Mark Kemp-Gee

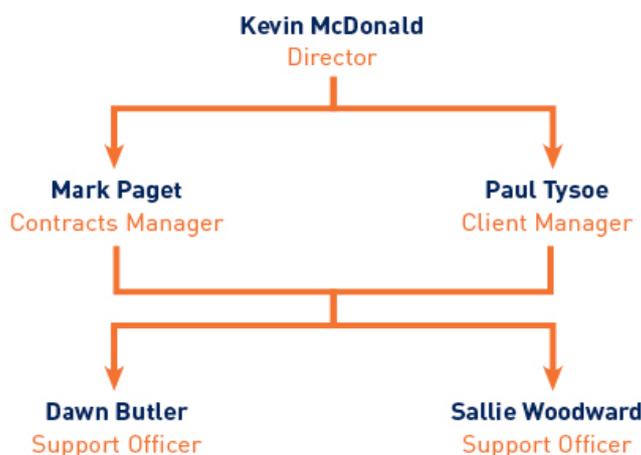
Chairman of the ACCESS Joint Committee

Chairman of the Hampshire Pension Fund Committee and Board

Introduction

It is my pleasure to introduce an overview of the work by the ACCESS Support Unit.

In 2018, the ACCESS Joint Committee agreed that a unit be established to provide day to day support for the work required to run the Pool, and that Essex County Council act as Host Authority. The ACCESS Support Unit (ASU) facilitates the Joint Committee (JC) and officer groups and has responsibility for programme management, client relationships, contract management/supplier relationships, administration and technical support services. The ASU's structure is set out below:



A business plan is developed and submitted for consideration by the JC ahead of the start of each year, prior to being recommended to each of the ACCESS Authorities. The business plan includes milestones across listed assets (both active and passive), non-listed assets and governance. The JC also determines an annual budget to support the activities within the business plan.

The ASU has responsibility to manage this development and implementation of the business plan, within budget, whilst assessing and managing the risks for the pool.

A central feature of ACCESS is the engagement of each of the eleven Authorities, and therefore the support and facilitation of stakeholder groups is key to the work of the ASU. The governance structure of the Pool ensures that dialogue with, and input from, Local Government Pension Scheme (LGPS) subject matter experts from each Authority, is gathered through the Officer Working Group (OWG) and various sub-groups. In turn, this enables the s151 Officer Group to form the recommendations that are ultimately considered by the JC.

It has long been recognised that considerable expertise exists within the LGPS officer community. The full time ASU staff are therefore supplemented by part-time Technical Leads whose work for ACCESS is part of the Pool's costs. In the last year this saw invaluable contributions from Sharon Tan, Suffolk (reporting); Samantha Andrews, Essex (budgeting) and Rachel Wood and Vickie Hampshire, West Sussex (Governance Manual).

The year ahead will see further sub-fund launches to meet the investment strategies of the Authorities, including emerging market equities, the start of the alternative asset investment platform with advice and guidance from MJ Hudson and the publication of the updated Responsible Investment guidelines.

I would like to thank my ASU colleagues, the technical leads and the officers of the Authorities for their enthusiasm, support and hard work towards the commendable progress of the Pool.



Kevin McDonald

Director of ACCESS Support Unit

ACCESS Background

ACCESS has its origins in 2016 when 11 Local Government Pension Scheme (LGPS) Authorities agreed to begin working collectively to address the requirements of the Government’s agenda for pooling LGPS investments.

The following strategic objectives are in place:

- 1** Enable the Councils to execute their fiduciary responsibilities to LGPS stakeholders, including scheme members and employers, as economically as possible.

- 2** Provide a range of asset types necessary to enable those participating Authorities to execute their locally-determined investment strategies as far as possible.

- 3** Enable the Councils to achieve the benefits of pooling investments, preserve the best aspects of what is currently done locally, and create the desired level of local decision making and control.

In order to achieve these objectives, the Councils have established a set of governing principles.

The governing principles are summarised below:

- Collaboration
- Objective evidence based decisions
- Professionalism
- No unnecessary complexity
- Value for money
- Risk management
- Equitable voice in governance
- Equitable cost sharing
- Evolution and innovation

Implicit within the above principles is the democratic accountability and fiduciary duty of the Councils as Administering Authorities.

ACCESS LGPS Authorities

An overview of the Pool's governance structure is outlined below.

- | | | | |
|---|---|----|---|
| 1 |  | 7 |  |
| 2 |  | 8 |  |
| 3 |  | 9 |  |
| 4 |  | 10 |  |
| 5 |  | 11 |  |
| 6 |  | | |



3,500 Employers
1.1 million Members
310,000 Pensioners



Key Performance

Pooled Assets
As at March 2022

ACS (26 sub-funds)

£23.9_{bn}

UBS (1 jointly procured provider)

£11.2_{bn}

Pooling Progress

59%

Costs & Savings
As at March 2022

Gross Savings

£70.3_m

Costs

£21.4_m

Net Savings

£48.9_m

Savings

A budget for ongoing operational costs is set by the Joint Committee and is financed equally by each of the eleven Authorities.

2021/22 saw an underspend primarily due to lower than anticipated costs of external advice combined with an underspend in the technical lead recharge costs.

The table below summarises the financial position for 2021/22 along with the cumulative position since the commencement of ACCESS activity in early 2016.

	2021– 2022		2021 – 2022	
	Actual In Year £'000	Budget In Year £'000	Actual Cumulative to date £'000	Budget Cumulative to date £'000
Set Up Costs	-	-	1,824	1,400
Transition Costs	2,664	4,408	3,338	6,907
Ongoing Operational Costs	1,046	1,247	4,117	4,795
Operator & Depositary Costs	4,845	4,787	12,149	11,364
Total Costs	8,555	10,442	21,428	24,466
Pool Fee Savings	28,038	15,700	70,300	47,750
Net Savings Realised	19,483	5,258	48,872	23,284

A budget for ongoing operational costs is set by the Joint Committee and is financed equally by each of the eleven Authorities. 2021/22 saw an underspend primarily due to lower than anticipated costs of external advice combined with an underspend in the technical lead recharge costs.

Operator and depositary fees are payable by each Authority in relation to assets invested within the Authorised Contractual Scheme established by Link Fund Solutions as pool operator.

The 2021/22 fee savings have been calculated using the CIPFA price variance methodology and based on the average asset values over the year. This approach highlights the combined level of investment fee savings, across all ACCESS Authorities stemming from reduced charges.

In summary, since inception ACCESS has demonstrated excellent value for money, maintaining expenditure broadly in line with the original submission to Government whilst delivering an enhanced level of savings ahead of the timeline contained in the original proposal.

2021-2022 Business Plan Milestones

The Business Plan for 2021-22 was proposed by the ACCESS Joint Committee in January 2020 to the 11 LGPS Authorities.

Actively managed listed assets:

Further progress was made in pooling active listed assets within the Authorised Contractual Scheme (ACS) managed by the Pool's appointed Operator, Link Fund Solutions. Between July 2021 and February 2022, a further four sub-funds were launched.

Link's appointment of BlackRock expands the UK Equity capacity within the Pool, the appointment of Macquarie broadens the Global Equity coverage whilst the addition of ACS mandates for Fidelity and M&G extends the Fixed Income offering.

Six Authorities participated as original investors within these sub-funds which totalled £3.2bn.

Alternative/non-listed assets:

In January 2022, following a procurement via the National LGPS frameworks, ACCESS announced the appointment of MJ Hudson as implementation adviser for the pooling of illiquid assets including private equity, private debt, infrastructure and real estate.

As implementation advisor, MJ Hudson will provide support to the Pool in selecting individual investment opportunities and investment managers to build portfolios in a range of illiquid assets.

Passive assets:

Ongoing monitoring and engagement continued with jointly procured passive manager, UBS.

Responsible Investment Guidelines:

Last year, following a procurement via National LGPS frameworks, ACCESS appointed Minerva Analytics as Environmental, Social & Governance (ESG) adviser.

Having reviewed the ESG policies of and engaged extensively with officers from each of the 11 ACCESS Authorities, Minerva Analytics drafted revised and updated Responsible Investment (RI) guidelines for the Pool.

2022-2023 Business Plan

The Business Plan for 2022-23 was proposed by the ACCESS Joint Committee on 6th December 2021 to the 11 LGPS Authorities. This plan included:

Actively managed listed assets:

Further pooling active listed assets within the Authorised Contractual Scheme (ACS) managed by the Pool's appointed Operator, Link Fund Solutions which will include emerging market equity and further fixed income sub-funds.

Alternative/non-listed assets:

Launch of the Pool's first illiquid asset investment vehicles. MJ Hudson will be undertaking procurement exercises to appoint a UK Core Manager and a Global Real Estate allocator.

Initial work will commence on the planning for other illiquid asset investment platforms.

Passive assets:

Ongoing monitoring and engagement with jointly procured passive manager, UBS.

Responsible Investment Guidelines:

Following consultation with the ACCESS Authorities the updated Responsible Investment Guidelines will be published.

Work will commence on establishing criteria to develop a matrix to report on key performance indicators to demonstrate how the responsible investment guidelines have been implemented.

Environmental, Social & Governance

The ACCESS Authorities believe in making long term sustainable investments whilst integrating environmental and social risk considerations, promoting good governance and stewardship.

Whilst the participating authorities have an overriding fiduciary and public law duty to act in the best long-term interests of their LGPS stakeholders to achieve the best possible financial returns, with an appropriate level of risk they also recognise the importance of committing to responsible investment alongside financial factors in the investment decision making process.

Responsible Investment:

ACCESS appointed Minerva Analytics as its Environmental, Social & Governance (ESG) adviser. Following a review of the ESG policies, and engagement with officers from each of the Authorities Minerva Analytics drafted consolidated Responsible Investment (RI) guidelines for the Pool.

Following a period of consultation, it is expected that finalised Guidelines will be adopted by the Pool during 2022.

Voting:

The ACCESS pool has a set of voting guidelines which seeks to protect and enhance the value of its shareholdings by promoting good practice in the corporate governance and management of those companies.

The guidelines set out the principles of good corporate governance and the means by which ACCESS will seek its influence on companies. The voting activity is reported to the Joint Committee on a quarterly basis.

During the year ACCESS voted at 2,391 meetings on 32,834 resolutions.

Engagement:

Link Fund Solutions arranges regular sessions with the Investment Managers to present to the Authorities Pension Fund Officers to demonstrate how they implement environmental, social and governance into their investment strategy and decision-making process.

These also give the investment manager the opportunity to discuss the engagement activities they have undertaken, what constructive dialogue was had and how they have used their influence to encourage the adoption of best practice.

For any enquiries, please contact the Access Support Unit (ASU) on ASU@accesspool.co.uk

[accesspool.org](https://www.accesspool.org)

Cambridgeshire Pension Fund Audit Results Report

Year ended 31 March 2022

18 October 2022

18 October 2022

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



Dear Audit and Accounts Committee/ Pension Fund Committee Members

2021/22 Audit Results Report

We are pleased to attach our Audit Results Report, summarising the status of our audit for the forthcoming meeting of the Audit and Accounts Committee. This report summarises our preliminary audit conclusion in relation to the audit of Cambridgeshire Pension Fund for 2021/22.

The audit is designed to express an opinion on the 2021/22 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on Cambridgeshire Pension Fund's accounting policies and judgements and material internal control findings. Each year sees further enhancements to the level of audit challenge and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the management team for supporting this process.

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

We welcome the opportunity to discuss the contents of this report with you at the Pension Fund Committee on the 25 October and at the Audit and Accounts Committee meeting on the 24 November 2022.

Yours faithfully

MARK HODGSON

Mark Hodgson

Associate Partner

For and on behalf of Ernst & Young LLP

Enc

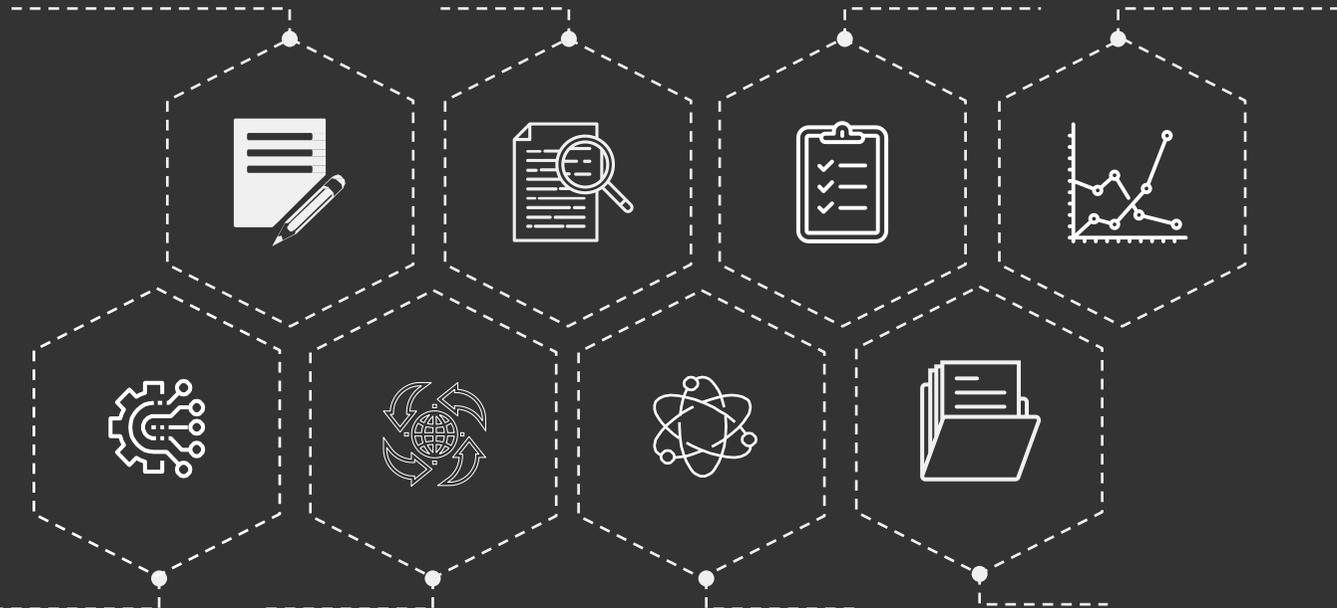
Contents

01 Executive Summary

02 Areas of Audit Focus

03 Audit Report

04 Audit Differences



05 Other Reporting Issues

06 Assessment of Control Environment

07 Independence

08 Appendices

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

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

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



01 Executive Summary

Executive Summary

Areas of audit focus

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

Management Override: Misstatements due to fraud or error

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

Management Override: Investment income and asset valuations - Investment Journals

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

Unusual Investments (Cambridge and Counties Bank)

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

Valuation of Complex Investments (L3 Unquoted investments)

- ▶ We have completed our work in this area, We have highlighted one audit difference as a result of updated valuation information in respect of these investment assets, resulting in an understated valuation of £10.274 million. (See page 6 for further details). We have no other matters to report.

Valuation of Level 2 investments (Pooled investments)

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

IAS 26 disclosure - Actuarial value of promised retirement benefits

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

We request that you review these and other matters set out in this report to ensure:

- ▶ There are no residual further considerations or matters that could impact these issues;
- ▶ You concur with the resolution of the issue; and
- ▶ There are no further significant issues you are aware of to be considered before the financial report is finalised.

There are no matters, other than those reported by Management or disclosed in this report, which we believe should be brought to the attention of the Audit and Accounts Committee, the Pension Fund Committee, or Management.

Executive Summary

Scope update

In our Provisional Audit Plan report dated 15 July 2022, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan. We have not made any revisions to the audit risks and planned audit procedures set out within the Provisional Audit Plan.

Materiality has been set at £43.0 million, which represents 1% of the net assets of the scheme available to fund benefits per the 2021/22 draft financial statements. We will report all uncorrected misstatements relating to the primary statements (Net Assets Statement and Pension Fund Account) greater than £2.2 million.

Status of the audit

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

- ▶ Receipt of the Response to our Annual Enquiries Letter to Internal Audit.

Closing Procedures:

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

Details of each outstanding item, actions required to resolve and responsibility is included in Appendix D. Subject to satisfactory completion of the following outstanding items above, we expect to issue an unqualified opinion upon the Pension Fund Financial Statements in the form which appears at Section 3.

Audit differences

Uncorrected differences

There is one uncorrected misstatement identified through our audit. The Investment asset balance within the Net Assets Statement included a number of estimated asset valuations for Level 3 assets. The value of these assets were based on December 2021 actual valuations adjusted for cash flows to the 31 March 2022. Subsequent to the preparation of the Pension Fund's Draft Statement of Accounts, actual valuations for these Level 3 assets were provided by the Fund managers for the 31 March 2022. This showed that the Investment asset balance was understated by £10.274 million.



Executive Summary

Audit differences (continued)

Corrected Differences

There are no corrected misstatements to report.

Disclosure Differences

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

Other reporting issues

We have no other matters to report.

Independence

Please refer to Section 7 for our update on Independence.

Control observations

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



02 Areas of Audit Focus



Areas of Audit Focus

Significant risk

Misstatements due to fraud or error

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error. As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

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

We have considered where this risk specifically manifests itself and this is in the posting of Investment Journals (see following slide).

What did we do?

As set out in our Audit Plan, we confirm that we have performed the following procedures:

- ▶ We inquired of management about risks of fraud and the controls put in place to address those risks;
- ▶ We obtained an understanding the oversight given by those charged with governance of management's processes over fraud;
- ▶ We considered the effectiveness of management's controls designed to address the risk of fraud;
- ▶ We performed mandatory procedures regardless of specifically identified fraud risks, including;
 - ▶ testing of journal entries and other adjustments in the preparation of the financial statements;
 - ▶ reviewing accounting estimates for evidence of management bias; and
 - ▶ evaluating the business rationale for significant unusual transactions.
- ▶ We utilised our data analytics capabilities to assist with our work, including journal entry testing; and
- ▶ We assessed journal entries for evidence of management bias and evaluate for business rationale.

What are our conclusions?

We have not identified any material weaknesses in controls or evidence of material management override.

We have not identified any instances of inappropriate judgements being applied.

We did not identify any other transactions during our audit which appeared unusual or outside the Fund's normal course of business.



Areas of Audit Focus

Significant risk

Investment income and asset valuations - Investment Journals

What is the risk?

We have considered the key areas where management has the opportunity and incentive to specifically override controls that could affect the Fund Account and the Net Asset Statement.

We have identified the main area being;

- ▶ Investment Income and Asset valuations being taken from the Custodian reports and incorrectly posted to the general ledger in the year, specifically through journal postings.

What did we do?

As set out in our Audit Plan, we confirm that we have performed the following procedures:

- ▶ Tested journals at year-end to ensure there are no unexpected or unusual postings;
- ▶ Undertook a review of reconciliations to the fund manager and custodian reports and investigated any reconciling differences;
- ▶ Re-performed the detailed investment note using the reports we acquired directly from the custodian or fund managers;
- ▶ Checked the reconciliation of holdings included in the Net Assets Statement back to the source reports; and
- ▶ For quoted investment income we agreed the reconciliation between fund managers and custodians back to the source reports.

What are our conclusions?

Our testing has not identified any material misstatements within Investment Income or year end Investment Asset valuations - as a result of the journal postings from the Custodian Report to the financial ledger.

We have not identified any material weaknesses in controls or evidence of material management override.

We have not identified any instances of inappropriate judgements being applied.



Areas of Audit Focus

Significant risk

Unusual Investments - Cambridge and Counties Bank (CCB)

What is the risk?

The Pension Fund's investment in Cambridge and Counties Bank (CCB) is a hard to value, Level 3 investment. This is because of a lack of observable inputs and prices which are not publicly available.

The CCB investment is based on valuations provided by a management specialist - Grant Thornton (GT). GT used a markets multiple approach in the prior year looking at price earnings ratio and price to book ratios, considering current and forecast earnings and ratios.

What did we do?

As set out in our Audit Plan we confirm that we have performed the following procedures:

- ▶ Engaged with EY Transaction Valuation team who have undertaken a review of the valuation model provided by GT considering the appropriateness of the assumptions and inputs used in determining the valuation;
- ▶ Ensured that the CCB investment have been valued in accordance with the relevant accounting policies; and
- ▶ The audit team have tested the accounting entries made in the Statement of Accounts to ensure they are consistent with the valuation provided by Management's expert - GT.

What are our conclusions?

Managements Expert (GT) utilised a Market Approach to the valuation which gave rise to valuation within a range of £81.3 million to £88.6 million (Cambridgeshire Pension Fund share). Our valuation team used a Dividend Discount Model (DDM) as their valuation approach. The DDM approach is considered best practice and confirmed a fair valuation for the Pension Fund's share as being within a £77.0 million and £86.0 million range. The investment is held at £85.0 million within the Pension Fund's financial statements, which is therefore reasonable.

The two approaches do not provide significantly different ranges, hence we have concluded that the valuation of Cambridgeshire and Counties Bank is reasonable. We have not identified any instances of inappropriate judgements being applied, or bias in the application of assumptions or judgements.

Based on the work we have undertaken we are satisfied that the management specialist valuation is within the range of best practice and is materially accurate.



Areas of Audit Focus

Significant risk

Valuation of Complex Investments (Level 3 - Unquoted Investments)

What is the risk?

The Fund's investments include unquoted pooled investment vehicles such as Private Equity, Infrastructure and Property Investments. The valuation of such investments are classified under IFRS 13 as Level 3 investments. As such the valuation of Level 3 Investments are based on 'unobservable' inputs. Judgements are made by the Fund Managers to value these investments whose prices are not publicly available. The material nature of this type of investment, means that any error in judgement could result in a material valuation error. Increasing market volatility means such judgments can quickly become outdated, especially when there is a significant time period between the latest available audited information and the fund year end. Such variations could therefore have a material impact on the carrying value of the investments within the financial statements. In the 2021/22 draft accounts, approximately 26% of the overall Fund, totalling £1,101 million, is within this investment type. As these investments are more complex to value, we have identified the Fund's investments in private equity and pooled property investments as a higher risk estimate, as even a small movement in the valuation assumptions could have a material impact on the financial statements.

What did we do and what management judgements did we focus on?

As set out in our Audit Plan, we confirm that we have performed the following procedures:

- ▶ Agreeing 100% of the investments to Custodian and Fund Manager reports
- ▶ Triangulating the valuation from Fund Manager reports, Custodian reports, and accounts for all investments
- ▶ Assessing the competence of Fund Managers as management experts;
- ▶ Obtaining copies of the Fund Managers and Custodian ISAE3402 reports over internal control for any control exceptions raised in relation to the valuation of investments; and
- ▶ For a sample of Level 3 investments, we calculated the expected year-end valuation based on the latest audited financial statements, the Pension Fund's percentage holding of that fund, and any purchases and sales in the intervening period.
- ▶ We have evaluated the audit report in the financial statements for the relevant Funds in our sample, ensuring there are no matters arising that highlight weaknesses in the funds valuation, or any modification, qualification, emphasis of matter, or issues raised around going concern
- ▶ For our sample of Level 3 investments, we also performed a benchmarking exercise with market indices to determine whether the movement in the market value of investments between the date of the latest audited financial statements and the 31 March 2022 was within our expectation.

What are our conclusions?

There is one uncorrected misstatement identified through our audit. The Investment asset balance within the Net Assets Statement included a number of estimated asset valuations for Level 3 assets. The value of these assets were based on December 2021 actual valuations adjusted for cash flows to the 31 March 2022. Subsequent to the preparation of the Pension Fund's Draft Statement of Accounts, actual valuations for these Level 3 assets were provided by the Fund managers for the 31 March 2022. This showed that the Investment asset balance was understated by £10.274 million.

We have not identified any other issues in the completion of our work.



Areas of Audit Focus

Other area of audit focus

Valuation of Level 2 Investments (Pooled Investments)

What is the risk?

The Fund's investments also include other Pooled Investment vehicles, totalling £2,932 million in the 2021/22 draft accounts. The valuation of such investments are classified under IFRS 13 as Level 2 Investments. As such the valuation of Level 2 investments are based on 'inputs from observable data'. Given this is an estimate, we have raised an Inherent risk in regard to the valuation of assets of this nature.

What did we do and what management judgements did we focus on?

As set out in our Audit Plan, we confirm that we have performed the following procedures:

- ▶ Agreeing 100% of the investments to Custodian and Fund Manager reports
- ▶ Triangulating the valuation from Fund Manager reports, Custodian reports, and accounts for all investments
- ▶ Assessing the competence of Fund Managers as management experts;
- ▶ Obtaining copies of the Fund Managers and Custodian ISAE3402 reports over internal control for any control exceptions raised in relation to the valuation of investments; and
- ▶ For a sample of Level 2 investments, we have tested the values back to independent source data on security pricing
- ▶ We have evaluated the audit report in the financial statements for the relevant Funds in our sample, ensuring there are no matters arising that highlight weaknesses in the funds valuation, or any modification, qualification, emphasis of matter, or issues raised around going concern

What are our conclusions?

Our testing has not identified any material misstatements within the valuation of Level 2 investments.

We have not identified any instances of inappropriate judgements being applied, or bias in the application of assumptions or judgements.



Areas of Audit Focus

Other area of audit focus

IAS 26 disclosure - Actuarial Present Value of Promised Retirement Benefits

What is the risk?

The Fund's IAS 26 calculation shows that the present value of promised retirement benefits amount to £5,774 million as at 31 March 2021.

The figure is material and subject to complex estimation techniques and judgements by the Actuary, Hymans Robertson. The estimate is based on a roll-forward of data from the previous triennial valuation in 2019/20, updated where necessary, and has regard to local factors such as mortality rates and expected pay rises along with other assumptions around inflation and investment yields when calculating the liability.

There is a risk that the valuation uses inappropriate assumptions to value the liability as at the 31 March 2022.

What did we do and what management judgements did we focus on?

As set out in our Audit Plan we confirm that we have performed the following procedures:

- ▶ Assessing the competence of management experts, Hymans Robertson;
- ▶ Engaging with the NAO's consulting actuary and our EY Pensions Advisory Team to review the IAS 26 approach applied by the actuary are reasonable and compliant with IAS 26; and
- ▶ Ensuring that the IAS 26 disclosure is in line with the relevant standards and consistent with the valuation provided by the Actuary.

What are our conclusions?

We did not identify any issues with the competence of the actuary, Hymans Robertson.

There were no significant changes in the IAS 26 approach or methodology and the assumptions used in calculating the IAS 26 figure was considered reasonable and compliant with the requirements of the accounting standard.

The disclosure of IAS 26 (Note 20) was in line with the relevant standards and the valuation provided by the Actuary.

We will continue to review the need (up to the date of our audit opinion) for any further disclosure as a Post Balance Sheet Event (adjusting or non-adjusting) to reflect any significant impact on this estimate as a result of the current macro economic environment.



03 Audit Report



Our proposed opinion on the financial statements

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

Opinion

We have audited the Pension Fund ("the Fund") financial statements for the year ended 31 March 2022 under the Local Audit and Accountability Act 2014 (as amended). The pension fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes 1 to 27.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

In our opinion the pension fund financial statements:

- ▶ give a true and fair view of the financial transactions of the Fund during the year ended 31 March 2022 and the amount and disposition at that date of its assets and liabilities as at 31 March 2022; and
- ▶ have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Council as administering authority for the Pension Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the authority's ability to continue as a going concern for a period of 12 months from when the Fund's financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Chief Finance Officer with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the authority's ability to continue as a going concern.



Our proposed opinion on the financial statements

Other information

The other information comprises the information included in the 'Statement of Accounts and Annual Governance Statement 2021-22', other than the financial statements and our auditor's report thereon. The Chief Finance Officer is responsible for the other information contained within the 'Statement of Accounts and Annual Governance Statement 2021-22'.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we report by exception

We report to you if:

- ▶ we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended);
- ▶ we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended);
- ▶ we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended);
- ▶ we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended); or
- ▶ we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended).

We have nothing to report in these respects.

Responsibility of the Chief Finance Officer

As explained more fully in the 'Statement of the Responsibilities, Certificate and Approval of Accounts' set out on pages 36 to 37, the Chief Finance Officer is responsible for the preparation of the Authority's Statement of Accounts, which includes the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, and for being satisfied that they give a true and fair view.



Our proposed opinion on the financial statements

The Chief Finance Officer is also responsible for such internal control as the Chief Finance Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Administering Authority either intends to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with Chief Finance Officer.

Our approach was as follows:

- ▶ We obtained an understanding of the legal and regulatory frameworks that are applicable to the Fund and determined that the most significant are the Local Government Pension Scheme Regulations 2013 (as amended), and The Public Service Pensions Act 2013.
- ▶ We understood how the Fund is complying with those frameworks by making enquiries of the management. We corroborated this through our reading of the Pension Committee minutes, Pension Fund policies and procedures and other information.
- ▶ Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiries of the management for their awareness of any non-compliance of laws or regulations, inspecting correspondence with the Pensions Regulator and review of minutes.
- ▶ We assessed the susceptibility of the Fund's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements and documenting the controls that the Fund has established to address risks identified, or that otherwise seek to prevent, deter or detect fraud.



Our proposed opinion on the financial statements

- ▶ In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any identified significant transactions that were unusual or outside the normal course of business. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- ▶ To address our fraud risk we tested the consistency of the investment asset valuation from the independent sources of the custodian and the fund managers to the financial statements.
- ▶ The Fund is required to comply with The Local Government Pensions Scheme regulations, other legislation relevant to the governance and administration of the Local Government Pension Scheme and requirements imposed by the Pension Regulator in relation to the Local Government Pension Scheme. As such, we have considered the experience and expertise of the engagement team including the use of specialists where appropriate, to ensure that the team had an appropriate understanding of the relevant pensions regulations to assess the control environment and consider compliance of the Fund with these regulations as part of our audit procedures.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the members of Cambridgeshire County Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Cambridgeshire County Council and its members as a body, for our audit work, for this report, or for the opinions we have formed.



04 Audit Differences



Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as “known” or “judgemental”. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Materiality has been set at £43.0 million, which represents 1% of the net assets of the scheme available to fund benefits per the 2021/22 draft financial statements. We will report all uncorrected misstatements relating to the primary statements (Net Assets Statement and Pension Fund Account) greater than £2.2 million.

Summary of adjusted differences

Corrected differences

There have not been any corrected misstatements identified through our audit, with the exception of minor disclosure items.

Disclosure differences

Our audit has identified a limited number of minor misstatements which our team have highlighted to management for amendment. These have been corrected during the course of the audit and relate to disclosure and presentational matters in both the Annual Accounts and Annual Report. We do not consider any of these following misstatements to be so significant as to merit bringing to your attention.

Summary of unadjusted differences

Uncorrected differences

There is one uncorrected misstatement identified through our audit. The Investment asset balance within the Net Assets Statement included a number of estimated asset valuations for Level 3 assets. The value of these assets were based on December 2021 actual valuations adjusted for cashflows to the 31 March 2022. Subsequent to the preparation of the Pension Fund’s Draft Statement of Accounts, actual valuations for these Level 3 assets were provided by the Fund managers for the 31 March 2022. This showed that the Investment asset balance was understated by £10.274 million.

We request that this uncorrected misstatements be corrected, or a rationale as to why it is not corrected, be considered and approved by the Audit and Accounts Committee and provided within the Letter of Representation.



05 Other reporting issues

Other reporting issues

Other reporting issues

Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the Cambridgeshire Pension Fund Annual Report with the audited financial statements. We have reviewed the Pension Fund Annual Report and are satisfied that it is consistent with the financial statements. We have prepared and will issue a consistency statement to Management alongside our Audit Report.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. “a report in the public interest”). We did not identify any issues which required us to issue a report in the public interest.

We also have a duty to make written recommendations to the Authority, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014. We did not identify any issues.

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Pension Fund’s financial reporting process. They include the following:

- Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- Any significant difficulties encountered during the audit;
- Any significant matters arising from the audit that were discussed with management;
- Written representations we have requested;
- Expected modifications to the audit report;
- Any other matters significant to overseeing the financial reporting process;
- Findings and issues around the opening balance on initial audits (if applicable);
- Related parties;
- External confirmations;
- Going concern; and
- Consideration of laws and regulations.

Other than those areas we have outlined in the previous section, we have nothing to report in respect of these matters.



06

Assessment of Control Environment



Assessment of Control Environment

Financial controls

It is the responsibility of the Pension Fund to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Pension Fund has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. As we have adopted a fully substantive approach, we have therefore not tested the operation of controls.

Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware.



07

Independence

Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Pension Fund, and its members and senior management and its affiliates, including all services provided by us and our network to the Pension Fund, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2021 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by Ernst & Young

The next page includes a summary of the fees that are due to us in respect of the year ended 31 March 2022, in line with the disclosures set out in FRC Ethical Standard and in statute. Full details of the services that we have provided are shown within that table.

As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted. We confirm that we have not undertaken non-audit work.

Other communications

EY Transparency Report 2021

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2021:

https://www.ey.com/en_uk/about-us/transparency-report-2021

Relationships, services and related threats and safeguards

Services provided by Ernst & Young

Description	Final Fee 2021/22 £'s	Scale Fee 2021/22 £'s	Final Fee 2020/21 £'s
Total Fee - Code work	17,256	17,256	17,256
Changes in work required to address professional and regulatory requirements and scope associated with risk (Note 1)	TBC	-	56,305
Additional work required for specific additional procedures (including revised estimates standard) (Note 2)	TBC	-	10,674
Additional Audit Fee in respect of work on behalf of Admitted Body auditors (recharged to the Pension Fund) (Note 3)	8,800	-	8,000
Total fees	To be confirmed	17,256	92,235

All fees exclude VAT

Note 1: For 2020/21 and 2021/22 the scale fee has been re-assessed to take into account a number of risk factors in addressing the risk profile of the Pension Fund and additional work to address the increase in regulatory standards. This additional fee is subject to formal approval by PSAA Ltd.

Note 2: In 2020/21, we had to perform additional procedures to address the risks resulting from Covid-19, as well as increased work to address the new ISA540 auditing standard, and involvement of EY experts for assistance on the valuation of Cambridge and Counties Bank. These are subject to formal approval by PSAA Ltd.

We cannot quantify the impact of any work resulting as a response risks in 2021/22 at this point. We will provide an update on the additional fee implications at the conclusion of the audit.

Note 3: We anticipate charging an additional fee of £8,800 in 2021/22 to take into account the additional work required to respond to IAS19 assurance requests from admitted bodies and their auditors. The Pension Fund can recharge this fee to the relevant admitted bodies.



08 Appendices

Appendix A

Audit approach update

We summarise below our approach to the audit of the balance sheet and any changes to this approach from the prior year audit.

Our audit procedures are designed to be responsive to our assessed risk of material misstatement at the relevant assertion level. Assertions relevant to the balance sheet include:

- ▶ Existence: An asset, liability and equity interest exists at a given date
- ▶ Rights and Obligations: An asset, liability and equity interest pertains to the entity at a given date
- ▶ Completeness: There are no unrecorded assets, liabilities, and equity interests, transactions or events, or undisclosed items
- ▶ Valuation: An asset, liability and equity interest is recorded at an appropriate amount and any resulting valuation or allocation adjustments are appropriately recorded
- ▶ Presentation and Disclosure: Assets, liabilities and equity interests are appropriately aggregated or disaggregated, and classified, described and disclosed in accordance with the applicable financial reporting framework. Disclosures are relevant and understandable in the context of the applicable financial reporting framework

Net Assets Statement category	Audit Approach in current year	Audit Approach in prior year	Explanation for change
Investment Assets and Liabilities	Substantively tested all relevant assertions	Substantively tested all relevant assertions	N/A
Debtors	Immaterial - Substantively tested assertion for presentation and disclosure	Immaterial - Substantively tested assertion for presentation and disclosure	N/A
Cash in hand	Substantively tested all relevant assertions	Substantively tested all relevant assertions	N/A
Creditors	Immaterial - Substantively tested assertion for presentation and disclosure	Immaterial - Substantively tested assertion for presentation and disclosure	N/A

Appendix B

Summary of communications

Date 	Nature 	Summary 
Various	Meetings	Regular calls held with the Audit Manager and members of the management team to discuss matters relevant to the planning of our audit work.
15 July 2022	Report	The Audit Partner issued the Provisional Audit Plan. Our report included confirmation of independence.
29 September 2022	Meeting	The Audit and Accounts Committee were presented with our Provisional Audit Plan and discuss our audit strategy for 2021/22.
Various	Meetings	Regular calls held with management, the Partner and Audit Managers to discuss any emerging issues throughout the audit process, and specifically during the Execution phase throughout August and September.
19 September 2021	Meetings	The Audit Partner and Audit Manager met with senior members of the management team to discuss the Audit Results Report (ISA260).
10 September 2021	Report	The Audit Partner issued the Audit Results Report (ISA260)
24 November 2022	Meeting	The Partner met with the Audit and Accounts Committee and senior members of the management team to discuss the Audit Plan and Audit Results Report (ISA260).

Appendix C

Required communications with the Audit and Accounts Committee

There are certain communications that we must provide to the those charged with governance of UK entities. We have detailed these here together with a reference of when and where they were covered:

		 Our Reporting to you
 Required communications	 What is reported?	 When and where
Terms of engagement	Confirmation by the Audit and Accounts Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Provisional Audit Plan - 29 September 2022 - Audit and Accounts Committee / 25 October 2022 - Pension Committee
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.	Provisional Audit Plan - 29 September 2022 - Audit and Accounts Committee / 25 October 2022 - Pension Committee
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Audit Results Report - 24 November 2022 - Audit and Accounts Committee

Appendix C

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty related to going concern ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The appropriateness of related disclosures in the financial statements 	Audit Results Report - 24 November 2022 - Audit and Accounts Committee
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management 	Audit Results Report - 24 November 2022 - Audit and Accounts Committee
Subsequent events	<ul style="list-style-type: none"> ▶ Enquiry of the Audit and Accounts Committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements. 	We have asked management and those charged with governance. We have not identified any subsequent events.

Appendix C

		Our Reporting to you
Required communications	What is reported?	When and where
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the Audit and Accounts Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: <ul style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▶ Any other matters related to fraud, relevant to Audit and Accounts Committee responsibility. 	We have asked management and those charged with governance about arrangements to prevent or detect fraud. We have not become aware of any fraud or illegal acts during our audit.
Related parties	<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	We have no matters to report.
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence 	<p>Provisional Audit Plan - 29 September 2022 - Audit and Accounts Committee / 25 October 2022 - Pension Committee</p> <p>Audit Results Report - 24 November 2022 - Audit and Accounts Committee</p>

Appendix C

		Our Reporting to you
Required communications	What is reported?	When and where
	<p>Communications whenever significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p> <p>For public interest entities and listed companies, communication of minimum requirements as detailed in the FRC Revised Ethical Standard 2019:</p> <ul style="list-style-type: none"> ▶ Relationships between EY, the company and senior management, its affiliates and its connected parties ▶ Services provided by EY that may reasonably bear on the auditors' objectivity and independence ▶ Related safeguards ▶ Fees charged by EY analysed into appropriate categories such as statutory audit fees, tax advisory fees, other non-audit service fees ▶ A statement of compliance with the Ethical Standard, including any non-EY firms or external experts used in the audit ▶ Details of any inconsistencies between the Ethical Standard and Group's policy for the provision of non-audit services, and any apparent breach of that policy ▶ Where EY has determined it is appropriate to apply more restrictive rules than permitted under the Ethical Standard ▶ The Audit and Accounts Committee should also be provided an opportunity to discuss matters affecting auditor independence 	
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures. 	We have no matters to report.
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▶ Enquiry of the Audit and Accounts Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit and Accounts Committee may be aware of 	We have asked management and those charged with governance. We have not identified any material instances or non-compliance with laws and regulations.

Appendix C

		 Our Reporting to you
Required communications	 What is reported?	  When and where
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit. 	Audit Results Report - 24 November 2022 - Audit and Accounts Committee
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> ▶ Written representations we are requesting from management and/or those charged with governance 	Audit Results Report - 24 November 2022 - Audit and Accounts Committee
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> ▶ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Audit Results Report - 24 November 2022 - Audit and Accounts Committee
Auditors report	<ul style="list-style-type: none"> ▶ Key audit matters that we will include in our auditor's report ▶ Any circumstances identified that affect the form and content of our auditor's report 	Audit Results Report - 24 November 2022 - Audit and Accounts Committee

Appendix D

Outstanding matters

The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report:

Item 	Actions to resolve 	Responsibility 
Response to Annual Letter to Internal Audit	Response to Annual Enquiries Letter to Internal Audit	Management
Subsequent events review	Completion of subsequent events procedures to the date of signing the audit report.	EY and Management
Management Representation Letter	Receipt of signed management representation letter.	Management
Agreement of Final set of Accounts	Agree all changes made to draft accounts are updated in the final set of accounts.	EY and Management
Final Review Procedures	Final review of areas listed above.	EY

Until all our audit procedures are complete, we cannot confirm the final form of our audit opinion as new issues may emerge or we may not agree on final detailed disclosures in the Annual Report. At this point no issues have emerged that would cause us to modify our opinion, subject to these final procedures. A draft of the current opinion (with outstanding areas highlighted) is included in Section 3.



Appendix E – Request for a Management Representation Letter

Request for a Management Representation Letter



Ernst & Young LLP
One Cambridge Business Park
Cambridge
CB4 0WZ
Tel: 01223 394400
Fax: 01223 394401
www.ey.com/uk

19 October 2022

Tom Kelly
Chief Finance Officer
Cambridgeshire County Council
Shire Hall
Castle Hill
Cambridge
CB3 0AP

Dear Tom,

Cambridgeshire Pension Fund – 2021/22 financial year Request for a letter of representation

International Standards on Auditing set out guidance on the use by auditors of management representations (ISA (UK&I) 580) and on possible non-compliance with laws and regulations (ISA (UK&I) 250). I have interpreted this guidance as it affects Local Government bodies and I expect the following points to apply:

- auditors may wish to obtain written representation where they are relying on management's representations in respect of judgemental matters (for example the level of likely incidence of a claim), which may not be readily corroborated by other evidence;
- auditors are likely to request written representations on the completeness of information provided;
- auditors may wish to obtain written representation on issues other than those directly related to the Statement of Accounts;
- the letter is dated on the date on which the auditor signs the opinion and certificate;
- the letter is signed by the person or persons with specific responsibility for the financial statements; and
- the letter is formally acknowledged as having been discussed and approved by the Audit Committee, as those charged with governance of the Pension Fund.

I would expect the letter of representation to include the following matters.

General statement

That the letter of representations is provided in connection with our audit of the financial statements of Cambridgeshire Pension Fund ("the Fund") for the year ended 31 March 2022.

That you recognise that obtaining representations from you concerning the information contained in this letter is a significant procedure in enabling us to form an opinion as to whether the financial statements give a true and fair view of the financial transactions of the Fund during the period from 1 April 2021 to 31 March 2022 and of the amount and disposition of the Fund's assets and liabilities as at 31 March 2022, other than liabilities to pay pensions and benefits after the end of the period, have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300991 and is a member firm of Ernst & Young Global Limited. A list of members' names is available for inspection at 1 More London Place, London SE1 2AF, the firm's principal place of business and registered office. Ernst & Young LLP is a multi-disciplinary practice and is authorised and regulated by the Institute of Chartered Accountants in England and Wales, the Solicitors Regulation Authority and other regulators. Further details can be found at <http://www.ey.com/UK/en/Home/Legal>.



2

That you understand that the purpose of our audit of the Fund's financial statements is to express an opinion thereon and that our audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent we considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, you make the following representations, which are true to the best of your knowledge and belief, having made such inquiries as you considered necessary for the purpose of appropriately informing yourselves:

A. Financial Statements and Financial Records (See Note B)

1. That you have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.
2. That you confirm that the Fund is a Registered Pension Scheme. You are not aware of any reason why the tax status of the scheme should change.
3. That you acknowledge, as members of management of the Fund, your responsibility for the fair presentation of the financial statements. You believe the financial statements referred to above give a true and fair view of the financial position and the financial performance of the Fund in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, and are free of material misstatements, including omissions. That you have approved the financial statements.
4. That the significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
5. As members of management of the Fund, you believe that the Fund has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 that are free from material misstatement, whether due to fraud or error.
6. That you have disclosed to us any significant changes in your processes, controls, policies and procedures that you have made to address the effects of the COVID-19 pandemic on your system of internal controls.
7. That you have disclosed to us any significant changes in our processes, controls, policies and procedures that you have made to address the effects of the conflict and related sanctions in Ukraine, Russia and/or Belarus on your system of internal controls. That you do not believe that there are any significant changes.
8. That you believe that the effects of any unadjusted audit differences, summarised in the Audit Results Report, accumulated by us during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.



Appendix E – Request for a Management Representation Letter

Request for a Management Representation Letter



3

That you have not corrected these differences identified and brought to your attention by us because (please specify the reasons for not correcting the misstatements).

Or,

That there are no unadjusted audit differences.

B. Non-compliance with laws and regulations including fraud

1. That you acknowledge that you are responsible for determining that the Fund's activities are conducted in accordance with laws and regulations and that you are responsible for identifying and addressing any non-compliance with applicable laws and regulations, including fraud.
2. That you acknowledge that you are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. That you have disclosed to us the results of your assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. That you have not made any reports to The Pensions Regulator, nor are you aware of any such reports having been made by any of your advisors.
5. That there have been no other communications with The Pensions Regulator or other regulatory bodies during the Fund year or subsequently concerning matters of non-compliance with any legal duty. That you have drawn to our attention all correspondence and notes of meetings with regulators (if applicable).
6. That you have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Fund (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
 - Involving financial improprieties
 - Related to laws or regulations that have a direct effect on the determination of material amounts and disclosures in the Fund's financial statements
 - Related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Fund, its ability to continue, or to avoid material penalties
 - Involving management, or employees who have significant roles in internal control, or others
 - In relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.



4

C. Information Provided and Completeness of Information and Transactions

1. That you have provided us with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters.
- Additional information that you have requested from us for the purpose of the audit.
- Unrestricted access to persons within the entity from whom we determined it necessary to obtain audit evidence.

2. That we have been informed of all changes to the Fund rules.

3. That all material transactions, events and conditions have been recorded in the accounting records and are reflected in the Group and Council financial statements, including those related to the COVID-19 pandemic and to the conflict and related sanctions in Ukraine, Russia and/or Belarus.

4. That you have made available to us all minutes of the meetings of members of the management of the Fund and committees of members of the management of the Fund (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the period to the most recent meeting on the following date (X February 2023).

5. That you confirm the completeness of information provided regarding the identification of related parties. You have disclosed to us the identity of the Fund's related parties and all related party relationships and transactions of which you are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the period end. These transactions have been appropriately accounted for and disclosed in the financial statements.

6. That you confirm the completeness of information provided regarding annuities held in the name of the members of the management of the Fund.

Where members of the management of the Fund have determined that annuity policies are not material the following statement may be added: The Scheme holds annuity policies which have not been recognised and recorded as an asset of the Scheme in the financial statements as they are not considered material in relation to the net assets. These policies have an estimated value of £xxx.

7. That you have disclosed to us, and the Fund has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

8. No transactions have been made which are not in the interests of the Fund members or the Fund during the fund year or subsequently.

9. That you believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.



Appendix E – Request for a Management Representation Letter

Request for a Management Representation Letter



5

10. That from the date of your last management representation letter to us, through the date of this letter you have disclosed to us any unauthorized access to your information technology systems that either occurred or to the best of your knowledge is reasonably likely to have occurred based on your investigation, including of reports submitted to you by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to your information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate.
- D. Liabilities and Contingencies
1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to us and are appropriately reflected in the financial statements.
 2. You have informed us of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
 3. You have recorded and/or disclosed, as appropriate, all liabilities relating to litigation and claims, both actual and contingent, and have disclosed in Note [X] to the financial statements all guarantees that we have given to third parties.
 4. No other claims in connection with litigation have been or are expected to be received.
- E. Subsequent Events
1. That other than the disclosure described in Note 6 (Events after the balance sheet date) to the Group and Council's financial statements, there have been no events, including events related to the COVID-19 pandemic, or related to the conflict and related sanctions in Ukraine, Russia and/or Belarus, subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.
- F. Other information
1. You acknowledge your responsibility for the preparation of the other information. The other information comprises the "Cambridgeshire Pension Fund Annual Report and Accounts 2021/22".
 2. You confirm that the content contained within the other information is consistent with the financial statements.
- G. Independence
1. You confirm that, under section 27 of the Pensions Act 1995, no members of the management of the Fund of the Scheme is connected with, or is an associate of, Ernst & Young LLP which would render Ernst & Young LLP ineligible to act as auditor to the Scheme.
- H. Derivative Financial Instruments
1. You confirm that all investments in derivative financial instruments have been made after due consideration by the members of the management of the Fund of the limitations in their use imposed by The LGPS Management and Investment of Funds Regulations 2016.



6

- The Fund's Investment Strategy Statement has been duly reviewed to ensure that such investments comply with any limitations imposed by its provisions. The financial statements disclose all transactions in derivative financial instruments that have been entered into during the period, those still held by the members of the management of the Fund at the Fund's year end and the terms and conditions relating thereto.
2. Management has duly considered and deemed as appropriate the assumptions and methodologies used in the valuation of 'over the counter' derivative financial instruments which the Fund is holding, and these have been communicated to you.
- I. Pooling investments, including the use of collective investment vehicles and shared services
1. You confirm that all investments in pooling arrangements, including the use of collective investment vehicles and shared services, meet the criteria set out in the November 2015 investment reform and criteria guidance and that the requirements of the LGPS Management and Investment of Funds Regulations 2016 in respect of these investments has been followed.
- J. Actuarial valuation
1. The latest report of the actuary [Name] as at [Date] and dated [Date] has been provided to us. To the best of your knowledge and belief you confirm that the information supplied by you to the actuary was true and that no significant information was omitted which may have a bearing on his report.
- K. Use of the Work of a Specialist
1. You agree with the findings of the specialists that you have engaged to value Private Equity Investments / IAS26 disclosures and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. You did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and you are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.
- L. Estimates
- Valuation of Investments
1. You believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the applicable financial reporting framework (the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22).
 2. You confirm that the significant assumptions used in making the valuation of investments appropriately reflect your intent and ability to carry out specific courses of action on behalf of the entity.
 3. You confirm that the disclosures made in the financial statements with respect to the accounting estimate(s) are complete including the effects of the COVID-19 pandemic, or related to the conflict and related sanctions in Ukraine, Russia and/or Belarus on the valuation of investments and made in accordance with the applicable financial reporting framework.



Appendix E - Request for a Management Representation Letter

Request for a Management Representation Letter



7

4. You confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements due to subsequent events, including due to the COVID-19 pandemic, or related to the conflict and related sanctions in Ukraine, Russia and/or Belarus.

M. Going Concern

1. That Note 2 to the financial statements discloses all the matters of which you are aware that are relevant to the Fund's ability to continue as a going concern, including significant conditions and events, your plans for future action, and the feasibility of those plans.

N. Specific Representations

We do not require any further specific representations in addition to those above.

I would be grateful if you could provide a letter of representation, which is appropriately signed and dated (by the Fund Administrator, Chair of the Pension Committee and Chair of Audit Committee) on the proposed audit opinion date (to be confirmed with you) on formal headed paper.

Yours sincerely

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

EY | Assurance | Tax | Transactions | Advisory

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

© 2017 EYGM Limited.
All Rights Reserved.

ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com

Cambridgeshire Pension Fund

Pension Fund Committee

14 December 2022

Report by: Head of Pensions

- Subject: Employer Admissions and Cessations Report
- Purpose of the Report: 1. To report the admission of one admitted body to the Cambridgeshire Pension Fund.
2. To notify the Committee of eleven bodies ceasing participation in the Cambridgeshire Pension Fund.
- Recommendations: That the Pension Fund Committee
1. Notes the admission of the following admitted body to the Cambridgeshire Pension Fund and approves the sealing of the admission agreement:
- Aspens Services Ltd (Park Street CofE primary School)
2. Notes the cessation of the following bodies from the Cambridgeshire Pension Fund:
- Caldecote Parish Council
 - Cambridge Primary Education Trust
 - Hertfordshire Catering Limited (Meldreth Primary School)
 - Compass Contract Services Limited (The Netherhall School)
 - Caterlink UK Limited (Anglian Learning Trust)
 - TNS Catering Limited (Wasp Cluster 2)
 - Hertfordshire Catering Limited (The CAM Academy Trust)
 - Easy Clean Contractors (Milton Primary School)
 - Aspens Services Limited (Fulbourn Primary School)
 - Alliance in Partnership Limited
 - Cambridge Community Service NHS Trust
- Enquiries to: Name – Cory Blose, Employer services manager
Tel – 07990 560829
E-mail – cory.blose@westnorthants.gov.uk

1. Executive Summary

- 1.1 The Pension Fund Committee is asked to note the entry, to the Fund, of one admitted body and to approve the sealing of the admission agreement.
- 1.2 The admission body is a contractor providing catering services to a Cambridgeshire LEA school. The Committee cannot refuse entry to the Fund where the admission body has agreed to meet its obligations under the Local Government Pension Scheme Regulations, which it has done by signing an admission agreement.
- 1.3 The admission within this report is a “passthrough” admission meaning the assets and liabilities are retained by the awarding authority, so there is no additional risk to the Fund by admitting this employer.
- 1.4 The Committee is also asked to note the exit of eleven employers from the Fund. Full details of each cessation are set out in Appendix A.

2. Background

- 2.1 The Local Government Pension Scheme Regulations 2013 (as amended) provide for the participation of a number of different types of body in the Local Government Pension Scheme; scheduled bodies, designating bodies, and admission bodies.
- 2.2 This report provides an update on admissions to and cessations from the Cambridgeshire Pension Fund since the last meeting of the Pension Fund Committee.

3. New Admission Bodies

- 3.1 Paragraph 1 of Part 3 of Schedule 2 to the Regulations provides for an administering authority making an admission agreement with an admission body, enabling employees of the admission body to be active members of the Local Government Pension Scheme.
- 3.2 A body which falls under paragraph 1(d)(i) of Part 3 of Schedule 2 is an admission body that is providing a service, in connection with the function of a scheme employer, as the result of a transfer of service or assets by means of a contract or other arrangement.
- 3.3 The Pension Fund Committee is asked to note the admission of the following body into the Cambridgeshire Pension Fund under paragraph 1(d)(i) and to approve the sealing of the admission agreements:
 - Aspens Services Ltd (Park Street CofE Primary School)
- 3.4 Aspens Services Ltd have entered into a contract with Park Street CofE Primary School to provide catering services. As a result, a group of employees were transferred to the admission body and a backdated pass through admission agreement has been put in place effective 13 April 2021. The assets and liabilities have been retained by Cambridgeshire County Council. The backdated contributions will be paid once the Admission Agreement has been sealed.

4. Cessations

4.1 The following admitted bodies have exited the Fund:

- Hertfordshire Catering Limited (Meldreth Primary School)
- Compass Contract Services Limited (The Netherhall School)
- Caterlink UK Limited (Anglian Learning Trust)
- TNS Catering Limited (Wasp Cluster 2)
- Hertfordshire Catering Limited (The CAM Academy Trust)
- Easy Clean Contractors (Milton Primary School)
- Aspens Services Limited (Fulbourn Primary School)
- Alliance in Partnership Limited
- Cambridge Community Service NHS Trust

4.2 The following scheduled body has exited the Fund:

- Cambridge Primary Education Trust

4.3 The following designating body has exited the Fund:

- Caldecote Parish Council

4.4 Full details of each cessation is included in Appendix A.

4. Relevant Pension Fund Objectives

Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers.

Objective 2

Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. *Objective 5*

Ensure appropriate exit strategies are put in place in both the lead up to and termination of a scheme employer. *Objective 7*

5. Risk Management

5.1 The Pension Fund Committee are responsible for approving some admission bodies into the Fund as well as monitoring all admissions and cessations.

5.2 The risks associated with failing to monitor admissions and cessations have been captured in the Fund's risk register as detailed below.

Risk	Residual risk rating
Lack of understanding of employer responsibilities which could result in statutory and non-statutory deadlines being missed.	Green
Failure to administer the scheme in line with the regulations.	Green
Failure to provide relevant information to the Pension Fund Committee/Pension Board to enable informed decision making.	Green
Failure to assess and monitor the financial strength of an employer covenant to ensure employer liabilities are met.	Green

5.3 The Fund's full risk register can be found on the Fund's website:

[Pension Fund Risk Register hyperlink](#)

6. Finance & Resources Implications

- 6.1 Actuarial costs incurred by obtaining a calculation of the employer's contribution rate and opening funding position at commencement are recharged directly to the employer.
- 6.2 The employer contribution rate contains an allowance for administration charges, and the employer is charged a fee to recover the Funds administration costs of on boarding new employers and terminating ceased employers. This means that admissions and cessations should be cost neutral.
- 6.3 Employers who are unable to pay monies due during active membership may result in unpaid liabilities being borne by other employers in the Fund.

7. Communication Implications

Direct Communications - Direct communications will be required to facilitate employer start up in the LGPS.

Training - Training will need to be provided to new employers on a number of LGPS issues.

Website - New employers are given access to the employer's guidance available on the pension's website.

8. Legal Implications

- 8.1 Admitted bodies enter into an admission agreement with the administering authority in order to become an employer within the Cambridgeshire Pension Fund. This agreement sets out the statutory responsibilities of an employer, as provided for under the Regulations governing the LGPS.

9. Consultation with Key Advisers

- 9.1 Contribution rate and bond assessments are undertaken by Hymans Robertson, the Fund Actuary.

- 9.2 A precedent admission agreement has been drafted by Squire Patton Boggs, specialist pension legal advisers.
- 9.3 Advice was received from the Fund's legal advisers, Squire Patton Boggs, on individual admission cases, where required.
- 10. Alternative Options Considered
 - 10.1 None available.

Checklist of Key Approvals

Has this report been cleared by Section 151 Officer? Yes

Has this report been cleared by Head of Pensions? Yes

Has the Chair of the Pension Fund Committee been consulted Yes

Has this report been cleared by Legal Services? Yes

Appendix A: Exiting Scheme Employers

- **Caldecote Parish Council**

Caldecote Parish Council became an employer in the Fund on 1 October 2012 when they passed a resolution designating their Clerk as eligible for membership of the LGPS.

On 22 April 2022 their last active member left employment. The cessation assessment identified a £500.00 funding surplus. It was not necessary to pay the surplus to Caldecote Parish Council as this was offset against their cessation fee of £600.

- **Cambridge Primary Education Trust**

Cambridge Primary Education Trust was created as an Academy Trust on 1 November 2012 and began participating as a Scheduled Body from that date.

On 31 March 2022 Cambridge Primary Education Trust merged with Meridian Trust and ceased participating as a separate employer in the Fund. All pension assets and liabilities in relation to Cambridge Primary Education Trust have been transferred to Meridian Trust.

- **Hertfordshire Catering Limited (Meldreth Primary School)**

Hertfordshire Catering Limited were admitted to the Fund under a pass through agreement on 1 September 2020 after entering a contract to provide catering services to Meldreth Primary School.

On 30 September 2021, the last active member left the scheme. No exit payment or credit is required as the pension liabilities were retained by Cambridgeshire County Council.

- **Compass Contract Services Limited (The Netherhall School)**

Compass Contract Services Limited were admitted to the Fund under a pass through agreement on 1 April 2015 after entering a contract to provide catering services to The Netherhall School.

On 31 August 2022, the contract ended. No exit payment or credit is required as the pension liabilities were retained by Cambridgeshire County Council.

- **Caterlink UK Limited (Anglian Learning Trust)**

Caterlink UK Limited were admitted to the Fund under a pass through agreement on 15 October 2018, after entering a contract to provide catering services to the Bottisham Primary, Fen Ditton Primary and Stapleford Primary.

On 27 July 2022, the last active member left. No exit payment or credit is required as the pension liabilities were retained by the Anglian Learning Trust.

- **TNS Catering Limited (Wasp Cluster 2)**

TNS Catering Limited were admitted to the Fund under a pass through agreement on 24 September 2018, after entering a contract to provide catering services to a number of schools under the local authority of Cambridgeshire.

On 30 October 2022, the contract ended. No exit payment or credit is required as the pension liabilities were retained by Cambridgeshire County Council.

- Hertfordshire Catering Limited (The CAM Academy Trust)

Hertfordshire Catering Limited were admitted to the Fund under a pass through agreement on 3 September 2018, after entering a contract to provide catering services to a number of schools in the CAM Academy Trust.

On 31 August 2022, the contract ended. No exit payment or credit is required as the pension liabilities were retained by the CAM Academy Trust.

- Easy Clean Contractors (Milton Primary School)

Easy Clean Contractors were admitted to the Fund under a pass through agreement on 22 October 2018, after entering a contract to provide cleaning services to Milton Primary School.

On 21 October 2022, the last active member left. No exit payment or credit is required as the pension liabilities were retained by the Diocese of Ely Multi Academy Trust.

- Aspens Services Limited (Fulbourn Primary School)

Aspens Services Limited were admitted to the Fund under a pass through agreement on 13 February 2021, after entering a contract to provide catering services to Fulbourn Primary School.

On 30 April 2021, the last active member left. No exit payment or credit is required as the pension liabilities were retained by Cambridgeshire County Council.

- Alliance in Partnership Limited

Alliance in Partnership Limited were admitted to the Fund under a pass through agreement on 1 September 2015, after entering a contract to provide catering services to Cambridgeshire County Council.

On 31 August 2022, the last active member left. No exit payment or credit is required as the pension liabilities were retained by Cambridgeshire County Council

- Cambridge Community Service NHS Trust

Cambridge Community Service NHS Trust were admitted to the Fund as a Community Admission Body on 1 April 2010.

On 22 February 2016, the last active member left. A funding shortfall of £2,951,000 has been identified. The admission body has been informed and our Funding team is raising an invoice to collect the exit payment.

Cambridgeshire Pension Fund Committee/Investment Sub Committee Agenda Plan

Meeting date	Agenda item	Lead officer
14/12/2022 PFC	Administration Report [standing item]	M Oakensen
	Business Plan Update [standing item]	M Whitby
	Employers Admission and Cessation Report [standing item]	C Blose
	Governance and Compliance Report [standing item]	M Oakensen
	Conflicts of Interest policy [approval]	M Oakensen
	Pension Fund Annual Report and Statement of Accounts 2021-22 [to note]	B Barlow
	ACCESS Update [standing item] exempt	M Whitby
	Risk Monitoring -incl Risk Strategy [approval] exempt	M Oakensen
	Valuation Update – Cessation Policy [approval] exempt	C Blose
23/02/2023 ISC	Cambridgeshire County Council Pension Fund Quarterly Performance Report [standing Item]	B Barlow
	Manager Presentation – TBC exempt	B Barlow
	Private Equity Portfolio Review exempt	B Barlow
	Responsible Investment - TBC exempt	B Barlow
30/3/2023 PFC	Administration Report [standing item]	M Oakensen
	Business Plan Update [standing item]	M Whitby
	Governance and Compliance Report [standing item]	M Oakensen
	Employers Admission and Cessation Report [standing item]	C Blose

Meeting date	Agenda item	Lead officer
	Annual Business Plan and Medium-Term Strategy [approval]	M Whitby
	Communication Strategy and Plan [approval]	C Blose
	Overpayment of Pension Policy [approval]	M Oakensen
	Scheme of Delegation [approval]	M Oakensen
	Code of Practice Action Plan [to note]	M Oakensen
	Good Governance Review Action plan [to note]	M Oakensen
	Cyber Resilience [standing item] exempt	M Oakensen
	Investment Strategy Review [approval] exempt	B Barlow
	ACCESS Update [standing item] exempt	M Whitby
	Valuation Update Funding Strategy Statement [approval] exempt	C Blose
June 22	Administration Report [standing item]	M Oakensen
	Business Plan Update [standing item]	M Whitby
	Governance and Compliance Report [standing item]	M Oakensen
	Employer Admission and Cessation Report [standing item]	C Blose
	Progress on Code of Practice Action Plan [to note]	M Oakensen
	Progress on Good Governance Review Action plan [to note]	M Oakensen
	Cash Management Strategy [approval]	M Whitby
	Administration Strategy [approval]	C Blose
	Cyber Resilience [standing item] exempt	M Oakensen

Meeting date	Agenda item	Lead officer
	ACCESS Update [standing item] exempt	M Whitby
	Private Equity Review [to note] exempt	B Barlow

