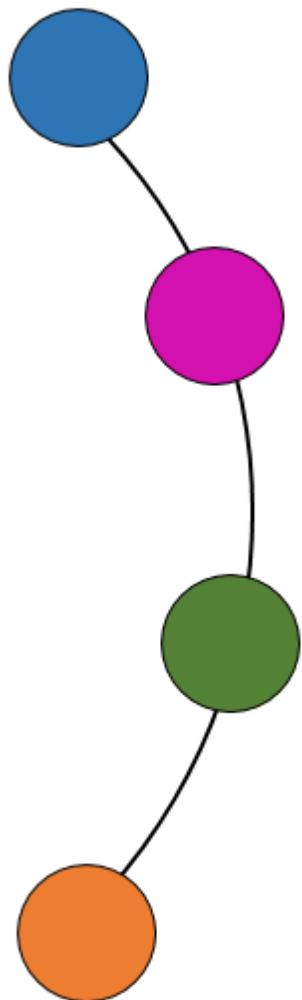




**Cambridgeshire County Council Pension Fund
Annual Report and Statement of Accounts
Year Ended 31 March 2020**

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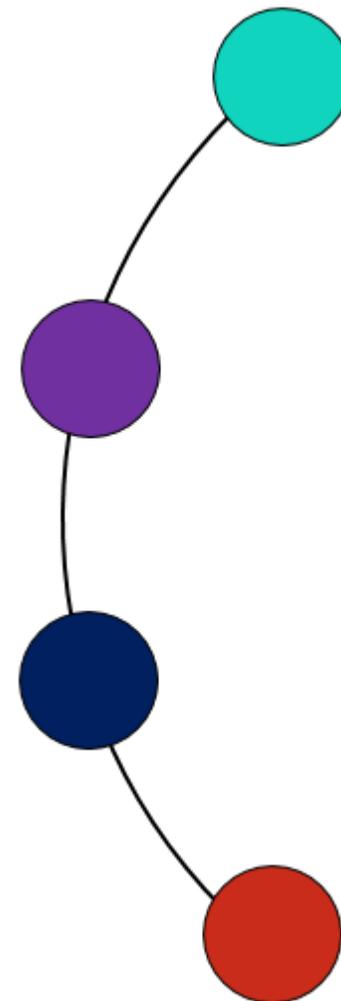
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Chairman's Foreword

It gives me great pleasure to introduce the Cambridgeshire Pension Fund Annual Report and Statement of Accounts for 2019-20. It has been another busy year for the Fund with many highlights and continual evolution and improvement of service standards.

The key stakeholders are our scheme members; over 85,000 active, pensioner and deferred members of the scheme who rely on us to look after their valuable pension rights. We have taken steps to improve each scheme member's experience by introducing improved communication, performance reporting and data flows from scheme employers. An annual Customer Service Excellence accreditation review enables us to gauge our progress.

The transition to monthly data provision by approximately 200 scheme employers, as opposed to at year-end, has been a key focus for us this year. 94% of employers now provide us with a monthly return which increases data quality and our ability to administer the Fund in an efficient manner.

At 31 March 2020 the Fund was valued at £3.01bn, a decrease of £178m over the March 2019 valuation of £3.19bn. The Fund return of -5.7% for the financial year ending March 2020 was mainly due to the impact of the coronavirus pandemic during the final quarter.

Fund performance was assisted by recent changes to the Fund's strategic asset allocation. The Fund has steadily increased allocations to longer duration investments such as private equity and infrastructure, whilst reducing the dependency on listed equities. This has provided greater diversification across asset classes as well as reducing our exposure to equity risk. A layer of equity protection has also been put in place as well as currency hedging to reduce currency risk.

Development of the ACCESS asset pool has continued at a steady pace and generated significant value for money benefits for all participants. The Fund has approximately one third of its assets pooled, a figure that will rise considerably over the coming years.

We've also been working hard throughout the year to complete the latest valuation of the Fund and set employer contribution rates. Engagement with employers throughout the process has been excellent and has culminated in the publication of a revised Funding Strategy Statement.

I would like to thank Pensions Committee and Local Pension Board Members, the Chief Finance Officer, the Head of Pensions and all staff involved in the administration and management of the Fund for the hard work that they have carried out during the year and especially in these difficulty and troubling circumstances arising from the coronavirus pandemic

Councillor Terry Rogers

Chairman of the Cambridgeshire Pension Fund Committee

Dated xx xxxxxx 2020

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 2019-20.

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,

[Actuarial Valuation Report 2019](#)

The Council's Responsibilities

The Council is required to:

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

The Chief Finance Officer's Responsibilities

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

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

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

The Chief Finance Officer has also:

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

Certificate of Accounts

I certify that this Statement of Accounts presents a true and fair view of the financial position of the Pension Fund at 31 March 2020 and of its income and expenditure for the year 2019-20, and authorise the accounts for issue.

Mr C Malyon

Chief Finance Officer
(Section 151 Officer)
Dated: XXXXXXXXXXXX

Scheme Management, Advisors and Partners

Partners



[ACCESS \(Pension Pool\)](#)



[Barclays \(Bank\)](#)



[Ernst & Young \(Auditors\)](#)



[Hymans Robertson \(Actuary\)](#)



[LGSS Law \(Legal Advisors\)](#)



[Mercer \(Investment Consultants\)](#)



[Northern Trust \(Custodian\)](#)



[Squire Patton Boggs \(Legal Advisors\)](#)

Asset Managers



[Adams Street Partners](#)



[Foresight Group](#)



[Link Fund Solutions \(ACCESS\)](#)



[Allianz Global Investors](#)



[HarbourVest Partners \(UK\)](#)



[Longview Partners](#)



[UBS Asset Management](#)



[AMP Capital](#)



[IFM Investors](#)



[M&G Investments](#)



[Dodge & Cox Funds](#)



[JO Hambro](#)



[Partners Group](#)



[Equitix Ltd](#)



[JP Morgan](#)



[River & Mercantile](#)



[Schroders](#)

AVC Providers



[Prudential](#)



[Utmost Life & Pensions](#)

Scheme Management & Key Officers

The Key Officers of the Fund during the year were:

Mark Whitby – Head of Pensions

Ben Barlow – Fund Accounting Manager

Paul Tysoe – Investment Accounting Manager

Richard Sultana – Operations Manager

Cory Blose – Employer and Systems Team Manager

Joanne Walton – Governance and Regulations Manager

Fiona Coates – Pension Services Financial Manager

Richard Perry – Pension Services Financial Manager

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

Ben Barlow

Fund Accounting Manager, LGSS

Email: BBarlow@northamptonshire.gov.uk

Telephone: 07917 197467



Enquiries relating to management and administration should be directed to:

Mark Whitby

Head of Pensions, LGSS

Email: mwhitby@northamptonshire.gov.uk

Telephone: 07990 556197



Registered Pension Scheme Number: 10038487

Scheme Administration

Introduction

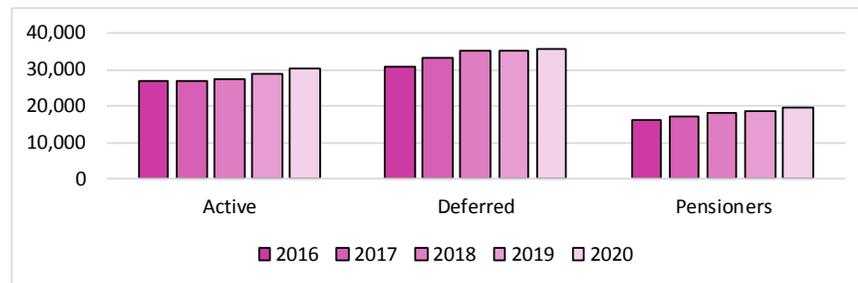
Cambridgeshire County Council is responsible for administering the Cambridgeshire Pension Fund, which is available to employees of the County Council, organisations with a statutory right to be in the scheme (scheduled bodies) and organisations, such as charities, which the County Council has admitted under its discretionary powers (admitted bodies).

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

Membership

Membership of the Fund grew by 3.3% from the previous year.

On 31 March 2020 there were 30,422 active, 35,703 deferred and 19,640 pensioner members in the Fund. The deferred figure is inclusive of 6,244 open cases that may change status (undecided leavers).



Pension Fund Administration

LGSS, a partnership between Cambridgeshire County Council, Northamptonshire County Council and Milton Keynes Council, provides pension administration services to the Cambridgeshire Pension Fund.

There are 72 staff members (68.89 full time equivalent) within the LGSS Pensions Team, providing all aspects of service to both the Cambridgeshire and Northamptonshire Funds, with an average staff to pension member ratio of 1:2,258.

Internal audit perform risk based audit procedures to assess the effectiveness and efficiency of administration services, and the LGSS 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 LGSS 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 LGSS Helpline on 01604 366537.

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

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

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

Scheme Administration (Continued)

Scheme Framework

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

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

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

On 1 April 2014, the new Local Government Pension Scheme 2014 came into effect, allowing more flexibility around paying into the scheme and drawing benefits. 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.

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.

Scheme Administration (Continued)

The below table compares the 2008 and the 2014 schemes.

	LGPS 2008	LGPS 2014
Basis of Pension	Final Salary	Career Average Revaluated Earnings (CARE)
Accrual Rate	1/60 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 Committee and 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 2019-20, training undertaken in year, including; Training days, Conferences and Strategic Workshops.

Councillor/Member Name	Committee/Board	Meetings Attended	Training Undertaken
Councillor Terry Rogers - Chairman	<ul style="list-style-type: none"> Pensions Committee Investment Sub-Committee 	4/4*	13 Sessions
Councillor Ian Gardener – vice Chairman	<ul style="list-style-type: none"> Pensions Committee Investment Sub-Committee 	3/4*	8 Sessions
Councillor Anne Hay	<ul style="list-style-type: none"> Pensions Committee Investment Sub-Committee 	3/4*	7 Sessions
Councillor Mike Shellens	<ul style="list-style-type: none"> Pensions Committee Investment Sub-Committee 	4/4*	9 Sessions
John Walker	<ul style="list-style-type: none"> Pensions Committee Investment Sub-Committee 	2/4*	10 Sessions
Councillor David Seaton	<ul style="list-style-type: none"> Pensions Committee Investment Sub-Committee 	1/4*	2 Sessions
Lee Phanco	<ul style="list-style-type: none"> Pensions Committee Investment Sub-Committee 	2/4*	5 Sessions
Councillor Peter Downes	<ul style="list-style-type: none"> Pensions Committee 	3/4*	6 Sessions
Councillor Joshua Schumann	<ul style="list-style-type: none"> Pensions Committee 	2/4*	8 Sessions
Councillor Richard Robertson	<ul style="list-style-type: none"> Pensions Committee 	4/4*	8 Sessions
Matthew Pink	<ul style="list-style-type: none"> Pensions Committee 	2/4*	4 Sessions
Liz Brennan (Substitute)	<ul style="list-style-type: none"> Pensions Committee 	3/4*	6 Sessions
Councillor Simon King - Chairman	<ul style="list-style-type: none"> Local Pension Board 	4/4	8 Sessions
David Brooks – Vice Chairman	<ul style="list-style-type: none"> Local Pension Board 	4/4	8 Sessions
Councillor Elisa Meschini	<ul style="list-style-type: none"> Local Pension Board 	4/4	7 Sessions
Councillor Denis Payne	<ul style="list-style-type: none"> Local Pension Board 	4/4	11 Sessions
Barry O’Sullivan	<ul style="list-style-type: none"> Local Pension Board 	3/4	9 Sessions
John Stokes	<ul style="list-style-type: none"> Local Pension Board 	4/4	10 Sessions

* The meeting scheduled for 19th March 2020 was cancelled

Scheme Administration (Continued)

Policies and Strategy Statements

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

[Cambridgeshire Pension Fund 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 2019-20](#)

[Anti-Fraud and Corruption Policy](#)

[Cash Management Strategy](#)

[Communications Strategy](#)

[Data Improvement Plan](#)

[Data Improvement Policy](#)

[Digital Communication Strategy](#)

[Funding Strategy](#)

[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](#)

[Training Strategy](#)

Statement/Policy Changes in 2019-20

The **Digital Communication Strategy** has been introduced during 2019-20 -

- To provide detail on the commitment outlined in the Communication Strategy regarding the use of technology to enhance the services of LGSS Pensions,
- To provide information about how the Fund will use digital communication technologies to meet the communication objectives.

The **Anti-Fraud and Corruption Policy** was reviewed during 2019-20 resulting in the following changes –

- The inclusion of the Fund's Mortality and Address screening activity to prevent fraud,
- The inclusion of how the Fund will contact overseas pensioners to reduce the likelihood of fraud.

The **Risk Register** was reviewed during 2019-20 resulting in the following changes –

- A risk was added to address climate change,
- The register has been reviewed and updated during the course of the year to ensure it remains fit for purpose.

Management and Financial Performance

The Team

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

- **Operations** – maintain member records, calculate benefits and pensions payable.

Contact: Pensions@northamptonshire.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@northamptonshire.gov.uk

- **Systems** – ensure internal systems are operating efficiently and provide support to maintaining accurate member records.

Contact: PenSystems@northamptonshire.gov.uk

- **Investments** – oversee the governance of Fund assets and support the Investment Sub-Committee.

Contact: LGSS-Pen-Investments@northamptonshire.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@northamptonshire.gov.uk

- **Funding** – 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.

Contact: PenContributions@northamptonshire.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@northamptonshire.gov.uk, telephone 01604 366537, or write to:

LGSS Pensions – 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 LGSS [website](#).

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

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

Nature of dispute	Stage 1	Stage 2
Recovery of overpayment of pension	Partially upheld (in 2018/19)	Not upheld
Transfer out of pension benefits after benefit crystallisation event	Not upheld (in 2018/19)	Not upheld
Recovery of overpayment of pension	Partially upheld (in 2018/19)	Not upheld
Recovery of overpayment of pension	Partially upheld (in 2018/19)	Not upheld
Entitlement to frozen refund	Not upheld	
Transfer out reinstatement	Pending additional information from scheme member	

Note: increase in number of overpayment recovery disputes due to project to reconcile pensions administration to pensioner payroll system in 2018/19.

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 Chairman and Vice Chairman 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

Cambridgeshire County Council, the Administering Authority to 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. This ensures that risks are integrated within the governance structure of Cambridgeshire County Council and all follow a consistent approach.

Identified risks are recorded in the Risk Register, a copy of which can be found at:

[Cambridgeshire Pension Fund's 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. The Cambridgeshire Pension Fund uses a matrix criterion for assessing the impact and likelihood of a risk to enable effective decision making.

Risks recorded in the Risk Register are 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.

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 shareholders. Internal audit awarded the Fund substantial assurance following its testing within the year.

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.

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

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.

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 are required to provide ISAE 3402 Service Organisation Control Report which are made available to external audit. This includes Link Fund Solutions who are the Operator of the ACCESS pool.

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	2019-20 Forecast £000	2019-20 Actual £000
Contributions	131,000	126,471
Transfers in from other funds	4,200	6,704
Total Income	135,200	133,175
Benefits payable	(105,000)	(107,863)
Payments to and for leavers	(9,100)	(10,119)
Total Benefits	(114,100)	(117,982)
Surplus of contributions over benefits	21,100	15,193
Management Expenses		
Administrative costs	(2,930)	(3,415)
Investment Management expenses	(6,560)	(14,673)
Oversight and Governance costs	(550)	(916)
Total Management Expenses	(10,040)	(19,004)
Total Income less Expenses	11,060	(3,811)
Investment Income	36,000	34,447
Taxes on Income	-	(2)
Profit/(loss) on disposal and changes in market value of investments	84,000	(208,571)
Net return on investments	120,000	(174,126)
Net increase/(decrease) in assets during the year	131,060	(177,937)

Management expenses per active member are shown below:

	2017-18	2018-19	2019-20
Active members	27,497	28,976	30,422
Administrative cost	£82.81	£69.64	£112.25
Investment Management expenses	£527.40	£501.93	£482.32
Oversight and Governance costs	£6.36	£11.29	£30.11

Variance Analysis

- Contribution differences reflects employers paying multiple year deficit payments in earlier years.
- Investment Management expenses forecast is understated as this does not include pooled fees deducted from market value.
- Oversight and Governance costs include consultancy and legal fees previously classified in Investment Management expenses.
- The 2019-20 Forecast for profit/loss on disposal and changes in market value of investments assumed the actuarial target would be achieved. The actual market experience is explained in the investments consultant's review on page 38.
- Details of non-investment assets and liabilities of the Fund can be found in the Statement of Accounts in Notes 21 to 22.

Management and Financial Performance (Continued)

Performance Indicators

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

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

	Cases completed in the year	Cases completed within KPI target
Deaths – initial letter acknowledging death of member <i>KPI: 5 working days, Legal requirement: 2 months</i>	488	488
Deaths – letter notifying amount of dependant’s pension <i>KPI: 5 working days, Legal requirement: 2 months</i>	272	270
Estimates – letter notifying estimate of retirement benefits to employee <i>KPI: 10 working days, Legal requirement: 2 months</i>	968	929
Retirements – process and pay pension benefits on time <i>KPI: 5 working days, Legal requirement: 2 months</i>	463	417
Deferment – calculate and notify deferred benefits <i>KPI: 15 working days, Legal requirement: N/A</i>	2811	2374
Transfers in – Letter detailing transfer in (actual) <i>KPI: 10 working days, Legal requirement: 2 months</i>	182	172
Transfers out – letter detailing transfer out (quote) <i>KPI: 10 working days, Legal requirement: 3 months</i>	580	565

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 2019-20 £000	Total Paid On Time £000	% Paid On Time	Total Paid Late £000	% Paid Late
Employer	98,761	97,957	99.2	804	0.8
Employee	27,710	27,488	99.2	222	0.8
Total	126,471	125,445	99.2	1,026	0.8

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 ²	£81,501,089
Total write off amount	£61,006
Write off amount as % of payroll	0.07%

²Excludes 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
2014-15	£87,357	£17,705	£29,883
2015-16	£88,375	£7,640	£11,913
2016-17	£81,468	£29,552	£26,072
2017-18	£68,606	£34,448	£18,498
2018-19 ¹	£344,153	£282,908	£61,245
2019-20	£97,143	£36,137	£61,006

¹Overpayments 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 in 2018-19 with a value of under £250 are automatically written off, in line with the Fund's Overpayments Policy.

Management and Financial Performance (Continued)

Contributors to the Fund

Active Employers as at 31 March 2020

Type Of Body	Number of Active Employers
Administering (AA)	1
Scheduled (S)*	337
Admitted (Ad)	122
Total	460

The table, left, shows employers in the fund as at the 31 March 2020, the breakdown of contributions by employer shown below will have different numbers of employers, 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 2019-20, or contribution receipts recorded within the period.

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

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Abbey College Academy	51,909	177,129	229,039		S
Abbey Meadows Primary (CCC)	4,395	16,425	20,821	Y	S*
Abbotsmead Primary Sch (PCC)	3,653	-	3,653	Y	S*
Abbotts Ripton School (CCC)	4,815	19,015	23,830		S*
ABM Catering (Oakdale Primary School)	590	2,400	2,990		Ad
ABM Catering Limited (Abbots Ripton CE Primary)	581	2,322	2,903		Ad
ABM Catering Limited (Alderman Jacobs)	2,016	7,246	9,261		Ad
ABM Catering Limited (Bushmead Primary and Elsworth Primary)	1,515	5,846	7,361		Ad
ABM Catering Limited (Heltwate Primary and Marshfields Primary School)	464	1,978	2,442		Ad
ABM Catering Limited (Morley Memorial)	34	131	165	Y	Ad
ABM Catering Limited (Orchard Park)	134	583	717	Y	Ad

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
ABM Catering Limited (St John's CE Primary School (Huntingdon))	2,178	9,653	11,832		Ad
ABM Catering Limited (The Beeches Primary and Hampton Hargate Primary)	4,388	18,827	23,214		Ad
ABM Catering Limited (Wyton on the Hill Primary School)	394	1,574	1,968	Y	Ad
ABM Catering Ltd (Great Paxton Primary School, Newton Community Primary School, Offord Primary School and Samuel Pepys School)	1,993	7,581	9,574		Ad
ABM Catering Solutions (Middleton Primary School)	1,832	7,976	9,808		Ad
Action for Children	2,548	-	2,548		Ad
Active Learning Trust (HQ)	66,375	144,379	210,754		S
ADeC	486	5,586	6,072	Y	Ad
Advanced Cleaning Services (Burwell & Netherhall)	757	2,977	3,734		Ad
Alconbury C of E Primary (CCC)	14,380	55,924	70,304		S*

Management and Financial Performance (Continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Alderman Jacobs Academy	29,273	103,087	132,359		S
Alderman Payne Primary (CCC)	6,251	24,856	31,107		S*
All Saints Inter Church Academy	15,205	60,431	75,636		S
All Saints' Primary School (PCC)	26,402	111,100	137,502		S*
Alliance in Partnership	1,023	4,092	5,116		Ad
Arbury Primary School (CCC)	22,513	86,338	108,851		S*
Arthur Mellows VC Academy	80,814	264,530	345,344		S
Ashbeach Primary School (CCC)	11,542	45,827	57,369		S*
Aspens (Brampton Village Primary School)	668	2,566	3,234	Y	Ad
Aspens (Brewster Avenue, Dogsthorpe Infants, Oakdale Primary and St Augustine's CE Junior)	3,777	15,879	19,655	Y	Ad
Aspens (Hemingford Grey)	708	2,816	3,524		Ad
Aspens (Staploe Ed Trust)	76	346	422	Y	Ad
Aspens (Swavesey)	774	2,887	3,661		Ad
Aspens (The Harbour School)	1,453	5,764	7,217		Ad
Aspens Service Ltd (Weatheralls Primary School)	65	269	335	Y	Ad
Aspens Services Ltd (Cottenham VC)	2,240	8,508	10,748		Ad
Aspens Services Ltd (Willingham Primary)	42	167	209	Y	Ad
Babraham CE Primary Academy	4,849	19,757	24,606		S
Balfour Beatty	2,871	19,696	22,567		Ad
Balsham Parish Council	616	4,123	4,739		S
Bar Hill Community Primary School	17,635	71,868	89,503		S
Bar Hill Parish Council	1,310	8,380	9,690		S
Barnabas Oley CE Primary (CCC)	6,487	25,764	32,251		S*
Barnack CE Primary School (PCC)	11,025	45,893	56,919		S*

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Barrington CE Primary (CCC)	7,452	29,611	37,062		S*
Barton Primary School (CCC)	7,054	27,584	34,638		S*
Bassingbourn Primary (CCC)	15,564	61,942	77,506		S*
Bassingbourn V C Academy	20,255	68,730	88,986		S
Beaupre CP School (CCC)	15,282	59,596	74,879		S*
Bellbird School (CCC)	20,381	80,181	100,562		S*
Benwick Primary School (CCC)	8,878	34,762	43,640		S*
Bewick Bridge C P Sch (CCC)	14,557	55,966	70,523		S*
Bishop Creighton Academy	14,832	51,249	66,081		S
Bottisham Community Primary Academy	12,771	53,042	65,813		S
Bottisham VC Academy	77,528	229,687	307,215		S
Bourn Primary Sch-Academy	12,050	39,125	51,175		S
Brampton Village School (CCC)	28,328	112,179	140,507		S*
Braybrook Primary School Academy	17,590	70,788	88,378		S
Bretton Parish Council	1,765	9,995	11,760	Y	S
Brewster Avenue School (PCC)	15,904	67,579	83,483		S*
Brington CE Primary School (CCC)	4,124	16,491	20,615		S*
Brunswick Nursery School (CCC)	12,542	47,923	60,465		S*
Buckden CE Primary Sch-Academy	20,358	69,910	90,268		S
Burnt Fen I D B	3,218	18,088	21,306		S
Burrough Green Primary (CCC)	5,027	19,872	24,899		S*
Burrowmoor Primary Acad.	33,153	122,383	155,536		S
Burwell Parish Council	1,652	9,350	11,002		S
Burwell VC Primary (CCC)	20,274	78,910	99,184		S*
Bury CE Primary Sch (MAT)	6,880	27,595	34,475		S
Bushmead Primary School (CCC)	22,799	89,119	111,918		S*
Busy Bee Cleaning Services Ltd (St Bede's Inter-Church School)	152	638	790		Ad
Caldecote Parish Council	324	2,166	2,490		S

Management and Financial Performance (Continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Caldecote Primary School (CCC)	10,720	41,512	52,232		S*
Cambourne Parish Council	19,456	111,983	131,439		S
Cambourne Village Coll. Acad. (MAT)	62,567	181,698	244,265		S
Cambridge & Peterborough NHS Foundation Trust	13,673	66,332	80,005		Ad
Cambridge Academic Partnership	115,135	351,370	466,505		S
Cambridge AP Academy (TBAP)	5,993	23,233	29,225		S
Cambridge City Council	1,636,156	4,195,718	5,831,874		S
Cambridge Meridian Academy Trust (HQ staff)	90,338	268,056	358,394		S
Cambridge Regional College	527,069	1,979,387	2,506,456		S
Cambridgeshire & Pboro CCG (NHS)	11,487	112,112	123,599		Ad
Cambridgeshire and Peterborough Combined Authority	217,653	593,736	811,389		S
Cambridgeshire County Council	6,297,520	20,939,223	27,236,742		AA
Cambs & P'boro Fire Authority	359,501	1,369,956	1,729,457		S
Cambs Chief Constable	1,694,238	6,027,245	7,721,483		S
Cambs Police & Crime Commis'er	51,256	145,085	196,341		S
Care Quality Commisson	9,320	33,331	42,651		Ad
Carers Trust	1,106	4,195	5,301		Ad
Castle Camps Primary (CCC)	5,780	22,925	28,705		S*
Castle School (CCC)	78,001	303,568	381,570		S*
Castor CE Primary School (PCC)	9,820	41,491	51,310		S*
Cater Link Ltd	5,376	20,791	26,167		Ad
Caterlink (Anglian Learning)	2,281	10,215	12,496		Ad
CaterLink (Diamond Learning Partnership Trust)	3,591	15,018	18,610		Ad
Caterlink (Priory Park Infant School)	458	1,842	2,301		Ad
Caterlink (St Peter's HD Academy)	319	1,202	1,521	Y	Ad

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Caterlink (The Diamond Learning Partnership: Glebelands Primary School, Leverington Primary Academy, Murrow Primary Academy and Thomas Eaton Primary Academy)	2,670	19,711	22,381		Ad
Caterlink (Witchford VC Academy)	3,243	10,023	13,266		Ad
Caterlink Uk Ltd (Ernulf Academy)	1,631	10,048	11,679		Ad
Caterlink UK Ltd (The Vine Inter-Church School)	3,068	12,019	15,087		Ad
Cavalry Primary Academy	35,175	146,163	181,338		S
Caverstede Nursey School	22,196	92,470	114,666		S*
Chartwells Catering (Netherhall)	24,290	68,880	93,171		Ad
Chatteris Town Council	2,337	14,047	16,384		S
Cherry Hinton Primary (CCC)	17,556	67,801	85,357		S*
Chesterton Academy	85,256	218,257	303,514		S
Chesterton Primary Acad. (MAT)	9,156	29,442	38,598		S
Cheveley Primary School (CCC)	5,688	22,672	28,360		S*
Churchill Contract Services	13,147	23,590	36,736		Ad
Churchill Contract Services (Thorndown)	729	2,917	3,647	Y	Ad
City College Peterborough (was PCAE) (PCC)	164,967	598,538	763,505		S
City of Ely Council	23,874	142,610	166,484		S
City of Peterborough Academy (MAT)	37,949	132,875	170,824		S
Clarkson Infants School (CCC)	19,213	73,698	92,911		S*
Clean Slate Ltd (Histon EYC - Early Years Centre)	285	1,140	1,425	Y	Ad
CleanTec Services (Cromwell Academy)	437	1,774	2,211		Ad
Coates Primary School (CCC)	12,186	47,617	59,803		S*

Management and Financial Performance (Continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Collections Trust	2,322	16,716	19,038		Ad
Colleges Nursery School (CCC)	13,705	52,952	66,657		S*
Colville Primary School (CCC)	19,158	74,167	93,325		S*
Comberton Academy Trust (HQ)	29,338	76,938	106,276		S
Comberton VC Academy	140,153	485,595	625,748		S
Compass Contract Services	3,423	13,099	16,522		Ad
Conservators of the River Cam	6,223	44,803	51,026		Ad
Coram Cambridgeshire Adoption Limited	5,221	17,601	22,822	Y	Ad
Coton C of E Primary School (CCC)	7,426	29,281	36,707		S*
Cottenham Primary School (CCC)	29,656	115,890	145,545		S*
Cottenham VC Academy	55,867	191,734	247,602		S
CRCC - Cambridge Rape Crisis Centre	1,671	5,655	7,326		Ad
Cromwell Academy	15,583	56,012	71,595		S
Cromwell Comm College (Academy)	57,045	217,032	274,077		S
Cross Keys Homes Ltd	19,866	415,227	435,094		Ad
Crosshall Infants Academy	36,829	120,492	157,321		S
Crosshall Juniors Academy	30,450	101,631	132,081		S
Cucina Ltd	1,213	4,762	5,975		Ad
Diocese of Ely Multi Academy Trust (DEMAT) HQ Staff	4,603	16,661	21,264		S
Discovery Primary Academy	36,390	130,074	166,464		S
Ditton Lodge Primary School	12,754	50,149	62,903		S
Dogsthorpe Academy	22,824	99,082	121,906		S
Downham Feoffees Primary Academy	7,039	27,671	34,710		S
Dry Drayton Primary (CCC)	2,885	11,315	14,199		S*
Duke of Bedford School (PCC)	15,953	68,369	84,323		S*
Duxford Primary School (CCC)	14,812	57,681	72,493		S*
Earith Primary Academy	6,289	25,858	32,147		S
East Cambs District Council	328,540	1,107,429	1,435,970		S

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
East of England Local Government Association (EEDA/EERA)	57,177	223,785	280,962		Ad
Eastfield Inf and Nursery (CCC)	17,441	69,092	86,533		S*
Easy Clean (Arbury Primary School)	75	300	375		Ad
Easy Clean (Godmanchester)	788	2,973	3,762		Ad
Easy Clean (Kings Hedges)	241	964	1,205		Ad
Easy Clean (Little Paxton)	232	928	1,160		Ad
Easy Clean (The Phoenix School - Phase 1 Juniors)	739	3,466	4,205		Ad
Easy Clean (The Phoenix School - Phase 2 Secondary)	715	2,879	3,595		Ad
Easy Clean (Upwood Primary School)	338	1,413	1,750		Ad
Easy Clean Contractors (Milton Primary School)	389	1,625	2,013		Ad
Ecovert FM Ltd	1,857	9,559	11,416		Ad
Edmund Trust	586	4,764	5,350		Ad
Edwards & Blake Limited (Spring Common Academy)	213	908	1,121		Ad
Edwards & Blake Ltd (Coates Primary School)	381	13,621	14,002		Ad
Edwards and Blake (Cottenham)	498	1,933	2,431		Ad
Edwards and Blake (Godmanchester Community Education Trust)	388	1,525	1,914		Ad
Edwards and Blake (Little Paxton Primary)	909	3,676	4,585		Ad
Edwards and Blake (New Road Primary School)	245	61	307	Y	Ad
Edwards and Blake (Stukeley Meadows)	527	2,108	2,635		Ad

Management and Financial Performance (Continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Edwards and Blake Ltd (Bassingbourn Primary)	844	3,280	4,124		Ad
Elior UK	1,041	-	1,041		Ad
Elm Cof E Primary Academy	17,599	66,239	83,839		S
Elm Road Primary Sch. Academy	14,288	58,297	72,585		S
Elsworth CE (A) Primary School (CCC)	6,467	25,603	32,070		S*
Elton Church School (CCC)	6,656	26,047	32,704		S*
Ely (City of) College - Academy	51,620	174,395	226,015		S
Ely St John Primary (CCC)	18,037	70,074	88,112		S*
Enterprise Managed Services	10,254	38,982	49,237	Y	Ad
Ermine Street Church Academy	9,235	37,162	46,397		S
Ernulf Academy	48,842	168,329	217,171		S
Eye C of E Primary School (PCC)	31,126	123,581	154,707		S*
Eye Parish Council	543	3,444	3,987		S
Eynesbury CE School (CCC)	14,422	57,285	71,707		S*
Eyrescroft Primary Sch. Academy	29,724	115,131	144,855		S
Family Psychology Mutual	15,026	62,423	77,448		Ad
Farcet CE Primary Academy	9,997	39,167	49,164		S
Farcet Parish Council	677	4,529	5,206		S
Fawcett Primary School (CCC)	31,255	122,078	153,333		S*
Fen Ditton Primary Academy	8,809	35,574	44,382		S
Fen Drayton Primary (CCC)	6,805	26,778	33,584		S*
Fenland District Council	543,479	1,396,626	1,940,105		S
Fenstanton Primary School (CCC)	14,958	57,633	72,591		S*
Fields Early Years Centre (CCC)	22,789	86,179	108,968		S*
Folksworth CE Primary (CCC)	4,168	16,670	20,837		S*
Fordham Primary School (CCC)	9,420	38,204	47,624		S*
Fourfields Primary School (CCC)	30,043	117,286	147,329		S*
Fowlmere Primary School (CCC)	4,788	19,153	23,942		S*
Foxton Primary School (CCC)	7,055	28,613	35,668		S*
Freedom Leisure (Fenland DC)	65,885	283,108	348,993		Ad
Friday Bridge Primary (CCC)	9,210	36,013	45,223		S*

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Friends Therapeutic Community	64,899	358,508	423,407		Ad
Fulbourn Primary School (CCC)	18,558	71,890	90,448		S*
Fulbridge Academy	89,930	317,072	407,002		S
Fusion	490	1,559	2,050		Ad
Gamlingay First School Academy	14,905	60,839	75,744		S
Gamlingay Parish Council	4,291	25,560	29,851		S
Girton Glebe Primary (CCC)	11,067	43,050	54,117		S*
Gladstone Primary Academy	37,508	149,255	186,764		S
Glebelands Primary Academy	21,195	87,232	108,427		S
GLL - Greenwich Leisure Ltd	6,821	29,328	36,150		Ad
Godmanchester Community Academy	34,619	119,639	154,258		S
Gorefield Primary Academy	8,779	35,487	44,266		S
Granta School (CCC)	70,707	254,338	325,045		S*
Great Abington Primary (CCC)	6,142	24,124	30,266		S*
Great and LT Shelford (CCC)	11,941	47,534	59,475		S*
Great Gidding CE Primary (CCC)	4,496	17,580	22,075		S*
Great Paxton C of E Primary (CCC)	10,208	39,087	49,295		S*
Great Staughton Academy (MAT)	4,746	19,415	24,161		S
Great Wilbraham Primary (CCC)	6,002	22,753	28,755		S*
Greater Peterborough UTC	17,143	52,579	69,722		S
Guilden Morden Academy	5,658	21,639	27,297		S
Guyhirn C of E Primary Academy (CCC)	6,955	29,085	36,040		S
Haddenham Level Drainage Commissioners	1,734	9,815	11,549		S
Haddenham Parish Council	1,593	10,329	11,922		S
Hampton College Academy	89,780	294,057	383,837		S
Hampton Gardens Academy	22,367	65,312	87,679		S
Hampton Hargate Primary (PCC)	37,061	154,041	191,103		S*
Hampton Lakes Academy	683	2,360	3,043		S
Hampton Vale Primary Academy	40,028	137,122	177,150		S

Management and Financial Performance (Continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Hardwick Primary (CCC)	34,953	137,619	172,572		S*
Harston and Newton P Sch (CCC)	10,970	43,422	54,392		S*
Hartford Infant School	10,677	42,902	53,580		S
Hartford Junior School	17,894	62,236	80,129		S
Haslingfield Primary (CCC)	10,386	41,001	51,387		S*
Hatton Park School (MAT)	13,635	55,319	68,954		S
Hauxton Primary School (CCC)	6,373	25,494	31,868		S*
HCL (Hartford Infants, Hartford Junior and Gamlingay First School Academy)	4,269	18,900	23,170	Y	Ad
Heltwate School (PCC)	68,166	279,471	347,637		S*
Hemingford Grey Primary School	12,438	49,209	61,647		S*
Heritage Park School (PCC)	13,724	57,529	71,252		S*
Highfield Ely Academy	79,643	320,883	400,526		S
Highfield Littleport Academy	32,255	114,031	146,286		S
Highlees Primary Academy	28,645	122,884	151,529		S
Hills Road Sixth Form College	156,469	501,597	658,067		S
Hinchingbrooke School	100,164	315,698	415,862		S
Histon and Imp. Infants (MAT)	15,721	65,116	80,837		S
Histon and Imp. Junior (MAT)	19,821	78,426	98,246		S
Histon and Impington Parish Council	6,139	36,194	42,332		S
Histon Early Years Centre (previously known as Histon Nursery School)	17,815	71,868	89,683		S*
Holme Church of England Primary Academy	7,565	31,165	38,730		S
Holmewood and District Internal Drainage Board	-	8,644	8,644	Y	S
Holywell CE(C)School (CCC)	10,807	42,385	53,192		S*
Home Close Ltd	1,004	56,524	57,528		Ad
Homerton College	196,617	555,318	751,935		Ad
Homerton Early Years Centre (Nursery School) (CCC)	17,973	70,175	88,147		S*

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Houghton Primary School (CCC)	15,840	62,243	78,082		S*
Huntingdon Nursey School (CCC)	20,454	78,552	99,005		S*
Huntingdon Primary School (CCC)	37,140	143,408	180,548		S*
Huntingdon Town Council	42,281	228,320	270,601		S
Huntingdonshire College	- 582	-	582	Y	S
Huntingdonshire District Council	1,039,589	4,349,671	5,389,261		S
Icknield Primary School (CCC)	11,122	43,616	54,738		S*
Impington VC - Academy	116,151	340,372	456,524		S
Isle of Ely Academy	18,766	51,894	70,660		S
Isleham Primary School (CCC)	9,924	39,257	49,181		S*
Jeavons Wood Primary Academy	30,173	103,337	133,510		S
Kelsey Kerridge S H	15,579	108,800	124,379		Ad
Ken Stimpson Community School (PCC)	52,052	201,885	253,936		S*
Kennett Community School (Academy)	5,132	21,459	26,591		S
Kettlefields Primary (CCC)	7,024	27,484	34,509		S*
Kimbolton Primary Acad (MAT)	4,577	16,446	21,023		S
Kimbolton School (Independent School)	50,375	310,222	360,597		Ad
Kinderley Primary School (CCC)	7,086	27,929	35,015		S*
Kingdom Services Group	548	2,190	2,738	Y	Ad
Kings Hedges Primary (CCC)	49,407	183,282	232,690		S*
Kingsfield Primary School Academy	36,121	122,401	158,522		S
Lantern CP School Academy	23,747	85,436	109,183		S
Leverington Primary Academy	16,536	59,551	76,087		S
LGSS Law Ltd (CCC)	150,845	481,353	632,198		S
Linton Heights Junior Academy	11,186	40,226	51,412		S
Linton Infants School (CCC)	13,160	54,469	67,629		S*
Linton Parish Council	1,603	11,914	13,517		S
Linton VC Academy	52,105	164,823	216,928		S
Lionel Walden School (CCC)	16,098	63,773	79,870		S*
Little Downham Parish Council	1,998	11,311	13,309		S

Management and Financial Performance (Continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Little Paxton Parish Council	3,158	18,545	21,703		S
Little Paxton School (CCC)	17,968	70,663	88,630		S*
Little Thetford Primary (CCC)	7,182	28,555	35,737		S*
Littleport & East Cambridgeshire Academy	16,595	53,554	70,149		S
Littleport and Downham I D B	8,461	47,902	56,363		S
Littleport CP School (CCC)	29,505	114,058	143,564		S*
Long Road Sixth Form College	84,399	318,981	403,380		S
Longsands Academy	76,053	257,749	333,802		S
Luminus Group Limited	72,600	971,846	1,044,446		Ad
Lunchtime Company Ltd	2,809	9,807	12,616		Ad
Lunchtime Company Ltd (Abbey Meadows)	791	3,162	3,953		Ad
Lunchtime Company Ltd (Friday Bridge Primary)	384	1,536	1,920		Ad
Lunchtime Company Ltd (Fulbourn Primary)	1,341	5,364	6,705		Ad
Lunchtime Company Ltd (Gorefield)	297	1,243	1,541		Ad
Lunchtime Company Ltd (Grove Primary)	356	1,425	1,782		Ad
Lunchtime Company Ltd (Houghton Primary School)	1,006	4,026	5,032		Ad
Lunchtime Company Ltd (Kinderley)	181	722	903		Ad
Lunchtime Company Ltd (Over)	378	1,513	1,891		Ad
Lunchtime Company Ltd (St Laurence's Catholic Primary School)	1,057	4,228	5,285		Ad
Lunchtime Company Ltd (St Matthews)	463	1,853	2,317		Ad
Lunchtime Company Ltd (The Ashbeach Primary School)	722	2,887	3,608		Ad

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Lunchtime Company Ltd (Waterbeach)	608	2,433	3,041		Ad
Malco Services Limited (Newton Comm Primary & Homerton Early Years Centre)	526	2,776	3,302		Ad
Manea Primary School (CCC)	16,078	63,846	79,924		S*
Mayfield Primary School (CCC)	25,729	100,627	126,356		S*
Meadow Primary School	12,470	41,077	53,547		S
Meadowgate Academy (CCC)	74,804	281,013	355,817		S
Mears Ltd	46,360	-	46,360		Ad
Mears Ltd (SCDC)	10,163	-	10,163		Ad
Medeshamsted Academy (MAT)	36,624	106,408	143,032		S
Melbourn Primary School (CCC)	22,193	86,138	108,331		S*
Melbourn VC Academy	28,621	99,498	128,119		S
Meldreth Primary School (CCC)	13,379	53,034	66,413		S*
Mepal & Wicham CoFE Primary Academy	4,647	16,391	21,037		S
Meridian School (CCC)	9,910	38,939	48,849		S*
Middle Fen and Mere I D B	20,872	98,770	119,642		S
Middle Level Commissioners	80,661	338,995	419,656		S
Middlefield CP School (Academy)	11,723	46,500	58,222		S
Millfield Primary School Academy	22,653	89,434	112,087		S
Milton Primary Academy	12,094	48,912	61,005		S
Milton Road Primary Sch (CCC)	20,125	77,509	97,634		S*
Mitie PFI Limited	1,358	2,938	4,295		Ad
Monkfield Park School (CCC)	25,369	87,604	112,973		S*
Morley Memorial School (CCC)	25,598	95,804	121,402		S*
Mountain Healthcare Ltd	1,746	6,223	7,970		Ad
Murrow Primary School Academy	7,635	26,890	34,526		S
Neale Wade Academy	87,141	327,762	414,902		S
Nene Infants Acad (MAT)	37,823	143,602	181,425		S
Nene Park Academy (MAT)	46,611	155,147	201,758		S

Management and Financial Performance (Continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Netherhall School Academy	48,917	188,871	237,788		S
New Road Primary School (MAT)	11,387	45,137	56,525		S
Newark Hill Primary Acad (MAT)	18,656	77,994	96,650		S
Newborough Parish Council	648	1,683	2,331	Y	S
Newborough Primary (PCC)	10,805	45,048	55,854		S*
Newham Croft Primary (CCC)	13,793	52,967	66,760		S*
Nightingale Cleaning Limited - CMAT Schools	26,776	139,457	166,233		Ad
Nightingale Cleaning Limited - CPET Schools	628	2,632	3,260		Ad
North Cambridge Acad (MAT)	27,077	85,294	112,371		S
North Level IDB	40,151	207,038	247,189		S
Northborough Primary (PCC)	0	33,535	33,535		S*
Northstowe Secondary School	4,281	15,445	19,726		S*
Norwood Primary School (PCC)	15,810	63,194	79,004		S*
Nourish (All Saints Inter-Church Academy - Catering Service)	994	4,158	5,153		Ad
Nourish (Girton Glebe, Park Street, St Lukes and St Philips School - Catering Service)	1,931	7,732	9,663		Ad
NPS Peterborough Ltd	2,516	11,344	13,860		Ad
Oakington C of E Primary (CCC)	771	3,047	3,817	Y	S*
Oakington CofE Primary School Academy	7,749	30,659	38,407		S
Octavia AP Academy (TBAP)	5,952	23,721	29,674		S
Offord Primary School (CCC)	2,870	11,304	14,174	Y	S*
Offord Primary School Academy	3,784	16,387	20,170		S
Old Fletton Primary School (PCC)	33,997	138,875	172,872		S*
Orchard Park Comm School (CCC)	12,297	47,509	59,806		S*
Orchards CoE Primary Academy	37,982	144,041	182,023		S
Ormiston Bushfield Academy	67,721	200,610	268,331		S
Ormiston Meadows Acad (MAT)	22,644	105,526	128,170		S
Orton Waterville Parish Council	787	6,242	7,029		S

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Over Primary School (CCC)	11,455	45,203	56,659		S*
OWN Academy Trust	84,712	335,263	419,975		S
Oxford Archaeology	59,104	172,789	231,893		Ad
P3 - People, Places and Potential	1,488	5,008	6,496	Y	Ad
Pabulum (CPET: Hatton Park, Histon Infants, Histon Junior, Somersham and Trumpington Park)	4,186	17,503	21,689	Y	Ad
Pabulum (Morley Memorial Primary School)	1,542	5,985	7,527		Ad
Pabulum (St Bede's Inter-Church School)	2,993	12,227	15,220		Ad
Pabulum Catering Ltd	709	1,175	1,884	Y	Ad
Pabulum Catering Ltd (Downham Feoffees)	106	420	526	Y	Ad
Pabulum Catering Ltd (Ely College)	828	3,010	3,838	Y	Ad
Pabulum Catering Ltd (Sawtry Junior Academy)	321	1,341	1,661	Y	Ad
Pabulum Catering Ltd (Sawtry Village Academy)	1,545	8,158	9,703	Y	Ad
Pabulum Ltd (Hardwick & Cambourne Community Primary School)	4,580	18,320	22,900		Ad
Pabulum Ltd (Lantern CP School Academy)	1,995	7,254	9,249	Y	Ad
Park Lane Primary & Nursey School	26,820	105,133	131,953		S
Park Street CE (A) Primary (CCC)	6,812	26,701	33,514		S*
Paston Ridings Primary (PCC)	38,111	160,107	198,218		S*
Peakirk Cum Glinton Primary School (PCC)	18,934	79,095	98,029		S*
Peckover Primary Academy	28,118	117,245	145,364		S

Management and Financial Performance (Continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Pendragon CP School (CCC)	22,204	87,604	109,808		S*
Peterborough City Council	2,507,463	8,643,927	11,151,391		S
Peterborough Keys Academies Trust (comprising of Ravensthorpe Primary, Thorpe Primary, Jack Hunt, Longthorpe Primary, Middleton Primary)	260,027	1,006,632	1,266,660		S
Peterborough Ltd t/a Aragon Direct Services	140,582	389,198	529,779		Ad
Peterborough Regional College	369,525	1,419,651	1,789,176		S
Peterborough Womens Aid	-	50,400	50,400	Y	Ad
Petersfield Primary School (CCC)	6,039	23,953	29,992		S*
Phoenix School (PCC)	89,224	369,874	459,099		S*
Priory Junior School (CCC)	10,559	41,560	52,119		S*
Priory Park Infants School (CCC)	24,764	97,377	122,141		S*
Pupil Referral Service PCC	60,613	227,662	288,275		S
Queen Edith School (CCC)	30,844	118,267	149,111		S*
Queen Emma Primary School (CCC)	37,304	145,790	183,094		S*
Queen Katharine Academy (Previously known as The Voyager Academy)	83,965	309,285	393,250		S
Rackham CE School (CCC)	18,284	71,406	89,690		S*
Radis Community Care	14,203	43,768	57,971		Ad
Ramnoth Primary Acad (MAT)	19,965	77,115	97,080		S
Ramsey Community Junior Academy	11,510	47,431	58,941		S
Ramsey Spinning Infant Academy	12,175	49,794	61,969		S
Ridgefield Junior (CCC)	15,153	58,698	73,851		S*
Robert Arkenstall Primary (CCC)	15,216	61,256	76,472		S*
Roddons Housing Association	35,210	116,672	151,882		Ad
Romsey Mill Trust (Cambridge City Council)	380	1,203	1,583		Ad

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Round House C. P. Sch (MAT)	24,267	77,315	101,582		S
Sacred Heart Catholic Primary School	7,608	30,689	38,297		S
Samuel Pepys School (CCC)	54,781	209,545	264,326		S*
Sanctuary Group	36,246	591,444	627,690		Ad
Sawston Parish Council	3,268	24,450	27,718		S
Sawston VC Academy	70,198	232,375	302,573		S
Sawtry Infants School (CCC)	11,064	52,138	63,202		S*
Sawtry Junior Academy	9,045	35,844	44,889		S
Sawtry Parish Council	3,947	24,115	28,062		S
Sawtry Village Academy	36,777	123,900	160,677		S
Serco (PCC IT)	35,264	14,222	49,486		Ad
Serco Limited (PCC)	184,777	270,645	455,423		Ad
Shade Primary School (MAT)	14,359	42,522	56,881		S
Shirley Community Primary School and Pre-School (CCC)	39,223	150,647	189,870		S*
Sir Harry Smith Comm Coll (Academy)	65,913	255,595	321,508		S
Skanska	15,935	52,119	68,054		Ad
Soham Town Council	4,606	31,658	36,263		S
Soham VC Academy	78,639	266,327	344,967		S
Soke Education Trust	86,518	353,398	439,916		S
Somersham Parish Council	937	6,784	7,721		S
Somersham Primary School	15,870	61,637	77,507		S
South Cambridgeshire District Council	1,014,379	4,221,075	5,235,454		S
Southfields Primary School (PCC) (Was Southfields Junior School)	47,304	195,136	242,440		S*
Spaldwick Primary School (CCC)	8,373	33,095	41,468		S*
Spinney Primary School (CCC)	11,460	44,558	56,018		S*
Spring Common Academy	79,350	314,908	394,258		S
Spring Meadow Infants (CCC)	28,410	109,332	137,742		S*
Spurgeons	2,491	231	2,722		Ad
St Albans RC Primary (CCC)	11,645	45,611	57,257		S*

Management and Financial Performance (Continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
St Andrews CofE Academy (Soham, Ely)	24,061	98,977	123,038		S
St Anne's CE Primary (CCC)	14,500	57,417	71,917		S*
St Augustines CE Junior School (PCC)	15,534	65,397	80,932		S*
St Bedes Inter Church School (Academy)	35,287	139,944	175,231		S
St Botolphs CE Primary Academy	30,812	122,007	152,819		S
St Helen's Primary School (CCC)	7,366	29,024	36,390		S*
St Ives Town Council	20,705	116,403	137,108		S
St Ivo School Academy	84,693	279,407	364,100		S
St John Fisher	48,912	187,206	236,118		S*
St John's Academy (Stanground)	12,504	54,012	66,516		S
St John's CoE Primary Academy (Huntingdon)	22,858	93,707	116,565		S
St Laurence Catholic Primary School	8,687	34,596	43,284		S
St Laurences RC Primary (CCC)	6,478	24,693	31,170	Y	S*
St Luke's C of E Primary School Academy	11,477	44,894	56,372		S
St Mary's CofE Junior Ely	25,460	102,178	127,638		S
St Marys St Neots Academy	11,458	45,725	57,183		S
St Matthew's Primary Sch (CCC)	32,225	124,457	156,682		S*
St Michaels CE Prim Sch (PCC)	29,142	122,815	151,958		S*
St Neots Town Council	41,248	233,314	274,561		S
St Pauls CE Primary (CCC)	9,263	36,389	45,651		S*
St Peters CofE Academy (Wisbech)	20,928	83,281	104,209		S
St Peter's School HD Academy	61,659	200,058	261,718		S
St Philips C OF E Primary (CCC)	19,834	76,457	96,291		S*
St Thomas More Catholic Primary School	21,180	82,343	103,523		S
St Thomas More Catholic Primary School (PCC)	11,950	50,034	61,984	Y	S*

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Stanground Academy (MAT)	60,766	239,116	299,882		S
Stapleford Primary Academy	14,015	53,762	67,777		S
Steeple Morden C OF E (CCC)	11,229	98,996	110,224		S*
Stephen Perse Foundation	23,129	84,399	107,528		Ad
Stilton Church of England Primary School	9,466	39,270	48,735		S
Stretham Primary School (CCC)	10,022	39,852	49,874		S*
Stukeley Meadows School (CCC)	22,496	87,829	110,326		S*
Sutton CE Primary School (CCC)	15,454	61,126	76,580		S*
Sutton Parish Council	2,196	12,435	14,631		S
Swaffham Bulbeck CE Prim Academy	5,522	22,957	28,479		S
Swaffham Internal Drainage Board	1,895	10,730	12,625		S
Swaffham Prior CE Prim Academy	12,124	28,643	40,767		S
Swavesey Parish Council	1,373	8,712	10,085		S
Swavesey Primary School (CCC)	22,877	86,641	109,518		S*
Swavesey VC Academy (MAT)	57,907	201,171	259,078		S
Tactcare	26,178	69,694	95,872	Y	Ad
Teversham C of E Primary (CCC)	15,095	59,050	74,145		S*
The Beeches Primary School (PCC)	29,242	119,133	148,375		S*
The Centre School Academy	3,445	8,652	12,097		S
The Galfrid Primary School	15,968	61,038	77,006		S
The Grove Primary School (CCC)	26,446	72,097	98,544		S*
The Harbour School (CCC)	25,256	101,030	126,286		S*
The Kings School Academy	64,708	218,976	283,684		S
The Lime Academy - Abbotsmede	21,661	88,258	109,919		S
The Lime Academy - Parnwell	15,921	67,019	82,940		S
The Lime Academy - Watergall	22,303	86,654	108,957		S
The Newton Community Primary School (CCC)	4,947	19,787	24,734		S*

Management and Financial Performance (Continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
The Pathfinder CofE Primary School	13,725	52,335	66,060		S*
The Weatheralls Primary School (Academy)	30,339	124,056	154,395		S
Thomas Clarkson C C Academy	56,154	218,889	275,043		S
Thomas Deacon Academy	173,582	572,859	746,441		S
Thomas Eaton Primary Academy	12,171	49,090	61,262		S
Thongsley Fields Primary and Nursery School	19,453	79,026	98,479		S
Thorndown Community Pri (CCC)	36,883	147,202	184,085		S*
Thorney Parish Council	950	5,817	6,767		S
Thriplow CE Primary Academy	5,278	21,856	27,134	Y	S
TNS Catering (Linton Cluster)	2,415	7,335	9,750		Ad
TNS Catering (WASP Cluster 1)	1,337	5,708	7,044	Y	Ad
TNS Catering (WASP Cluster 2)	1,919	5,052	6,970		Ad
Townley Primary School (CCC)	10,828	43,085	53,913		S*
Trumpington Meadows P. S. (CCC)	13,497	53,163	66,660		S*
Trumpington Park Primary Academy	10,689	42,309	52,998		S
TSG Building Services Ltd	9,142	17,019	26,161		Ad
Unity Academy (TBAP)	20,182	79,504	99,686		S
University of Cambridge Primary School	18,858	65,106	83,964		S
Upwood Primary Academy	7,900	32,583	40,483		S
VEROHR LTD	1,478	5,365	6,842		Ad
VHS Cleaning (Stapleford Community Primary School)	397	1,545	1,942		Ad
VHS Cleaning Services (Bassingbourn VC and Sawston VC)	3,071	11,989	15,060		Ad
VHS Cleaning Services (Bewick Bridge Community Primary School)	550	2,202	2,752		Ad

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
VHS Cleaning Services Ltd (Netherall Academy)	-	466	466		Ad
Vine Inter Church School (CCC)	28,968	108,346	137,314		S*
VISIT Cambridge and Beyond	16,469	42,600	59,068		Ad
Vivacity Culture and Leisure	55,720	139,267	194,987		Ad
Warboys Primary Academy	17,646	72,468	90,114		S
Waterbeach CP School (CCC)	19,003	75,530	94,533		S*
Waterbeach Level Internal Drainage Board	1,850	10,470	12,320		S
Waterbeach Parish Council	3,292	18,638	21,930		S
Welbourne Primary Academy	21,407	86,472	107,879		S
Welbourne Primary School (PCC)	2,231	9,109	11,340	Y	S*
Welland Primary School (MAT)	23,871	89,412	113,283		S
West Town Primary (MAT)	17,021	68,491	85,513		S
Westfield Junior School (CCC)	21,488	84,987	106,475		S*
Westwood Primary Sch Academy	59,032	210,502	269,534		S
Wheatfields Primary School (CCC)	24,492	96,525	121,017		S*
Whittlesey Town Council	1,755	9,936	11,691		S
Wilburton CE Primary (CCC)	6,517	25,578	32,096		S*
William De Yaxley CofE Academy	10,354	40,423	50,777		S
William Law CE Primary Academy	43,796	180,196	223,992		S
William Westley CE (CCC)	9,858	38,662	48,520		S*
Willingham Primary School (CCC)	21,778	83,689	105,466		S*
Wimblington Parish Council	622	4,162	4,784		S
Winhills Primary School (Academy)	39,445	134,141	173,586		S
Wintringham Primary Academy	946	3,222	4,167		S
Wisbech and Fenland Museum	1,963	16,180	18,143		Ad
Wisbech Grammar School	1,327	11,293	12,621	Y	Ad
Wisbech St Marys CE Primary Academy	14,599	59,099	73,698		S

Management and Financial Performance (Continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Wisbech Town Council	4,107	24,184	28,291		S
Witcham Parish Council	204	1,363	1,567		S
Witchford VC - Academy	50,277	141,987	192,263		S
Wyton Primary School (CCC)	11,997	46,248	58,245		S*
Yaxley Infants School (CCC)	11,684	46,439	58,123		S*
Yaxley Parish Council	8,401	49,824	58,224		S
YMCA Trinity Group (CCC/PCC)	1,059	2,836	3,896	Y	Ad
Grand Total	27,710,336	98,760,537	126,470,873		

Investment Policy and Performance

Introduction

Investment of the Fund's assets is governed by the Local Government Pension Scheme – in accordance with Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (“the Regulations”). These seek to ensure that the Fund:

- Has formulated an appropriate Investment Strategy; a copy of which is available at

[Investment Strategy Statement](#)

- In formulating its Investment Strategy has considered and documented its approach to:
 - Risk assessment and risk management,
 - Pooling investments,
 - How environmental, social and governance issues are taken into account in investment selection,
 - Having suitably diversified investments,
- Has taken appropriate advice,
- Has an appropriate number of Investment Managers who invest fund monies on its behalf,
- Has relevant investment limits which are not exceeded,
- Regularly monitors and reviews investments and investment arrangements,
- Understands the restrictions on its powers to borrow, and
- Operates a separate bank account.

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

The Pension Fund Committee (PFC) approves investment policies and strategy and has established an Investment Sub-Committee (ISC), with support from 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 return on a risk adjusted basis to grow the Fund's assets to reflect its equally long term future liabilities.

The Fund's approach to Sustainable Responsible Investment (SRI) is covered in the Investment Strategy Statement (ISS), in which the PFC has delegated to Investment Managers the responsibility for any shareholder voting and engagement.

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

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

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

Role of Investment Managers

The ISS seeks to ensure that the Fund has an appropriate number of Investment Managers to invest fund monies on its behalf. Each Investment Manager relationship is governed by an Investment Management Agreement, which sets out how much they can invest, the asset class in which the Fund has employed them to invest, the expected target return and how much the Fund will pay for this service.

Investment Policy and Performance (Continued)

Where the Fund invests in a pooled fund rather than appointing an Investment Manager to invest directly on behalf of the Fund, the terms of the investment are governed by the prospectus issued by the manager of the pooled fund, such as assets transferring over to the asset pool.

Active focus

The Fund with the exception of the passive UK Equity and Global Equity mandate and a buy and hold strategy for 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 the ACCESS Pool has significant scale with assets of £44bn, managed on behalf of c3,500 employers and c1.1m members.

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 Chairmen of the eleven constituent funds. The Joint Committee 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 were migrated in 2017/18 to UBS Asset Management under a collaborative arrangement with fellow ACCESS funds, which has generated significant fee savings for the Fund.

Cambridgeshire’s first investment into the ACCESS ACS of an actively managed global equity mandate was completed in February 2019. The remainder of the Fund’s active listed equity mandates were transitioned to global equity sub-funds of the ACS during 2019-20. This concluded the implementation of a change in strategy to disinvest from UK equity mandates and focus wholly on global equities for actively managed mandates.

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

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

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

Local Investment

The Fund holds an allocation to local investments currently consisting of the Cambridge & Counties Bank and Cambridgeshire Building Society. These assets will remain outside of the asset pool.

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

Investment Policy and Performance (Continued)

The Costs of Pooling

The 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 12 to the Statement of Accounts and comprises the following:

Operational Costs	2019-20	2015-16 to 2019-20 Cumulative
	£000	£000
Strategic & Technical	26	111.5
Legal	31.1	98.2
Project Management	15.3	92.4
ACCESS Support Unit	39.2	85.2
Other	1.8	23.3
Total Operational Costs	113.4	410.6

Cost Savings

The combined fee savings for the 2019-20 financial year resulting from the asset pooling agenda exceed £1.1m per annum, mainly resulting from the passive mandate.

Cost Transparency

The analysis below shows the investment expenses incurred during financial year 2019-20 between expenses incurred in respect of Pooled Assets held in the ACCESS Pool and those assets held outside of the pool.

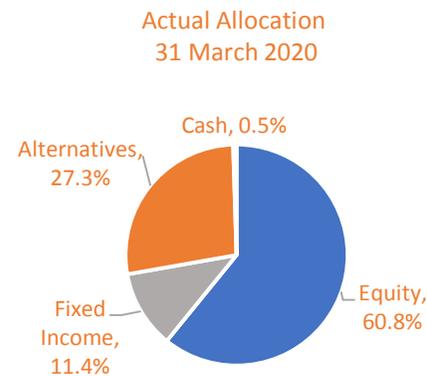
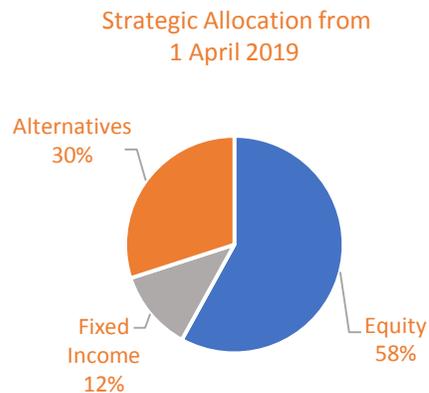
	Asset Pool			Non- Asset Pool			Fund Total
	Direct	Indirect	Total	Direct	Indirect	Total	
	£000	£000	£000	£000	£000	£000	£000
Investment Management Fee	6,768	177	6,945	6,763	1,860	8,623	15,568
Performance Fee	-	-	-	1,365	-	1,365	1,365
Transaction taxes	-	-	-	105	-	105	105
Broker commissions	35	-	35	121	-	121	156
Other explicit costs	9	-	9	694	-	694	703
Implicit/indirect transaction costs	-	2,928	2,928	-	2,150	2,150	5,078
Administration	62	-	62	210	442	652	714
Governance and Compliance	10	-	10	124	687	811	821
Other	-	1	1	447	343	790	791
Total	6,884	3,106	9,990	9,829	5,482	15,311	25,301

Investment Policy and Performance (Continued)

Investment Allocation and Performance

The Investment Strategy Statement approved by the Pension Fund Committee in March 2019 has the objective of reducing the Fund's reliance upon, and the associated risks, of a large allocation to equities whilst retaining sufficient exposure to growth assets. The strategy focuses 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 also implemented a risk management framework to manage equity market and asset liability risks the appointed manager was River & Mercantile. Any consequential changes to Investment Manager mandates will be implemented in conjunction with the roll-out of sub-funds offered by the ACCESS pool ACS.

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 2020 and the Strategic Asset Allocation targeted for 2019-20.



Investment Policy and Performance (Continued)

The value of the investments held by each of the Fund's Investment Managers on 31 March 2019 and 31 March 2020 is shown in the following table.

Value of investments at the balance sheet date

Manager	31 March 2019		31 March 2020	
	£m	% of Total	£m	% of Total
UBS Passive UK Equity	70.0	2.2	73.1	2.4
Schroders UK Equity	389.3	12.3	-	-
JO Hambro	524.8	16.5	-	-
Link Fund Solutions – ACCESS Global Equity (JO Hambro)	-	-	386.3	12.9
Link Fund Solutions - ACCESS Global Stock	498.8	15.7	316.6	10.6
Link Fund Solutions – ACCESS Global Equity (Longview)	-	-	266.4	8.9
River & Mercantile	-	-	36.9	1.2
UBS Passive Global Equity	695.0	21.9	780.4	26.0
River & Mercantile	-	-	155.7	5.2
Schroders Bonds	315.4	10.0	148.6	5.0
Schroders Property	242.0	7.6	244.6	8.2
Adams Street	80.5	2.5	96.0	3.2
Allianz	12.4	0.4	19.7	0.7
AMP debt	19.2	0.6	41.1	1.4
Cambridge and Counties Bank	81.1	2.6	58.0	1.9
Cambridge Building Society	15.0	0.5	15.0	0.5
Foresight	-	-	5.0	0.2
Equitix	33.3	1.0	37.2	1.2
HarbourVest	58.5	1.8	72.7	2.4
IFM Infrastructure	-	-	60.9	2.0
M&G	70.7	2.2	110.4	3.7
Partners Group	37.4	1.2	42.8	1.4
UBS Infrastructure	16.7	0.5	14.3	0.5
Cash	17.2	0.5	14.9	0.5
TOTAL	3,177.3	100	2,996.6	100

The table above excludes new commitment to the Alternatives allocation in infrastructure equity funds managed by JP Morgan for which no funds had been called by 31 March 2020. During 2019-20 the initial cash calls were made on commitments made in previous years to IFM Infrastructure and Foresight who run the Cambridgeshire Local Economic Fund.

Investment Policy and Performance (Continued)

Total Fund Performance

The total investment return for the Fund over the financial year was -5.7% compared with a weighted benchmark return of -3.3%. In the previous year the total investment return was 7.1% compared with a weighted benchmark of 8.9%. The Fund's total investment return was 1.4% p.a over the three years to 31 March 2020, 4.9% p.a over the five years to 31 March 2020, and 6.5% per annum over the ten years to 31 March 2020.

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	(6.9)	(7.0)	0.1	n/a	n/a	n/a	n/a	n/a	n/a
J O Hambro	(3.3)	(6.7)	3.4	4.7	1.8	2.9	n/a	n/a	n/a
Dodge & Cox	(18.6)	(5.8)	(12.8)	(5.6)	2.2	(7.8)	n/a	n/a	n/a
Schroders Bonds	(10.7)	0.7	(11.4)	(4.1)	0.5	(4.6)	n/a	n/a	n/a
M&G Secured Loans	(8.2)	5.0	(13.2)	(1.1)	4.8	(5.9)	n/a	n/a	n/a
Schroders Property	0.1	0.0	0.1	5.1	4.8	0.3	6.4	7.1	(0.7)
M&G Residential Property	2.7	6.0	(3.3)	n/a	n/a	n/a	n/a	n/a	n/a
Adams Street	16.7	(5.3)	22.0	14.4	2.8	11.6	n/a	n/a	n/a
Allianz	5.4	4.0	1.4	n/a	n/a	n/a	n/a	n/a	n/a
AMP debt	3.1	10.0	(6.9)	n/a	n/a	n/a	n/a	n/a	n/a
Equitix	10.5	10.0	0.5	12.1	10.0	2.1	n/a	n/a	n/a
HarbourVest	12.5	(5.3)	17.8	13.4	2.8	10.6	n/a	n/a	n/a
Partners Group	9.3	10.0	(0.7)	12.2	10.0	2.2	n/a	n/a	n/a
UBS Infrastructure	5.8	10.0	(4.2)	4.5	10.0	(5.5)	n/a	n/a	n/a

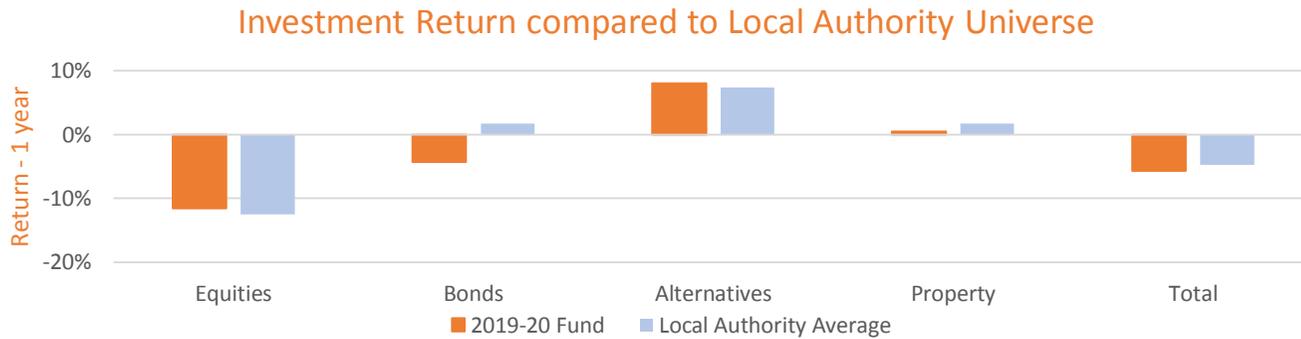
n/a = Not invested for the full period therefore no meaningful performance measure is available

Investment Policy and Performance (Continued)

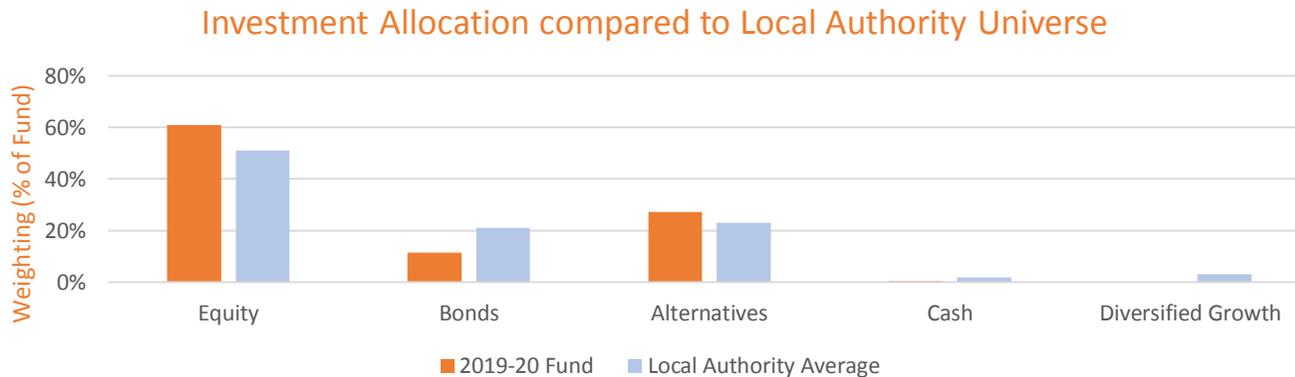
Performance in Comparison with Local Authority Universe

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 2019-20 the Fund's performance of -5.7% over the financial year was ranked 67th 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 Equities, when compared to the Local Authority Universe.

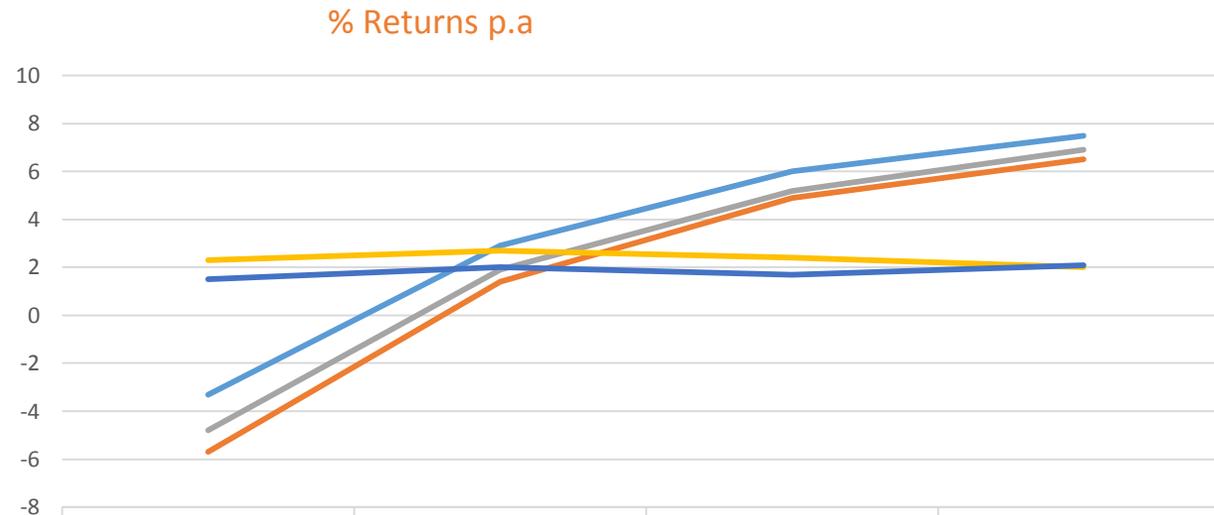


The Fund's current strategy has a higher allocation to Equities and Alternatives and a lower allocation to Bonds when compared to the Local Authority Universe.



Investment Policy and Performance (Continued)

The table below demonstrates the Fund's performance compared to benchmark returns and the average investment return achieved by the Local Authority Universe over a one, three, five and ten year period.



	1 year 67th Percentile*	3 years 65th Percentile	5 years 47th Percentile	10 years 64th Percentile
The Benchmark	-3.3	2.9	6.0	7.5
The Fund	-5.7	1.4	4.9	6.5
Local Authority Average	-4.8	1.9	5.2	6.9
UK Average Weekly Earnings Index	2.3	2.7	2.4	2.0
Consumer Price Index	1.5	2.0	1.7	2.1

**Ranking in LA Universe*

Investment Policy and Performance (Continued)

Annual Investment Review 2019 - 20 Economic and Market Background

Over 2019, the global economy continued its expansion, led by the US which saw a tightening labour market, rising wages and consumer confidence, fuelled by the business-friendly stance of the Trump administration even though trade tensions took some toll on business confidence. Japan, the UK and continental Europe saw more measured growth even though economic data from continental Europe over the year has been hinting at a continued slowdown. In the UK, the outcome of the 2019 election was well received by markets, though uncertainty over how Brexit proceedings will unfold still remains. Headwinds for emerging markets began to soften in early 2019, with improvement on the trade front.

In Q1 2020, however, the global economy entered what is expected to be the most severe downturn since the Great Depression while oil prices crashed simultaneously as a price war between Russia and Saudi Arabia escalated while global demand collapsed simultaneously.

The COVID-19 pandemic which originated in China in December 2019 started to spread globally from the second half of the first quarter of 2020 prompted governments to shut down entire countries including the US, UK and most of Europe. The abrupt halt in business activities and collapse in corporate earnings prompted investors to flee equity markets and shift into safe haven assets with the result being the worst equity sell-off since 2008 even though sterling weakening against US Dollar offset losses somewhat for unhedged UK investors.

Unprecedented monetary easing measures were then initiated across the globe with the Bank of England cutting the benchmark rate to 0.1% on 19 March 2020 and reinitiating quantitative easing, lead to a government bond rally in the first quarter of 2020 as yields fell to the lowest level in history across the globe. Fiscal programmes not seen since World War II also cushioned the blow somewhat.

Unemployment

US unemployment projections at March 2020 suggest unemployment numbers rising from c. 4% to anywhere between 8 – 14% in Q2 2020.

Interest Rates

In March 2020 the Bank of England lowered the base interest rate to 0.10% while the Federal Reserve lowered the US base rate to 0 – 0.25%

Inflation

CPI Inflation fell to 1.5% in March according to the ONS driven by a reduction in consumer spending and the oil price collapse

All return figures quoted below are in sterling terms over the 12-month period to 31 March 2020.

Key Events during the Year

Growth Assets

At a global level, developed markets as measured by the FTSE World index, returned -6.0%. Meanwhile, a return of -13.0% was recorded by the FTSE All World Emerging Markets index.

At a regional level, European markets returned -8.0% as indicated by the FTSE World Europe ex UK index. At a country level, UK stocks as measured by the FTSE All Share index returned -18.5%. The FTSE USA index returned -2.3% while the FTSE Japan index returned -2.1%. The considerable underperformance of UK equities is attributed to the index's large exposure to oil, gas and basic materials.

UK Property saw moderate returns relative to other risk assets over 2019 but the market was severely impacted by the Covid-19 crisis in March 2020, with heightened market volatility leading to material uncertainty clauses being added to valuations at the date this report is written, hence performance is only available to 31 December. Over the 12-month period to 31 December 2019, the IPD UK All Property Index returned 2.11%. The three main sectors of the UK Property market, recorded positive returns with one negative over the period (retail: -6.4%; office: 5.0%; and; industrial 7.2%).

Statistics sourced from Thomson Reuters Datastream unless otherwise specified

Investment Policy and Performance (Continued)

Bond Markets

UK Government Bonds as measured by the FTSE Gilts All Stocks Index, returned 9.9%, while long dated issues as measured by the corresponding Over 15 Year Index had a return of 17.6% over the year as the longer end of the nominal yield curve fell by more than the shorter end. The yield for the FTSE Gilts All Stocks index fell over the year from 1.4% to 0.7% while the Over 15 Year index yield fell from 1.5% to 0.8%.

The FTSE All Stocks Index -Linked Gilts index returned 2.2% with the corresponding over 15-year index exhibiting a return of 2.0%. Falling inflation expectations offset falling nominal yields to an extent, cushioning the fall of real yields somewhat which explains the underperformance of index-linked gilts relative to nominal gilts.

Corporate debt as measured by the Bank of America Merrill Lynch Sterling Non-Gilts index returned 1.7%.

Currencies

Over the 12-month period to 31 March 2020, sterling depreciated by 2.6% against the US Dollar from \$1.30 to \$1.24, depreciated by 7.2% against the Yen from ¥144.23 to ¥133.86 and depreciated against the Euro by 4.8% from €1.16 to €1.13.

Fund Performance

Over the twelve-month period, the Fund achieved a negative return of -5.7% (net of fees) versus the strategic benchmark return of -3.3% and the target return set at the date of the 2019 actuarial valuation of 4.1%. Of the active managers JO Hambro Global Equity, Schroders Property, Adams Street and Harbourvest Private Equity and Equitix Infrastructure outperformed their respective benchmarks over the year period, while the other funds underperformed.

Outlook

Markets went through the most devastating quarter since the end of 2008 and for some asset classes, volatility and losses even went beyond what was seen back in the global financial crisis.

Global economic growth collapsed over the quarter following lockdown measures being implemented across the globe. Whilst the manufacturing downturn started much earlier on, as China's lockdown began to impact global supply chains, an even more severe services downturn ensued when lockdown measures became global and forced many retail oriented companies to cease operations. Consumers were already retrenching as unemployment started to rise, even though many countries are cushioning the blow via income substitution and government-funded furlough programs.

In spite of some progress last year, there are still risks on the trade front that pose further risks for growth once the world has emerged from this pandemic. Brexit negotiations have slowed but need to be finalized by year end before the transition period ends. The US - China relationship is likely to deteriorate over COVID-19 which makes further trade deals harder and Italy's fiscal situation has deteriorated considerably over this crisis which could lead to renewed political confrontations with the EU in the aftermath of the pandemic.

On a more positive side, unlike in 2008, government and central bank response to the crisis has been swift and meaningful. The COVID-19 situation is treated as a natural disaster so there were less political concerns about bailouts. The Federal Reserve and other central banks have cut interest rates back to record lows and reinitiated quantitative easing as it has never been seen before. Fiscal deficits have reached levels reminiscent to those during the world wars. While these measures cannot tackle the pandemic itself, they are seen as a mean to freeze the economy and keep both businesses and consumers alive in order to be in a good position for a strong recovery rather than falling into a long lasting depression.

Taken together, the macro and earnings environment is as challenging as it could ever be. We see this year ending with negative growth but assuming a recovery in western countries follows a similar pattern as for China over the second half of the year, we expect strong growth for 2021 that could ultimately return us to pre COVID-19 GDP at the end of that year.

Investment Policy and Performance (Continued)

From an asset perspective we acknowledge that equity valuations have improved and have therefore become slightly more positive on the margin, although we remain cautious. Within growth fixed income we are positive given the widening of spreads in these sectors to levels not seen since the GFC and we are broadly neutral on defensive fixed income.

Investment Strategy

The Fund's strategic benchmark is allocated across a diverse range of asset classes expected in aggregate to generate a return above the growth in the Fund's liabilities, and improve the funding level, over the long term, whilst the same time helping to ensure contribution rates remain stable and affordable.

The Fund holds a material part of the assets (c. 58%) in the equity portfolio allocation which is held with the expectation of generating strong real returns above that of the Fund's liabilities. However, the Fund has also implemented an equity protection mandate that provides some protection against material falls in equity markets (such as those shown in Q1 2020), thereby helping to stabilise the funding level.

The Fund holds a defensive portfolio (made up of bond investments) and an alternatives portfolio which aims to achieve strong real returns whilst also providing the Fund with some diversification away from equity markets.

The Committee continue to monitor the investment strategy relative to the funding level and look to improve the efficiency of the portfolio were possible. Whilst the covid-19 crisis has introduced some uncertainty, post year-end the Committee have already begun work on evolving the Fund's fixed income portfolio for example, to target more attractive and diversified areas of the credit market, in order to further future proof the portfolio.

Peter Gent, FIA
Mercer Limited
May 2020

Actuarial Information

Cambridgeshire Pension Fund (“the Fund”) Actuarial Statement for 2019/20

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 VitaCurves 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 disrupted by COVID 19 which resulted in difficult market conditions towards the end of the financial year. As a result, the funding level of the Fund as at 31 March 2020 has reduced versus that reported in the previous formal valuation.

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

Robert McInroy FFA
28 April 2020
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 expect.

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 (£)		
	2020/21	2021/22	2022/23
1 April 20 – 31 March 23	2020/21	2021/22	2022/23
18.4%	£19,425,000	£19,061,000	£19,082,000

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

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



Douglas Green FFA



Robert McInroy FFA

15 March 2020

For and on behalf of Hymans Robertson LLP

Audit Opinion

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Audit Opinion (Continued)

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Audit Opinion (Continued)

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Fund Account

31-Mar-19 £000	Notes	31-Mar-20 £000
Dealings with members, employers and others directly involved in the fund:		
124,572 Contributions	7	126,471
4,882 Transfers in from other pension funds	8	6,704
129,454		133,175
(106,259) Benefits	9	(107,863)
(11,171) Payments to and on account of leavers	10	(10,119)
(117,430)		(117,982)
12,024 Net additions/(withdrawals) from dealing with members		15,193
(16,889) Management Expenses	11	(19,004)
(4,865) Net additions/(withdrawals) including fund management expenses		(3,811)
Returns on investments:		
45,493 Investment income	13	34,447
(85) Taxes on income		(2)
182,745 Profit and (losses) on disposal of investments and changes in the value of investments	14a, 17b	(208,571)
228,153 Net return on investments		(174,126)
223,288 Net increase/(decrease) in the net assets available for benefits during the year		(177,937)
2,969,306 Opening net assets of the scheme		3,192,594
3,192,594 Closing net assets of the scheme		3,014,657

Notes on pages 49 to 80 form part of the financial statements.

Net Asset Statement

31-Mar-19 £000		Notes	31-Mar-20 £000
3,177,716	Investment assets		3,098,583
(345)	Investment liabilities		(101,964)
3,177,371	Total net investments	14	2,996,619
18,068	Current assets	21	27,209
(3,477)	Current liabilities	22	(9,171)
14,591	Net Current Assets		18,038
632	Non-current assets		-
3,192,594	Net assets of the Fund available to fund benefits at the end of the reporting period	17a	3,014,657

Notes on pages 49 to 80 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 Pension 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 2019-20 on pages 1 to 46 and the underlying statutory powers underpinning the scheme.

General

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

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

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

Membership

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

- Scheduled Bodies - local authorities and similar bodies whose staff are automatically entitled to be members of the Fund;
- Admitted Bodies - other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

As at 31 March 2020 there are 197 (2019: 254) active employers within the Cambridgeshire Pension Fund, including the County Council itself.

	31-Mar-19	31-Mar-20
Number of employers with active members	254	197

The Fund has over 85,000 individual members, as detailed below:

Number of employees in scheme:	31-Mar-19	31-Mar-20
County council	9,829	10,550
Other employers	19,147	19,872
Total	28,976	30,422

Number of Pensioners:	31-Mar-19	31-Mar-20
County council	8,410	8,724
Other employers	10,365	10,916
Total	18,775	19,640

Deferred pensioners:	31-Mar-19	31-Mar-20
County council	12,719	13,473
Other employers	14,940	15,986
Total	27,659	29,459

Undecided Leavers:	31-Mar-19	31-Mar-20
County council	3,233	2,400
Other employers	4,266	3,844
Total	7,499	6,244

Total members	82,909	85,765
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Notes to the Pension Fund Accounts (continued)

Funding

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

Benefits

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

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

Career Average Revalued Earnings (CARE)

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

There are a range of other benefits provided under the scheme including early retirement, disability pensions and death benefits. For more details, please refer to the Cambridgeshire Pension Fund scheme handbook available from LGSS Pension Services based at One Angel Square, Angel Street, Northampton NN1 1ED. The Full Guide can also be found in the member section on the Pension's Fund website.

[LGSS Pensions Member Detail's](#)

Notes to the Pension Fund Accounts (continued)

2. BASIS OF PREPARATION

The Statement of Accounts summarises the Fund's transactions for the 2019-20 financial year and its position at year-end as at 31 March 2020. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019-20 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

Paragraph 3.3.1.2. of the Code requires disclosure of any accounting standards issued but not yet adopted. No such accounting standards have been identified for 2019-20.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year, 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. The Accounts have been prepared on a going concern basis.

At the date of authorisation of the financial statements, the Fund does not consider that any of the matters discussed above give rise to material uncertainties that may cast significant doubt about the Fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Cambridgeshire County Council remains satisfied the Fund that it administers continues to be a going concern.

The Pension Fund's latest actuarial valuation, as at 31 March 2019, showed it to be 100% funded – a significant increase from the position 3 years prior of 78.4%.

The impact of the Coronavirus pandemic on investment markets has affected the value of the Fund to 31 March 2020. The Fund's investment return for 2019-20 was -5.7% pa, less than the actuary's target return for the Fund of +4.1% pa.

Subsequent to year end, there has been a recovery in the markets following the Covid-19 pandemic however there is continuing volatility in the market. The Fund returned 11.4% to June 2020 and is continuing to monitor the situation closely and liaising regularly with its investment adviser to consider any necessary actions to respond.

The actuarial valuation includes the Rates and Adjustment certificate detailing the contributions to the Pension Fund that participating employers are expected to make. It remains the Fund's expectation that these will be paid as planned. To date no employers have enquired about deferring their contribution payments because of the Coronavirus pandemic.

The vast majority of employers in the pension scheme (66.5% of the Fund by active membership are scheduled bodies) have secure public sector funding, and therefore there should be no doubt in their ability to continue to make their pension contributions. In addition, following the latest triennial valuation, the Pension Fund has allowed employers to pay their deficit contributions in advance for either 1 or 3 years, as at May 2020 two prepayments have been made equalling £11.6m.

Following the latest actuarial valuation and schedule of employer contribution payments, the Pension Fund has reviewed its cash flow forecast. The Fund should have sufficient cash for the next 3 years (excluding the receipt of any employer contributions paid in advance on 1 April 2021) to meet its obligations to pay pensions without selling any investments. Should investments be required to be sold as a result of negative cash flows or employers being unable to pay their contributions (which is not expected) the Pension Fund would have ready access to cash as 72% of the Fund could be sold at short notice from the Level 1 and Level 2 investments. For further information please refer to the Fund's Cash Management Strategy. [Cash Management Strategy](#)

Notes to the Pension Fund Accounts (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Account – Revenue Recognition

Contribution Income

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

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

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

Transfers to and from Other Schemes

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

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

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

Investment Income

i) Interest income

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

ii) Dividend income

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

iii) Distributions from pooled funds

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

iv) Movement in the net market value of investments

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

Stock lending

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

Notes to the Pension Fund Accounts (continued)

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 staff costs of the pension's administration team are charged to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund in accordance with Council policy.

Oversight and Governance Costs

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

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

Investment Management Expenses

Investment Management expenses are accounted for on an accruals basis.

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

Where an Investment Manager's fee note has not been received by the year end date, an estimate based upon the market value of their mandate as at the end of the year is used for inclusion in the Fund Account. In 2019-20, £406k of fees are based upon such estimates (2018-19: £1.6m). In addition, manager fees deducted from pooled funds of £10.6m (2018-19: £7.2m) are estimated based upon information received from fund managers.

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

Notes to the Pension Fund Accounts (continued)

Net Assets Statement

Financial Assets

Financial assets are included in the Net Assets Statement on a fair value basis, except for assets held at amortised cost.

Assets held at amortised cost includes contributions owing from employers and cash deposits. These 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 measures 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 IAS 19 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.

Accounting Standards Issued, not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2019 – 20 requires the disclosure of information relating to the expected impact of changes that will be required by a new standard that has been introduced but not yet adopted. There are no such standards which would materially impact the Fund.

4. CRITICAL JUDGEMENT IN APPLYING ACCOUNTING POLICIES

Pension Fund Liability

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

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

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

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

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

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

The items in the Financial Statements as 31 March 2020 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. The actuary has included the McCloud judgement within their calculation shown in Note 20.

- **Effect if Actual Results Differ from Assumptions:**

The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £443 million. A 0.5% increase in assumed earnings inflation would increase the value of liabilities by approximately £33 million, and a 1 year increase in assumed life expectancy would increase the liability by approximately 3-5%. Although the example above is based on an increase, a decrease to discount rate and assumed life expectancy could also occur.

Notes to the Pension Fund Accounts (continued)

- **Cambridge and Counties Bank**

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

Effect if actual results differ from assumptions: The investment in the financial statements is £58m. 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 £56.6m to £59.4m. 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. There is a higher level of uncertainty for Private Equity as a result of the Covid-19 pandemic. The Fund is monitoring the situation closely and liaising regularly with its investment adviser to consider any necessary actions to respond. See Note 16a.

Effect if actual results differ from assumptions: Private equity and infrastructure investments (excluding Cambridge and Counties Bank – see above) at fair value in the financial statements are £459.8m. 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 23.2%, which indicates that other private equity and infrastructure values may range from £566.5m to £353.1m.

6. EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to year end, there has been a recovery in the markets following the Covid-19 pandemic however there is continuing volatility in the market. The Fund is monitoring the situation closely and liaising regularly with its investment adviser to consider any necessary actions to respond.

7. CONTRIBUTIONS RECEIVABLE

By Category:

31-Mar-19		31-Mar-20
£000		£000
26,427	Employees' contributions	27,710
	Employers' contributions:	
84,341	Normal contributions	86,404
13,804	Deficit recovery contributions	12,357
98,145	Total employers' contributions	98,761
124,572		126,471

By Authority:

31-Mar-19		31-Mar-20
£000		£000
27,027	Administering Authority	27,237
91,122	Scheduled Bodies	92,321
6,423	Admitted Bodies	6,913
124,572		126,471

8. TRANSFERS IN FROM OTHER PENSION FUNDS

31-Mar-19		31-Mar-20
£000		£000
4,882	Individual transfers	6,704
	- Group transfers	-
4,882		6,704

Notes to the Pension Fund Accounts (continued)

9. BENEFITS PAYABLE

By category:

31-Mar-19	31-Mar-20
£000	£000
84,204 Pensions	88,520
19,244 Commutation and lump sum retirement benefits	16,162
2,811 Lump sum death benefits	3,181
106,259	107,863

By authority:

31-Mar-19	31-Mar-20
£000	£000
36,750 Administering Authority	35,395
60,117 Scheduled Bodies	63,221
9,392 Admitted Bodies	9,247
106,259	107,863

10. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

31-Mar-19	31-Mar-20
£000	£000
400 Refunds to members leaving service	248
4,732 Group transfers	-
6,039 Individual transfers	9,871
11,171	10,119

11. MANAGEMENT EXPENSES

31-Mar-19	31-Mar-20
£000	£000
2,018 Administrative costs	3,415
14,544 Investment management expenses	14,673
327 Oversight and governance costs*	916
16,889	19,004

*Fees payable to External Auditors, included within Oversight and Governance costs were £17k during the year (2018-19 £17k). Administration expenses have increase during the year due to expenditure relating to 2018-19 being paid in 2019-20

12. INVESTMENT MANAGEMENT EXPENSES

31-Mar-19	31-Mar-20
£000	£000
11,904 Management fees	12,199
1,068 Performance related management fees	1,175
606 Transaction costs	456
966 Other costs	843
14,544	14,673

13. INVESTMENT INCOME

31-Mar-19	31-Mar-20
£000	£000
424 Income from bonds	494
18,775 Income from equities	14,865
14,461 Pooled investments – unit trusts and other managed funds	4,807
7,277 Pooled Property Investments	8,000
4,001 Private equity/infrastructure income	5,649
360 Interest on cash deposits	561
195 Other – securities lending income	71
45,493	34,447

Notes to the Pension Fund Accounts (continued)

14. INVESTMENTS

31-Mar-19		31-Mar-20
£000		£000
	Investment assets	
79,206	Bonds	155,686
377,322	Equities	1
2,086,961	Pooled investments	2,029,182
236,858	Pooled property investments	225,063
363,874	Private equity/infrastructure	517,798
27,593	Cash deposits	31,585
	- Derivatives Contracts: Options	138,546
3,992	Investment income due	722
1,910	Amounts receivable for sales	-
3,177,716	Total investment assets	3,098,583
	Investment liabilities	
	- Derivatives Contracts: Options	(101,964)
(345)	Amounts payable for purchases	-
(345)	Total investment liabilities	(101,964)
3,177,371	Net investment assets	2,996,619

Notes to the Pension Fund Accounts (continued)

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

	Market value 01-Apr-19	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-20
	£000	£000	£000	£000	£000
Bonds	79,206	76,002	(1,127)	1,605	155,686
Equities	377,322	589,073	(928,370)	(38,024)	1
Pooled investments	2,086,961	521,533	(353,894)	(225,418)	2,029,182
Pooled property investments	236,858	11,362	(16,219)	(6,938)	225,063
Private equity/infrastructure	363,874	175,160	(43,927)	22,691	517,798
	3,144,221	1,373,130	(1,343,537)	(246,084)	2,927,730
Derivative contracts:					
• Forward Currency Contracts	-	3,846	(316)	(3,530)	-
• Purchased/written options	-	-	-	36,582	36,582
	3,144,221	1,376,976	(1,343,853)	(213,032)	2,964,312
Other investment balances:*					
· Cash deposits	27,593			4,301	31,585
· Investment income due	3,992			-	-
· Amount receivable for sales	1,910			-	722
· Spot FX contracts	-			160	-
· Amounts payable for purchases of investments	(345)			-	-
Net investment assets*	3,177,371			(208,571)	2,996,619

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

Notes to the Pension Fund Accounts (continued)

14(a) RECONCILIATION OF MOVEMENTS IN INVESTMENTS AND DERIVATIVES

	Market value 01-Apr-18	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-19
	£000	£000	£000	£000	£000
Bonds	74,578	702	-	3,926	79,206
Equities	371,765	66,282	(63,531)	2,806	377,322
Pooled investments	1,953,899	1,310,227	(1,316,014)	138,849	2,086,961
Pooled property investments	206,671	45,324	(21,495)	6,358	236,858
Private equity/infrastructure	274,393	95,027	(35,645)	30,099	363,874
	2,881,306	1,517,562	(1,436,685)	182,038	3,144,221
Derivative contracts:					
• Forward Currency Contracts	-	6	(15)	9	-
	2,881,306	1,517,568	(1,436,700)	182,047	3,144,221
Other investment balances:*					
· Cash deposits	31,191			723	27,593
· Investment income due	3,535			-	3,992
· Amount receivable for sales	-			-	1,910
· Spot FX contracts	-			(25)	-
· Amounts payable for purchases of investments	-			-	(345)
Net investment assets*	2,916,032			182,745	3,177,371

* Other Investment balances and Net investment assets do not add across as purchases, sales and other movements (£1.6m) are not disclosed here, in accordance with CIPFA guidance.

Notes to the Pension Fund Accounts (continued)

14(b). ANALYSIS OF INVESTMENTS

31-Mar-19 £000		31-Mar-20 £000
	Bonds	
79,206	UK - Public sector quoted	155,686
79,206		155,686
	Equities	
357,667	UK - Quoted	1
19,655	Overseas - Quoted	-
377,322		1
	Pooled funds – additional analysis	
70,173	UK - Fixed income	-
70,343	UK - Equity	73,090
226,543	Overseas - Fixed income	203,953
1,718,324	Overseas - Equity	1,749,717
1,578	Overseas - Cash Fund	2,422
2,086,961		2,029,182
236,858	Pooled property investments	225,063
363,874	Private equity/ infrastructure	517,798
600,732		742,861
27,593	Cash deposits	31,585
3,992	Investment income due	722
-	Derivative assets	138,546
1,910	Amounts receivable from sales	-
33,495		170,853
3,177,716	Total investment assets	3,098,583
	Investment liabilities	
(345)	Amounts payable for purchases	-
-	Derivative liabilities	(101,964)
(345)	Total investment liabilities	(101,964)
3,177,371	Net investment assets	2,996,619

Notes to the Pension Fund Accounts (continued)

14(c). INVESTMENTS ANALYSED BY FUND MANAGER

Market value 31-Mar-19			Market value 31-Mar-20	
£000	% of net investment assets		£000	% of net investment assets
Investments managed under Pool Governance:				
498,776	15.7	Link Fund Solutions	969,299	32.3
765,050	24.1	UBS Global Asset Management	853,507	28.5
1,263,826	39.8	Total Investments managed under Pool Governance	1,822,806	60.8
Investments managed outside Pool Governance:				
80,458	2.5	Adams Street Partners	95,975	3.2
12,447	0.4	Allianz Global Investors	19,719	0.7
19,209	0.6	AMP Capital	41,117	1.4
81,100	2.6	Cambridge and Counties Bank	58,000	2.0
14,913	0.5	Cambridge Building Society	15,000	0.5
33,341	1.0	Equitix Investment Management	37,172	1.2
-	-	Foresight Group	4,972	0.2
58,546	1.8	HarbourVest Partners (UK)	72,709	2.4
-	-	IFM Infrastructure	60,937	2.0
524,841	16.5	JO Hambro Capital Management	-	-
60,888	1.9	M&G Investments	55,411	1.8
9,759	0.3	M&G Real Estate	55,048	1.8
37,370	1.2	Partners Group (UK)	42,816	1.4
-	-	River and Mercantile Group	192,269	6.4
946,737	29.9	Schroders Investment Management	373,605	12.5
16,742	0.5	UBS Infrastructure	14,331	0.5
17,194	0.5	Cash with custodian	34,732	1.2
1,913,545	60.2	Total Investments managed outside Pool Governance	1,173,813	39.2
3,177,371	100.0	Net investment assets	2,996,619	100.0

All the above companies are registered in the United Kingdom.

Notes to the Pension Fund Accounts (continued)

The following investments represent more than 5% of the net assets of the scheme as at 31 March 2020.

Security	31-Mar-19	% of total fund	31-Mar-20	% of total fund
	£000	%	£000	%
LF ACCESS Global Stock - Dodge and Cox	498,776	15.6	316,598	10.5
J O Hambro Capital Management LTD Global Select Fund	509,096	15.9	-	-
LF ACCESS Global Equity - J O Hambro	-	-	386,254	12.8
LF ACCESS Global Equity - Longview	-	-	266,447	-
UBS Asset Management Life USA Equity Tracker Hedged	-	-	186,591	6.2
UBS Global Asset Life North America Equity Tracker	180,827	5.7	-	-
Schroder Investment Management Strategic Bond	165,656	5.2	-	-
	1,354,355		1,155,890	

14(d). STOCK LENDING

The Fund's Investment Strategy sets the parameters for the Fund's stock-lending programme. At 31 March 2020, the value of quoted equities on loan was nil (31 March 2019: £66.2m). The Fund held fewer assets available for lending at 31 March 2020, as the Fund has transitioned its segregated holdings into pooled funds in the ACCESS pool.

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 between the Fund and the various investment managers.

• Futures

There were no outstanding exchange traded future contracts at 31 March 2020 or 31 March 2019.

• 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 2020 or 31 March 2019. 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-19	Notional Holdings	31-Mar-20
				£000		
Assets				£000	£000	
Equity purchased	Over three months	Put	-	-	172,896	138,545
Total assets						138,545
Liabilities						
Equity written	Over three months	Put	-	-	(222,053)	(98,506)
Equity written	Over three months	Call	-	-	(168,826)	(3,457)
Total liabilities						(101,963)
Net purchased/written options						36,582

Notes to the Pension Fund Accounts (continued)

16. FAIR VALUE

16a. Fair value hierarchy

Valuation of Financial Instruments Carried at Fair Value

Asset and liability valuations have been classified into three levels, according to the quality and reliability of information used to determine fair values. Transfers between levels are recognised in the year in which they occur. The Fund has adopted the classification guidelines recommended in the Practical Guidelines on Investment Disclosures (PRAG/Investment Association, 2016).

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

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

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

Values at 31 March 2020	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Financial assets at fair value through profit and loss	2,423	2,376,040	687,813	3,066,276
Total financial assets	2,423	2,376,040	687,813	3,066,276

Values at 31 March 2019	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Financial assets at fair value through profit and loss	458,106	2,163,820	522,295	3,144,221
Total financial assets	458,106	2,163,820	522,295	3,144,221

Notes to the Pension Fund Accounts (continued)

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

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

Notes to the Pension Fund Accounts (continued)

Sensitivity of assets valued at Level 3

Having analysed historical data and current market trends, and consulted with independent investment advisers, the Fund has determined that the valuation methods described above are likely to be accurate within the following ranges and has set out below the consequent potential impact on the closing value of investments held at 31 March 2020.

Asset Type	Market Value as at 31-Mar-20 £000	Assessed valuation range (+/-)	Value on Increase £000	Value on Decrease £000
Private Equity	462,750	23.2%	570,108	355,392
Property	225,063	14.2%	257,022	193,104
Total Assets	687,813		827,130	548,496

16(b) RECONCILIATION OF FAIR VALUE MEASUREMENTS WITHIN LEVEL 3

Period 2019-20	Market value 01- Apr-19	Transfers in/out of Level 3	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Unrealised gains/(losses)	Realised gains/(losses)	Market value 31- Mar-20
	£000	£000	£000	£000	£000	£000	£000
Pooled property investments	168,180	68,678	11,363	(16,219)	(11,379)	4,440	225,063
Private equity and infrastructure - equity	81,100	-	-	-	(23,100)	-	58,000
Private equity and infrastructure - other	273,015	-	129,576	(43,585)	30,549	15,195	404,750
Total	522,295	68,678	140,939	(59,804)	(3,930)	19,635	687,813

Reclassification of Pooled property investments from Level 2 to Level 3 in agreement with the fair value techniques for property.

Notes to the Pension Fund Accounts (continued)

17b. NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

31-Mar-19 £000		31-Mar-20 £000
Financial assets:		
182,038	Fair value through profit and loss	(246,084)
723	Amortised cost – realised gains on de-recognition of assets	4,461
Financial liabilities:		
9	Fair value through profit and loss	33,052
(25)	Amortised cost – realised losses on de-recognition of assets	-
-	Amortised cost – unrealised losses	-
182,745	Total gains/(losses)	(208,571)

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.

Subsequent to year end, there has been a recovery in the markets following the Covid-19 pandemic however there is continuing volatility in the market. The Fund is monitoring the situation closely and liaising regularly with its investment adviser to consider any necessary actions to respond.

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 2019-20 reporting period.

The potential price changes disclosed above are broadly consistent with one-standard deviation movement in the value of the assets. The sensitivities are consistent with the assumptions contained in the investment adviser's most recent review. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

Asset Type	Potential Market Movement +/- (%p.a.)
UK equities	27.5%
Overseas equities	28.0%
Global pooled equities	28.0%
Index Linked Bonds	7.4%
Pooled fixed interest bonds	9.8%
Property	14.2%
Alternatives	23.2%
Cash and Other investment balances	0.3%

Notes to the Pension Fund Accounts (continued)

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

31-Mar-20	Value as at	% (rounded)	Value on	Value on
Asset Type	31-Mar-20	Change	Increase	Decrease
	£000		£000	£000
UK equities	73,091	27.5%	93,191	52,991
Global pooled equities	1,749,717	28.0%	2,239,637	1,259,796
Index Linked Bonds	155,686	7.4%	167,207	144,165
Pooled fixed interest bonds	203,953	9.8%	223,941	183,966
Property	225,063	14.2%	257,022	193,104
Alternatives	517,798	23.2%	638,067	397,528
Cash and Other investment balances	71,311	0.3%	71,525	71,097
Total Assets	2,996,619		3,690,590	2,302,647

31-Mar-19	Value as at	% (rounded)	Value on	Value on
Asset Type	31-Mar-19	Change	Increase	Decrease
	£000		£000	£000
UK equities	428,009	16.6%	499,059	356,960
Overseas equities	19,655	16.9%	22,976	16,333
Global pooled equities	1,718,325	16.9%	2,008,721	1,427,928
Index Linked Bonds	79,206	9.2%	86,493	71,919
Pooled fixed interest bonds	296,716	10.5%	327,871	265,561
Property	236,858	14.3%	270,728	202,978
Alternatives	363,874	24.7%	453,657	274,092
Cash and Other investment balances	34,728	0.5%	34,902	34,555
Total Assets	3,177,371		3,704,407	2,650,326

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 2020 and 31 March 2019 is set out below. 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-19	Asset Type	31-Mar-20
£000		£000
27,593	Cash and cash equivalents	31,585
4,707	Cash balances	9,076
79,206	Index-linked securities	155,686
296,716	Fixed interest securities	203,953
408,222	Total	400,300

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

Exposure to interest rate risk	Asset values at 31-Mar-19 £000	Impact of 1% decrease £000	Impact of 1% increase £000
Cash and cash equivalents	27,593	27,593	27,593
Cash balances	4,707	4,707	4,707
Index-linked securities	79,206	79,998	78,414
Fixed interest securities	296,716	300,279	293,749
Total change in assets available	408,222	412,577	404,463

Notes to the Pension Fund Accounts (continued)

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

Exposure to interest rate risk	Interest receivable 2018-19 £000	Value on 1% increase £000	Value on 1% decrease £000
Cash deposits, cash and cash equivalents	360	364	356
Index-linked securities	424	428	420
Fixed interest securities	3,598	3,598	3,598
Total	4,382	4,390	4,374

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.

During the year the Fund partially hedged the currency exposures on its 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 10.0% (the 1 year expected standard deviation). A 10.0% (31 March 2019: 10.0%) fluctuation in the currency is considered reasonable based on the Fund adviser’s analysis of long-term historical movements in the month-end exchange rates over a rolling 36 month period. This analysis assumes that all other variables, in particular interest rates, remain constant. A 10.0% strengthening/weakening of the pound against the various currencies in which the fund holds investments would decrease/increase the net assets available to pay benefits as follows.

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

Assets exposed to currency risk	Value at 31-Mar-19 £000	Potential market £000	Value on increase £000	Value on decrease £000
Overseas Equities	1,737,979	173,798	1,911,777	1,564,181
Overseas Fixed Income	226,543	22,654	249,197	203,889
Overseas Cash Fund	1,578	158	1,736	1,420
Total	1,966,100	196,610	2,162,710	1,769,490

b) Credit risk

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

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

Notes to the Pension Fund Accounts (continued)

The Council believes it has managed its exposure to credit risk, and has had no experience of default or uncollectible deposits over the past five financial years. The Fund's cash holding under its treasury management arrangements at 31 March 2020 was £40.6m (31 March 2019: £32.3m). This was held with the following institutions:-

	Rating	31-Mar-19 £000	31-Mar-20 £000
Money market funds			
Northern Trust Global Investors Global Cash Fund	AAAF S1+	27,427	30,835
Bank deposit account			
Barclays Bank	A	4,707	9,076
Bank current accounts			
Northern Trust custody accounts	A-1+	166	750
Total		32,300	40,661

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 2020 the value of illiquid assets was £742.9m, which represented 24.6% of the total Fund assets (31 March 2019: £600.7m, which represented 18.8% 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 2020 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 %		
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-19		31-Mar-20
£m		£m
(4,829)	Present value of promised retirement benefits	(4,305)
3,187	Fair value of scheme assets (bid value)	3,015
(1,642)	Net liability	(1,290)

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.

Note that the above figures include allowance for the "McCloud ruling", i.e. an estimate of the potential increase in past service benefits arising from this case affecting public service pension schemes.

Assumptions used

31-Mar-19		31-Mar-20
% p.a.	Assumption	% p.a.
2.5	Inflation/pension increase rate assumption	1.9
2.8	Salary increase rate	2.4
2.4	Discount rate	2.3

Notes to the Pension Fund Accounts (continued)

21. CURRENT ASSETS

31-Mar-19	31-Mar-20
£000	£000
Debtors:	
1,847 Contributions Due – Members	2,288
5,900 Contributions Due – Employers	6,018
5,614 Sundry Receivables	9,827
13,361	18,133
4,707 Cash Balances	9,076
18,068	27,209

22. CURRENT LIABILITIES

31-Mar-19	31-Mar-20
£000	£000
3,088 Sundry Payables	7,363
389 Benefits Payable	1,808
3,477	9,171

23. ADDITIONAL VOLUNTARY CONTRIBUTIONS

31-Mar-19	31-Mar-20
£000	£000
7,683 Prudential	7,653
363 Equitable Life	-
- Utmost	361
8,046	8,014

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-19	31-Mar-20
£000	£000
3,625 Unfunded pensions	3,618
3,625	3,618

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 £2.4m (2018-19: £2.2m) in relation to the administration of the Fund and was subsequently reimbursed by the Fund for these expenses.

The Council is also the single largest employer of members of the Pension Fund and contributed £21.0m, excluding Local Education Authority schools, to the Fund in 2019-20 (2018-19: £21.0m). At 31 March 2020 there was £5.7m (31 March 2019: £0.2m) due to the Fund by the Council.

Governance

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

- John Walker
- Lee Phanco

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

Cambridge and Counties Bank

The Fund is joint owner, along with Trinity Hall, Cambridge, of Cambridge and Counties Bank (CCB). As the Fund has no controlling interest in the Bank and it is included within the Fund's financial statements as a minority interest. An Officer of the Pension Fund is a Non-executive Director on the Board of CCB, for which CCB paid £52,250 during the year (2018-19 £49,688) to the Council.

25(a) KEY MANAGEMENT PERSONNEL

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

26. CONTINGENT LIABILITIES AND CONTRACTUAL COMMITMENTS

Outstanding capital commitments at 31 March 2020 totalled £318.0m (31 March 2019: £315.0m).

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

27. CONTINGENT ASSETS

Nineteen 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 ACCESS 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.

AUM Assets Under Management.

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

BID PRICE The price at which securities are purchased by market makers.

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

CASH EQUIVALENTS Assets which are readily convertible into cash.

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.

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

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.

CTI Cost Transparency Initiative.

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.

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]

Glossary (Continued)

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

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

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

FINANCIAL CONDUCT AUTHORITY (FCA) The lead UK regulator. A designated agency which is not a government department.

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

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

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

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

GMP Guaranteed Minimum Pension.

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

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

IAS International Accounting Standards

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.

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

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

LPB Local Pension Board.

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

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

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

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

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.

Glossary (Continued)

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

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

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.

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.

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

UNIT TRUST An open-ended trust investing in a wide spread of stocks, shares and cash (subject to FSA limits). Investors buy units directly from the 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.