

AUDIT AND ACCOUNTS COMMITTEE



Friday, 30 October 2020

Democratic and Members' Services

Fiona McMillan
Monitoring Officer

10:00

Shire Hall
Castle Hill
Cambridge
CB3 0AP

COVID-19

During the Covid-19 pandemic Council and Committee meetings will be held virtually for Committee members and for members of the public who wish to participate. These meetings will be held via Zoom and Microsoft Teams (for confidential or exempt items). For more information please contact the clerk for the meeting (details provided below).

AGENDA

Open to Public and Press

1. **Apologies for absence and declarations of interest**
Guidance on declaring interests is available at <http://tinyurl.com/ccc-conduct-code>
2. **Audit and Accounts Minutes 22nd September 2020** **1 - 10**
3. **Minutes Action Log** **11 - 14**
4. **Petitions and Public Questions**
5. **Cambridgeshire Pension Fund Annual Report and Statement of Accounts 2019-20** **15 - 156**
6. **Whistleblowing Policy Annual Report 2019-20** **157 - 176**

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|-----------|---|------------------|
| 7. | Internal Audit Draft Annual Report 2019-20 | 177 - 198 |
| 8. | Forward Agenda Plan as at 21st October 2020 | 199 - 212 |
| 9. | Date of Next Meeting 24th November 2.00 p.m. | |

The Audit and Accounts Committee comprises the following members:

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

Councillor Mike Shellens (Chairman) Councillor Terence Rogers (Vice-Chairman)
Councillor Peter Hudson Councillor Mac McGuire Councillor Tom Sanderson Councillor
David Wells and Councillor John Williams

| | |
|------------------|-------------------------------------|
| Clerk Name: | Rob Sanderson |
| Clerk Telephone: | 01223 699181 |
| Clerk Email: | rob.sanderson@cambridgeshire.gov.uk |

AUDIT AND ACCOUNTS COMMITTEE: MINUTES

Date: Tuesday 22nd September 2020

Time: 2.00 pm – 3.24 pm

Place: Virtual Meeting

Committee Members Present:

Councillors: P Hudson, M McGuire, T Rogers (Vice Chairman), T Sanderson, M Shellens, (Chairman) and J Williams

Apologies: Councillor D Wells

Officers Present:

Robin Bates LGSS Head of Revenues and Benefits (Minute 264)

Debra Collins Service Delivery Manager Revenues and Benefits (Minute 264)

Christine Favill Corporate Operations Manager , Corporate Debt Recovery (Minute 264)

Tom Kelly Head of Finance

Fiona McMillan Joint Director of Law and Governance

Rob Sanderson - Democratic Services Officer

Duncan Wilkinson - Chief Internal Auditor

260. APOLOGIES FOR ABSENCE DECLARATIONS OF INTEREST

An apology was received from Councillor Wells.

261. MINUTES OF THE AUDIT AND ACCOUNTS COMMITTEE DATED 30th July

It was resolved:

That the minutes of the meeting held on 30th July 2020 were agreed as a correct record and would be signed by the Chairman when Shire Hall was re-opened

262. MINUTE ACTION LOG UPDATE

As the actions had either been completed, or would be included as updates to the draft Annual Accounts to be presented to the additional October meeting scheduled to approve the final accounts,

It was resolved:

To note the Minute Action Log.

263. PETITIONS AND PUBLIC QUESTIONS

None received for either by the County Council Constitution deadlines.

264. DEBT MANAGEMENT UPDATE

The Committee has specifically asked for details of progress on the management of debts owed to the Council with quarterly updates on agreed reporting requirements. In addition, at the July Committee meeting, a specific update was also requested for the current meeting formal agenda to also include updates on debts owed by Cambridge and Peterborough NHS Clinical Commissioning Group CCG and LGSS Law)

The report was an update from that previously reported in January 2020 and set out the most recent position with regard to collection of 2019/2020 debt as well as progress made within Quarter 1(Q1) of 2020/21. As agreed at the previous Audit and Accounts Committee, the quarterly update used the following three key performance indicators:

- (a) Collection Rates
- (b) Overall Debt Movement
- (c) Classification of Overdue Debt to monitor 'Total Debt Issue'

In terms of collection rates, tables in the report showed month by month the number of invoices raised in terms of value and the amount collected by value. This indicator demonstrated that the majority of invoices raised during the year were collected promptly, with the % collected increasing the further an invoice moved through the initial recovery cycle. A summary of the collection rates for 2019-20 showed that the 'In year' collection' had been 96% with collection rates by volume achieving 93% exceeding the CIPFA benchmarking average of 87%. For 2020--21 collection would again be much higher later in the year once some of the large invoices were collected. 'In year collection' was so far at 93% with collection rate by volume at 83%.

The report highlighted that the debt recovery function had moved into the LGSS Revenues & Benefits service at the end of February 2019. A high level comparison of the overall Cambridgeshire County Council (CCC) debt movement through 2019/20 and into Quarter 2 2020/21 indicated an £6.77m improvement in the overall debt position whilst managed by LGSS Revenues & Benefits. From the data in the report, the movement of overall debt demonstrated that whilst aged debt was continually being cleared, as it was the case that new invoices were being raised each month there would always be a level of debt reported as outstanding. Officers were continuing their focus on reviewing the oldest and largest debts. The report tables showed that there had been a reduction of debt that was between 366 and 730 days of £2.74m (75%).

Of the £35.53m total debt that was outstanding at 1 March 2019, only £10.84m remained unpaid at 1st October 2019. By 31 December 2019 this had reduced to £9.58m with the position at 1st September 2020 showing a further reduction to £6.9m, a total reduction in debt of £28.5m. The reduction of debt that was between 366 and 730 days had reduced by £2.74m (75%). The report explained that the most significant movement in the debt was realised in the earlier stages of recovery, demonstrating the effect of the Team's focus on ensuring that new debt did not become aged debt.

While the overall debt figure was £21.38m as at 1st September 2020, £6.5m of this was owed by Cambridge and Peterborough NHS CCG, with further detail set out in Appendix A to the report. A further £0.05m was debt assigned to LGSS Law and were both managed by Cambridgeshire County Council (CCC) Finance Team. The overall debt under the management of the debt team stood at £14.8m and as set out in the detail of the report was further broken down to identify 'problem debt' where collection was or might be an issue.

Issues raised in debate included:

- While Officers had indicated that the monthly collection target by volume by March in the current year had exceeded the CIPFA benchmarking average, looking at the bottom line of the table in 2.1 it had actually fallen between February and March 2020. It was explained that from March 2020 through to August 2020 had been the period of lockdown. During this six months period there was a performance dip as the Debt Collection Team had been mindful of the position many people found themselves in, especially in respect of Adult Social Care debt. As a result, during that period active recovery and reminders were suspended. However, since then, automatically generated reminders had recommenced.
One Member highlighted that there had been a significant increase in invoices issued in January 2020 compared to other months. This was the likely result of Services being aware that they were approaching the end of the year and needed to ensure all invoices issued were for the correct year. This had also been at the time the Adult Social Services Team changed their invoice practices to ensure they were not so far in arrears and had undertaken a double run. *Action: The officer undertook to check that this had been the reason and would write to the Committee to confirm outside of the meeting. Note A response was provided to the Committee in an email dated 23rd September.*
- In reply to a query raised regarding the significantly smaller number of invoices raised in May 2020 as set out in the table in 2.1.2 this would also have been a result of the changes to Adult Social Care billing undertaken in that period.
- Questioning why LGSS Law and NHS CCG debt was the responsibility of the Finance Team rather than the Debt Collection Team. The Head of Finance explained that in terms of LGSS Law they were almost back to business as usual and now would have very little debt going forward as cash flow had been stabilised and they would now be handed back to the Debt Management Team. In terms of the NHS CCG debt

the vast majority of this would be collected and was in respect of joint funding such as the Better Care Fund and was paid on time. The more complicated area was in respect of jointly funded client based debt linked to social care assessments. Some of the issues had been CCG capacity, while others were the result of payments matched to the wrong invoices resulting from initial ERP implementation issues. As a result of the complexity of the data involved, this required further investigation by the Finance Team. However, now that the reconciliation exercise was complete, the debt recovery position was much improved.

- Linked to the above, a question was raised on what difference did this make to overall debt outstanding. The CCG debts were currently £6.5m and as the Debt Recovery Team focussed on debts managed by them this reduced the debt from £21m to around £14m. The Chairman asked if there was a target date when this might happen. Reference was made to the Appendix to the report providing more detail, but was likely to be at least a further six month period while Nursing Care would reduce to zero as this was no longer funded by the CCG. Of the accumulated debt, £1.9m had been collected in the last year, and as the reconciliation period had finished, there was an expectation of being able to get the debt below £3m.
- Cllr Hudson, the Chairman of the Health Committee highlighted that the debt of CCG funding Nursing Care debt went back to 2017-18 and as the CCG were currently £133m in debt, he asked where the Council stood in the debtors order for receiving its money back. It was explained that the CCG has a number of financial challenges before the pandemic and as they had been able to reimburse another council for monies owed, the Head of Finance was confident the money would be repaid, but it was right to challenge that it should be pursued, to ensure the payments were received.
- In respect of the table in paragraph 2.2 – ‘movement in overall debt’, the Chairman asked for an explanation of how the figures could vary so greatly in different months. As an example on the 1st January 2020 the debt was £12.22 million but by 1st April it had fallen to £2.75m. He had expected to see a wave pattern of the debt continuing to rise and then falling in later months. It was explained that it was a snap shot on the date given and reflected that in January the debt reflected the invoices raised in December, for instance for the CCG, but then many were paid by the next snap shot period and if paid, would not show up as part of the next snapshot period. Invoices were raised every month but were also being paid on a regular basis, with peaks of invoices raised at certain times of the year. The CCG debt did tend to cloud the movement of debt.
- In the same table the Chairman referencing the figure of £4.59 debt over 730 days asked how much of this could realistically be expected to be recovered and how much would need to be written off. In reply, some of this was CCG debt (£2.6m), and it was anticipated a large element would be recovered. The next table in the report explained overdue debt in more detail and showed that for over 730 days at 1st March 2019 debt the figure was £1.77m and had reduced to a figure of

£0.73m by September 2020 which would be cleared either by payment, or a decision to write off.

In terms of when the next report could be presented, the Officers had suggested at the end of Quarter 4, and as this ended for the period ended 31st March a report could come forward to a meeting in the middle of May. The Chairman indicated that this was too long a period, as outstanding debt was still an issue with regard to overall Council finances and also, as it was after the next local elections (if they still went ahead) he might no longer be on the Council. He therefore asked for a progress report to come back within three months. Democratic Services highlighted that while there was no meeting of the Committee in December, there was already a further scheduled Debt Recovery report in the agenda plan to come forward to the January meeting. The Debt Officers agreed therefore to present an update report to that meeting, which, depending on timing of when the reports were required for despatch, would either report on the period to the end of November, or possibly to the end of December. Robin Bates highlighted that this would in fact be their final update, due to changes to LGSS.

It was resolved:

- a) To note the actions and approach being taken to manage income collection and debt recovery.
- b) Agree that a further update report on the debt position would be presented to the 26th January 2021 Committee meeting.

265. INTERNAL AUDIT PLAN

The Chief Internal Auditor introduced the report setting out the main areas of audit coverage for the period to 19th August 2020. He highlighted that while there was an agreed 2020/21 Audit Plan, following the outbreak of the Covid-19 pandemic it had been decided, in consultation with the Chief Executive and Chief Finance Officer, to pause the existing Audit Plan and to fully align Internal Audit resources to risks being managed by the County Council. This included seconding Internal Audit staff to the areas of greatest need, as detailed in the report.

The Internal Audit Team had completed the majority of the 2019/20 Internal Audit Plan sufficient to provide the annual Chief Internal Auditor opinion confirmed in the Internal Audit Annual Report and the Council's draft Annual Governance Statement. The audit work in the first few months had been transactional, looking at risks and issues the pandemic directly impacted, namely daily spend transactions, payroll and contract management in order to provide assurance that proper controls were operating effectively during the Pandemic and to confirm the legitimacy of the spend being undertaken. The Chief Internal Auditor was able to give positive assurance from that work that

for Cambridgeshire County Council no issues had arisen that gave concern, with nothing significant found in terms of fraud activity or materiality issues.

Details were shared on the National Procurement Guidance issued by the Government in March. Internal Audit had worked closely with Finance to ensure that the guidance was applied appropriately, with proper controls in place to support suppliers and services and no inappropriate payments had been found.

Section 3 of the report summarised details of the work undertaken, including project-based assignments. It was highlighted that Internal Audit had responded to requests from service areas requiring assistance on project support in respect of control and compliance. The expectation now was that the Service would revert to a more structured work-plan for the second half of the year concentrating on the key financial controls, but recognising that Covid-19 being would remain for the foreseeable future.

In terms of investigations, the Team has experienced higher than normal workloads, with the work carried over from 2019/20 having had a significant impact on resources. Annex B set out details of fraud monitoring, with confirmation given that no significant fraud activity had been detected, while ensuring vigilance in this area would continue.

Regarding following up on previous audit recommendations, these had been actively monitored up until the end of March 2020 but in line with the business continuity arrangements, and mindful of Council service pressures arising from Covid-19, internal audit had paused the process. The Internal Audit team had recently restarted this monitoring process from September and assurance was provided that the Audit Team would also revisit outstanding recommendations to confirm they remained relevant and proportionate through discussions with Services and that all relevant recommendations would either be confirmed as having been implemented, or that revised dates for implementation agreed. The intention would be to provide an update in the Internal Audit report to the November meeting. *Action: Chief Internal Auditor.*

Issues raised in the debate included:

- While one Member understood the philosophy of paying contractors / suppliers to ensure that they remained in business, he asked if the Cabinet Office had been prepared to underwrite the costs incurred. In reply it was explained that underwriting was not the correct phrase, as the logic had been that the Council would have had to pay during the period under the existing contracts terms if there had not been a pandemic. Further questions raised on this point were in relation to what would happen if the contractor still went bankrupt and there was a need to then go to another contractor and pay again for the services not received. While he was not aware of the exact route for obtaining

additional funding, there were routes to go to Government for additional funding if Councils slipped into financial difficulties.

- Referencing Annex B and fraud performance in table 1, there was a lack of detail regarding a recent school fraud and what action had been taken against the person involved in the fraudulent activity. It was explained that this was due to it not involving a Cambridgeshire County Council employee, if it had been, more information would have been provided. In answer to a question on whether the 12 cases of fraud recorded appeared to be a higher level than usual and whether was this an upsurge, this amount was not excessive, and none involved significant values.
- In reply to a question on whether court action for two blue badge offences fraud seemed excessive, national agencies viewed this as serious as it impacted on the wider society and vulnerable people. As the abuse of the scheme was a sensitive issue, where there was evidence of criminal fraud, the Service would always recommend that the case should be passed on to the Police. The decision to prosecute was not for the Service, but was a Police or 'Action Fraud' decision.
- A Member referencing the County Farms referral case text, expressed his frustration that the investigation had dragged on for so many months and the Committee was still not being given a date for a Committee report so that the Committee could see and discuss the outcome of the investigation and the proposals for leases on County Farms going forward. In reply to a clarification question he had raised, it was confirmed that the reference to the County Farms referral case was the Manor Farm audit inquiry and that as the case was still ongoing, it was difficult to provide an exact date for when a final report would come back to Committee, as it was still subject to very detailed legal advice due to the sensitive nature of the case. The draft audit report had been completed and sent out to stakeholders for accuracy checks, with 17th August the date originally provided as a deadline to receive responses, and the last of the responses only being received the previous evening. Assurances had been given to the Chief Executive that it was the top priority for Internal Audit to commit resources for a resolution, but currently the Chief Internal Auditor and the Council needed to have due regard to the legal processes involved and legal exchanges still ongoing. He was therefore limited on what he could say in a public forum. The Chairman made the point that he was also extremely frustrated and impatient for a report to come forward and the issues to be resolved and had been pressing the Chief Internal Auditor for a report for at least 18 Month. He made clear that he would expect to see a report to be considered by the Committee and certainly in good time before the next election as he would not wish to hand over this issue to a new Chairman, which he considered, would be unacceptable.
- The Vice Chairman raised the issue that the Committee was currently restrained from discussing certain reports classed as information reports which he considered were important to be in the public domain such as the Transformation Fund Monitoring Report, the Annual Whistleblowing Report and the Finance Monitoring Report. In reply it

was explained that was currently in line with the instruction from Group Leaders in order to keep the number of reports on virtual meetings to a manageable level and was part of the Virtual Meetings Protocol agreed by Full Council and restated, when agreeing a revised version at its meeting in July. *Action: The Joint Director of Law and Governance was happy to raise the Member's concern at the next Group Leaders meeting.*

- The Chairman in noting that the Internal Audit Service was two posts down and that the work was not decreasing, (especially as the Chief Internal Auditor had already indicated that the Team would be very busy with the audit work described earlier) asked whether there was enough resource to carry out the programme. In reply, it was explained that while they were currently two posts down in the Internal Audit Unit in Cambridgeshire these were not all involved in the Audit Plan as there were staff shared between three Councils. Also other staff had now returned from their Covid-19 redeployments, and there were also two new entrants, so there was sufficient staffing resources to deliver the planned work for Cambridgeshire, while also recognising that it was far more difficult to train new staff virtually. *In terms of proposed changes to the Audit Plan, a further report could be ready to come back to the Special Meeting in October to approve a revised version. Action Chief Internal Auditor / Head of Internal Audit 9Post meeting note this will now come to the November meeting)*
- Paragraph 3.3.3 PPN 02/20 – Supplier relief - Regarding the Internal Audit developed procedures for the end-to-end supplier relief process and as quoted, that later in the year there was the intention to include a focus on additional spend over £20k claimed by suppliers as a result of COVID-19, the Chairman asked when the Committee might see the results. It was explained that payments to suppliers national guidance still applied and Internal Audit would be looking at those in excess of £20k to ensure there were still good risk management procedures in place. The details would be coming back as part of the next Internal Audit update report. *Action: Chief Internal Auditor / Head of Internal Audit*
- Referencing paragraph 3.3.5 'Procurement Waivers' it was stated that a final report would be issued by the 4th September, the Chairman asked if this had happened. The Chief Internal Auditor indicated he would check and confirm the position to the Committee in an email outside of the meeting. *Action: Chief Internal Auditor.*
- Paragraph 3.4.4 referencing the 'Highways Project OBR' under the heading 'Ad-hoc projects' stating "*The team undertook work assessing the 'actual cost' information provided to the Council by the contractor in March, resulting in a significant repayment to the Council. This exercise resulted in numerous meetings, conversations and emails that confirmed the contractor was required to resubmit their final position as at 31st March 2019 and 2020 to allow the OBR to continue. Despite numerous reminders to the contractor, this has not been forthcoming. In early September 2020 the Executive Director, Place & Economy,*

sent a letter to SKANSKA and in clear terms set out the Council's expectations. The Chairman asked if a response had been received and if not, when could it be expected. Action: The Chief Internal Auditor understood that the work was still ongoing, but would check and provide the Chairman with a specific briefing outside of the meeting.

- While the Chairman accepted that Covid-19 impacts had required changes to the agreed Audit Plan, he asked to be briefed as soon as practicable on what had been removed, as it was important for the Committee to be aware of what had changed. *Action: Chief Internal Auditor would arrange a briefing outside of the meeting.*

Having considered and commented on the report,

It was resolved:

- a) to note the report.
- b) Agree that the Audit Plan for the remainder of 20/21 reflected the current environment and that the outcomes would be reported to Joint Management Team (JMT) and the Audit and Accounts Committee using the normal reporting arrangements.

266. FORWARD AGENDA PLAN

It was resolved:

To note the Forward Agenda Plan as set out.

267. DATE OF NEXT MEETING 10 A.M. 30TH OCTOBER 2020

CHAIRMAN
30th October 2020

AUDIT AND ACCOUNTS COMMITTEE MINUTES-ACTION LOG

This is the updated action log as at 21st October 2020 and captures the actions arising from the most recent Audit and Accounts Committee meeting and updates Members on the progress on compliance in delivering the necessary actions.

Minutes of 22nd September 2020

| Minute number | Item title | Responsible officer(s) | Action | Comments | Action status |
|---------------|---|------------------------|--|--|---------------|
| 264. | Debt management Update | R Bates | One Member highlighted that there had been a significant increase in invoices issued in January 2020 compared to other months. The officer undertook to check that this had been the reason and would write to the Committee to confirm outside of the meeting. | A response was provided to the Committee in an email dated 23 rd September included as an appendix to this Minute action log. | Completed |
| 265. | Internal Audit Plan a) Outstanding Audit Recommendations from previous reviews | Neil Hunter | At the meeting it was reported that Internal Audit team had recently restarted monitoring and would revisit outstanding recommendations to confirm they remained relevant and proportionate through discussions with Services and that all relevant recommendations would either be confirmed as having been implemented, or that revised dates for implementation agreed. | The intention would be to provide an update in the Internal Audit report to the November meeting on revisions to the Audit Plan. | Ongoing |

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| 265. | Internal Audit Plan b) Status of Information Reports | Fiona McMillan | The Vice Chairman raised the issue that the Committee was currently restrained from discussing certain reports classed as information reports which he considered were important to be in the public domain such as the Transformation Fund Monitoring Report, the Annual Whistleblowing Report and the Finance Monitoring Report. | The Joint Director of Law and Governance indicated that she was happy to raise the Member's concern at the next Group Leaders meeting. The issue was raised at Group Leaders on 20 th October who agreed to change the Virtual Meetings Protocol so that it would be up to individual committees to decide which information reports they took to Committee and which could be circulated for information outside of the meeting. | Completed |
| | c) Update report on Changes to Audit Plan | Neil Hunter | In terms of proposed changes to the Audit Plan, the Chief Internal Auditor indicated that a further report could be ready to come back to the Special Meeting in October to approve a revised version. | This update would now come forward to the November Committee meeting as part of the Internal Audit Progress Report | Ongoing |
| | d) Supplier relief – Internal Audit further focus on additional spend over £20k | Neil Hunter | The Chairman asked when there might be a report back on this work to ensure there were still good risk management procedures in place | The details would be coming back as part of the next Internal Audit update report which was scheduled for the November meeting. | Ongoing |

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| | e) paragraph 3.3.5 'Procurement Waivers' | Chief Internal Auditor | It was stated that a final report would be issued by the 4 th September, the Chairman asked if this had happened. The Chief Internal Auditor indicated he would check and confirm the position in an email outside of the meeting. | At the time of closing the action log this information was about to be shared with the Chairman. | Action completed |
| | | | | | |
| | f) Paragraph 3.4.4 referencing the 'Highways Project OBR' under the heading 'Ad-hoc projects' | | Referencing the work undertaken to assess the 'actual cost' information provided to the Council by the contractor in March, resulting in a significant repayment to the Council and despite numerous reminders to the contractor, this has not been forthcoming. The Chairman asked if a response had been received The Chief Internal Auditor would check and inform the Chairman outside of the meeting. | At the time of closing the action log this information was being shared with the Chairman. | Action completed |
| | | | | | |
| | g) Briefing on Audit Plan Changes | | While the Chairman accepted that Covid-19 impacts had required changes to the agreed Audit Plan, he asked to be briefed as soon as practicable on what had been removed, as it was important for him and the Committee to be aware of what had changed. | The Chief Internal Auditor would arrange a briefing outside of the meeting. There was to be an update report to the November meeting/ | |

Dear Audit and Accounts Committee

Further to a question raised at yesterday's meeting as to why there was an increase in invoices raised in January 2020 as shown in the table in paragraph 2.1.1. of the Debt Report, Debra Collins the presenting officer has looked into this to ascertain the exact details and her response is set out below and confirms what she stated as the likely reason at the meeting yesterday.

A detailed review of invoices raised in January 2020 shows that the Adult Social Care team raised two invoices for their customers in January 2020, this was to enable them to reduce the delay between provision of the service and billing for that service. In January invoices were raised for care received in November 2019 and December 2019 and moving forward customers are now billed 1 month in arrears rather than 2 months in arrears which had previously been the case.

If you require any further information please do not hesitate to contact me
Kind regards

Debra Collins IRRV (Hons)
Service Delivery Manager
LGSS Revenues & Benefits

Report title: Pension Fund Annual Report and Statement of Accounts 2019/20

To: Audit and Accounts Committee

Meeting Date: 30th October 2020

From: Ben Barlow – Fund Accounting Manager - Pensions

Electoral division(s): None

Forward Plan ref: Not applicable

Key decision: No

Recommendation: That the Audit and Accounts Committee:

1. Approves the Final Statement of Accounts and note the Annual Report of the Pension Fund for the 2019/20 financial year.
2. Views the findings of external audit documented in the ISA260.

Officer contact: Name: Ben Barlow
Post: Fund Accounting Manager
Email: BBarlow@northamptonshire.gov.uk
Tel: 07896 890375

Member contacts: Names: Councillors Michael Shellens and Terry Rogers
Post: Chair/Vice-Chair
Email: shellens@waitrose.com Terry.Rogers@cambridgeshire.gov.uk
Tel: 01223 706398

1. BACKGROUND

- 1.1. The Pension Fund's Statement of Accounts (SOA) form part of the County Council's Statement of Accounts. These are audited by the County Council's external auditor Ernst and Young LLP (EY). The auditor confirms whether, in their opinion, the SOA reflect a true and fair view of the financial position of the authority (and the Fund within it) for the financial year 1st April 2019 to 31st March 2020 and that the SOA is free from material misstatement.
- 1.2. The Fund's Annual Report and SOA have been subject to audit fieldwork by the County Council's external auditor. Whilst EY perform a full audit of the SOA, their work on the Annual Report is limited to a review to ensure compliance with guidance and consistency with the SOA. EY's initial findings are noted in Section 3.
- 1.3. The accounts are based on transactions accounted for within the Fund's financial ledger, information received from Investment Managers and the Fund's Custodian, and assumptions and estimations utilising the professional judgement of officers and Fund professional advisers in order to give a true and fair statement of the Fund's financial position.
- 1.4. The Chartered Institute of Public Finance and Accountancy(CIPFA) issued the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code), which governs the preparation of the financial statements for Local Government Pension Scheme funds. There were no changes in the Code that impacted on the Funds SOA. The latest CIPFA template is used each year to ensure that the reporting meets the requirements of the Code and is compliant with International Financial Reporting Standards (IFRS).
- 1.5. The publication of the Accounts is an essential feature of public accountability and stewardship as it provides information on how the Fund has used the members' funds for which it is responsible.
- 1.6. The structure and content of the Annual Report is governed by guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) in compliance with Regulation 57 of The Local Government Pension Scheme Regulations 2013 (as amended).

2. HIGHLIGHTS

- 2.1. The Fund Account and the Net Asset Statement provide a summary of the financial activity of the Fund, with the notes to the accounts providing further information. A copy of the Annual Report and Statement of Accounts (SOA) can be found at Appendix 1.
- 2.2. The net decrease for the year was £194.9m, with the Fund's net assets falling to £2,998m.
- 2.3. Contribution receipts increased slightly from £124.5m to £126.5m. The increase in contributions payments reflects the growth in the number of active members during the year.
- 2.4. Benefit payments have increased to £107.9m from £106.3m. The increase in pension payments reflects the growth in the number of pensioners during the year.
- 2.5. Administration expenses have increase during the year due to expenditure relating to 2018/19 being paid in 2019/20. Oversight and governance costs have increased due to the Fund compliance with the CIPFA Management Expenses guidance. Classifying all actuary, legal and consultancy costs within Oversight and Governance costs instead of previous classifications across Administrative costs and Investment management expenses.
- 2.6. The one-year investment returns as at 31st March 2020 was a net market loss of £191.1m. The investment return for the Fund over the financial year was -5.7% compared to the Fund's weighted benchmark return of -3.3% reflecting the financial situation brought about by the COVID-19 pandemic and the active investment management decisions made by the Fund.

- 2.7. Investment Income decreased from £45.5m in 2018/19 to £34.4m in 2019/20 mainly due to a large dividend received in 2018/19 from a pooled investment manager. Investment income is largely impacted by market performance and returns during the year.
- 2.8. Investment liabilities have increased following the implementation of the equity protection strategy.
- 2.9. The number of active employers decreased by 57 to 197 at 31st March 2020. Multiple academy trusts are counted as a single employer to reflect the contractual relationship between the Fund and the Trust.

3 FINDINGS AND FEEDBACK FROM EXTERNAL AUDIT FIELDWORK.

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

"In our opinion the pension fund financial statements:

- *Give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2020 and the amount and disposition of the fund's assets and liabilities as at 31 March 2020; and*
- *have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20"*

- 3.2. The report states that the financial statements are clear of material misstatement, and there are no ongoing concerns that require an individual management response.
- 3.3. The Final version of the Annual Report and Statement of Accounts will be published on the Fund's website and circulated to members.

Have the resource implications been cleared by Finance? Yes
Name of Financial Officer: Chris Malyon 21/10/2020

Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or LGSS Law? Yes
Name of Legal Officer: Fiona McMillan 16/10/2020

4 Source documents guidance

- 4.1 Appendix 1 Annual Report and Statement of Accounts 2019/20
- 4.2 Appendix A ACCESS Annual Report
- 4.3 Appendix 2 Auditors ISA260 2019/20 report
- 4.4 Appendix 3 Letter of Representation 2019/20



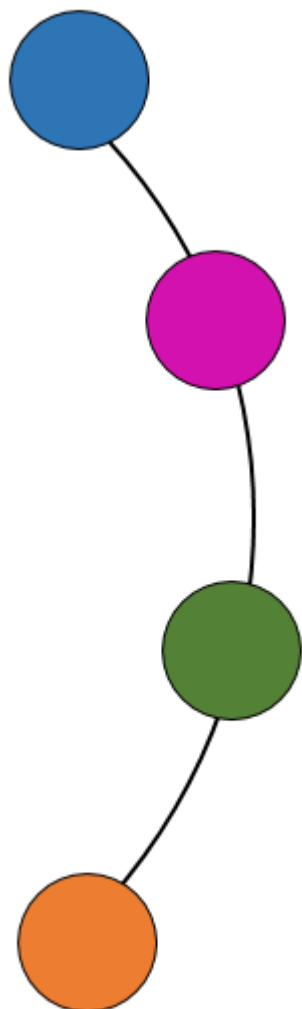
Appendix 1

Cambridgeshire County Council Pension Fund

Annual Report and Statement of Accounts

Year Ended 31 March 2020

Contents



1. PREFACE

| | |
|--|--------------------|
| Chairman's Foreword | 03 |
| Statement of Responsibilities | 04 |
| Scheme Management, Advisors & Partners | 05 |

2. SCHEME ADMINISTRATION

| | |
|--------------------------------|--------------------|
| Pension Fund Administration | 07 |
| Membership | 07 |
| Scheme Administration Tools | 07 |
| Scheme Framework | 08 |
| Committee & Board Membership | 10 |
| Policies & Strategy Statements | 11 |

3. MANAGEMENT AND FINANCIAL PERFORMANCE

| | |
|--------------------------|--------------------|
| The Team | 12 |
| Complaints and Appeals | 12 |
| Managing Decision Making | 13 |
| Risk Management | 14 |
| Financial Performance | 15 |
| Performance Indicators | 16 |
| Contributors to the Fund | 17 |

4. INVESTMENT POLICY AND PERFORMANCE

| | |
|--------------------------------------|--------------------|
| Investment Policy | 30 |
| Pooling | 31 |
| Asset Allocation | 33 |
| Investment Performance | 35 |
| Investment Consultants Annual Review | 38 |

5. ACTUARIAL INFORMATION

| | |
|-------------------|--------------------|
| Report by Actuary | 41 |
|-------------------|--------------------|

6. AUDIT OPINION

| | |
|--------------------|--------------------|
| Report by Auditors | 44 |
|--------------------|--------------------|

7. PENSION FUND ACCOUNTS

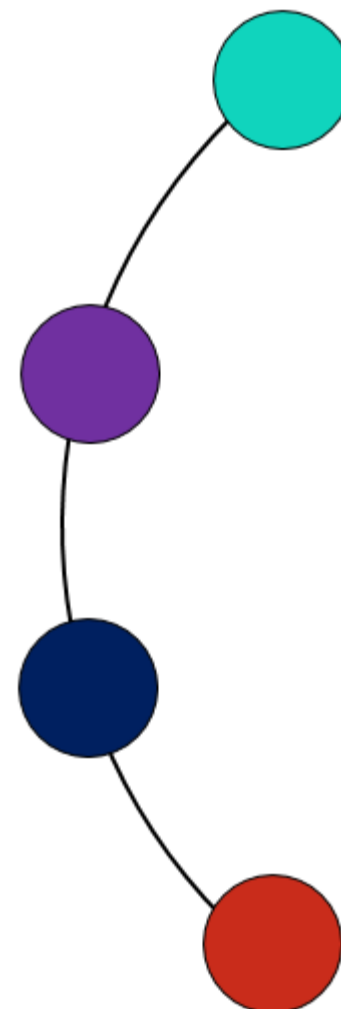
| | |
|--------------------------------|--------------------|
| Pension Fund Account and Notes | 47 |
|--------------------------------|--------------------|

8. GLOSSARY

| | |
|-------------------|--------------------|
| Glossary of Terms | 81 |
|-------------------|--------------------|

APPENDICIES

| | |
|-----------------------------------|-------------------|
| Appendix A - ACCESS Annual Report | A |
|-----------------------------------|-------------------|



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 £2.99bn, a decrease of £195m 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 risk management framework, including equity protection and currency hedging, has been put in place in order to protect the Fund against falling equity valuations and reduce the volatility associated with fluctuating currency rates.

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 60.8% 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 Pension Fund 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: XXXXXXXXXX

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

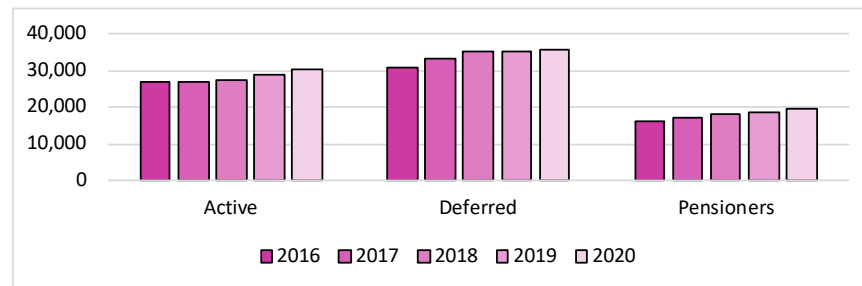
Cambridgeshire County Council is responsible for administering the Cambridgeshire Pension Fund, which is available to employees of the County Council, organisations with a statutory right to be in the scheme (scheduled bodies) and organisations, such as charities, which the County Council has admitted 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 | Tier 1 – Immediate payment with service enhanced to Normal Pension Age (65) | Tier 1 – Immediate payment with service enhanced to Normal Pension Age |
| | Tier 2 – Immediate payment with 25% service enhancement to Normal Pension Age (65) | Tier 2 – Immediate payment with 25% service enhancement to Normal Pension Age |
| | Tier 3 – Temporary payment of pension for up to 3 years | Tier 3 – Temporary payment of pension for up to 3 years |
| Indexation of Pension in Payment | CPI (RPI for pre-2011 increases) | CPI |
| Vesting Period | 3 months | 2 years |

Scheme Administration (Continued)

Pension 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 | • Pensions Committee • Investment Sub-Committee | 4/4* | 13 Sessions |
| Councillor Ian Gardener – vice Chairman | • Pensions Committee • Investment Sub-Committee | 3/4* | 8 Sessions |
| Councillor Anne Hay | • Pensions Committee • Investment Sub-Committee | 3/4* | 7 Sessions |
| Councillor Mike Shellens | • Pensions Committee • Investment Sub-Committee | 4/4* | 9 Sessions |
| John Walker | • Pensions Committee • Investment Sub-Committee | 2/4* | 10 Sessions |
| Councillor David Seaton | • Pensions Committee • Investment Sub-Committee | 1/4* | 2 Sessions |
| Lee Phanco | • Pensions Committee • Investment Sub-Committee | 2/4* | 5 Sessions |
| Councillor Peter Downes | • Pensions Committee | 3/4* | 6 Sessions |
| Councillor Joshua Schumann | • Pensions Committee | 2/4* | 8 Sessions |
| Councillor Richard Robertson | • Pensions Committee | 4/4* | 8 Sessions |
| Matthew Pink | • Pensions Committee | 2/4* | 4 Sessions |
| Liz Brennan (Substitute) | • Pensions Committee | 3/4* | 6 Sessions |
| Councillor Simon King - Chairman | • Local Pension Board | 4/4 | 8 Sessions |
| David Brooks – Vice Chairman | • Local Pension Board | 4/4 | 8 Sessions |
| Councillor Elisa Meschini | • Local Pension Board | 4/4 | 7 Sessions |
| Councillor Denis Payne | • Local Pension Board | 4/4 | 11 Sessions |
| Barry O’Sullivan | • Local Pension Board | 3/4 | 9 Sessions |
| John Stokes | • 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.

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

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

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

At year end all Investment Managers 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 | (225,559) |
| Net return on investments | 120,000 | (191,114) |
| Net increase/(decrease) in assets during the year | 131,060 | (194,925) |

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* |
| Abbots 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 (Heltwater 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* |
| Earth 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 |
| Hinchingsbrooke 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 Shcool (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, Cambridgeshire Building Society and East of England Development Fund managed by Foresight. 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 | 17.1 | 102.6 |
| Legal | 16.5 | 83.6 |
| Project Management | 4.0 | 81.1 |
| ACCESS Support Unit | 34.9 | 80.9 |
| Other | 1.3 | 22.8 |
| Total Operational Costs | 73.8 | 371.0 |

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. Direct costs include: invoiced costs and costs deducted from the value of fund, or from income generated, in accordance with the fee agreement in place with each manager and explicit transaction costs. Indirect costs include: implicit costs and third party fees and charges. These are indicative estimates provided by Investment Managers as the reporting practices for the Cost of Transparency are still evolving.

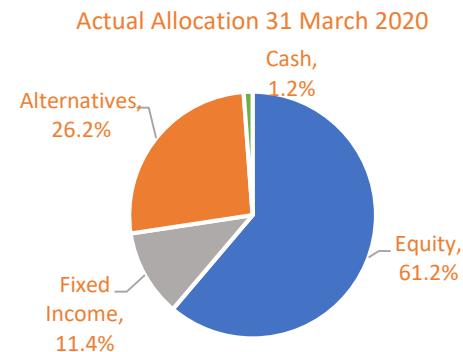
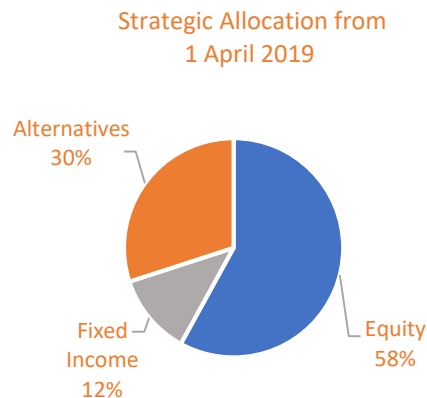
| | Asset Pool | | | Non- Asset Pool | | | Fund Total |
|-------------------------------------|----------------|------------------|---------------|-----------------|------------------|---------------|---------------|
| | Direct £000 | Indirect £000 | Total £000 | Direct £000 | Indirect £000 | Total £000 | £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 | 2.5 |
| Schroders UK Equity | 389.3 | 12.3 | - | - |
| JO Hambro | 524.8 | 16.5 | - | - |
| Link Fund Solutions – ACCESS Global Equity (JO Hambro) | - | - | 386.3 | 13.0 |
| 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 | 26.2 |
| River & Mercantile | - | - | 155.4 | 5.2 |
| Schroders Bonds | 315.4 | 10.0 | 148.6 | 5.0 |
| Schroders Property | 242.0 | 7.6 | 225.0 | 7.6 |
| Adams Street | 80.5 | 2.5 | 86.9 | 3.0 |
| Allianz | 12.4 | 0.4 | 19.2 | 0.6 |
| AMP debt | 19.2 | 0.6 | 41.0 | 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 | - | - | 4.9 | 0.2 |
| Equitix | 33.3 | 1.0 | 37.2 | 1.2 |
| HarbourVest | 58.5 | 1.8 | 69.4 | 2.3 |
| IFM Infrastructure | - | - | 60.9 | 2.0 |
| M&G | 70.7 | 2.2 | 110.4 | 3.7 |
| Partners Group | 37.4 | 1.2 | 39.3 | 1.3 |
| UBS Infrastructure | 16.7 | 0.5 | 14.0 | 0.5 |
| Cash | 17.2 | 0.5 | 34.7 | 1.2 |
| TOTAL | 3,177.3 | 100 | 2,979.6 | 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 for commitments to IFM Infrastructure and Foresight who run the East of England Development 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.

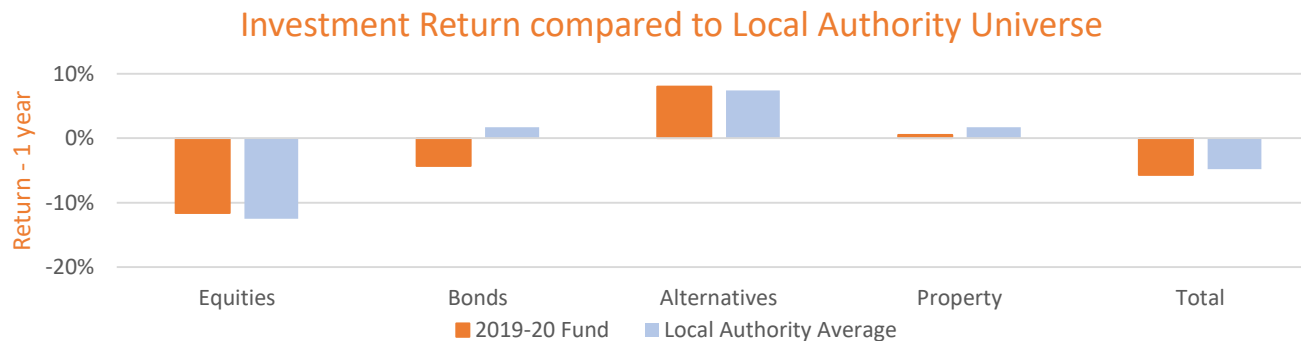
| Asset Class /Manager | 1 year (% p.a) | | | 3 year (% p.a) | | | 10 year (% p.a) | | |
|--------------------------|----------------|-----------|----------|----------------|-----------|----------|-----------------|-----------|----------|
| | Return | Benchmark | Variance | Return | Benchmark | Variance | 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 |

Investment Policy and Performance (Continued)

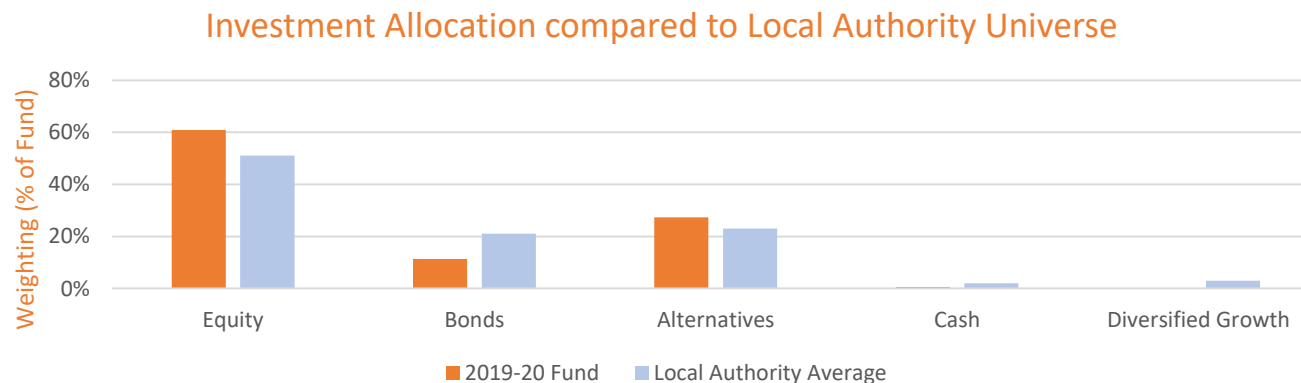
Performance in Comparison with Local Authority Universe

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.

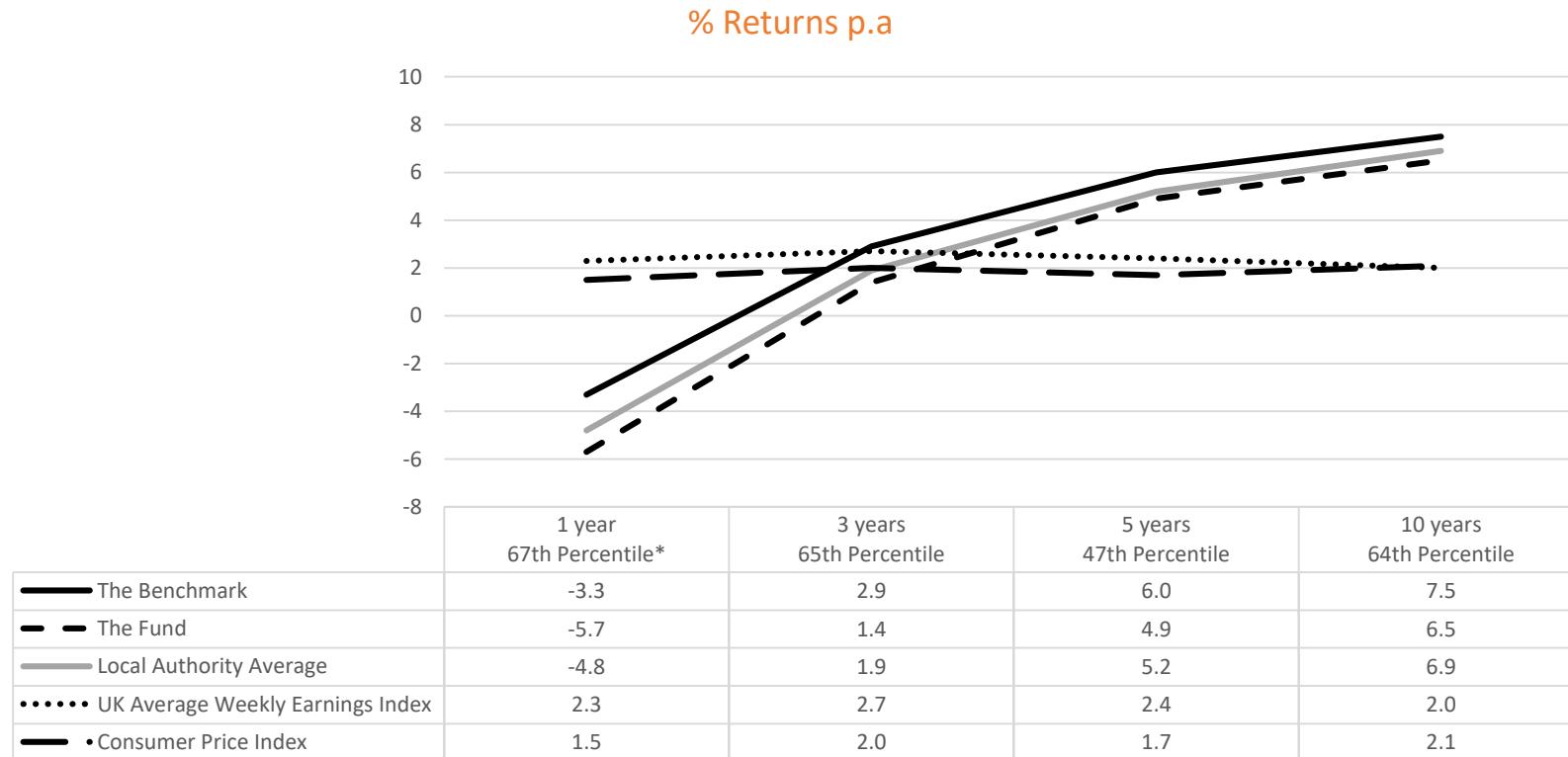


The Fund's current strategy has a higher allocation to Equities and Alternatives and a lower allocation to Bonds when compared to the Local Authority Universe.



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.



*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 4.8% 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 2.6% 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 means 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 the second wave we are currently experiencing in large parts of the developed world does not lead to additional sustained lockdowns (and hence further economic hardship), we still see growth returning to pre-covid levels towards the second half of 2021 and the global economy returning to where it would have been had the virus never hit in late 2022. However, there are significant risks to that assertion and the economic outlook remains highly uncertain

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 Global Financial Crisis 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 |

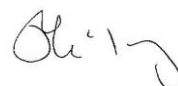
*Aged 45 at the 2019 Valuation.

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 expected.

Contribution Rates

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


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

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

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



Douglas Green FFA



Robert McInroy FFA

15 March 2020

For and on behalf of Hymans Robertson LLP

Audit Opinion

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Audit Opinion (Continued)

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Audit Opinion (Continued)

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Fund Account

| 31-Mar-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 | (225,559) |
| 228,153 Net return on investments | | (191,114) |
| 223,288 Net increase/(decrease) in the net assets available for benefits during the year | | (194,925) |
| 2,969,306 Opening net assets of the scheme | | 3,192,594 |
| 3,192,594 Closing net assets of the scheme | | 2,997,669 |

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

Net Asset Statement

| 31-Mar-19 | | | 31-Mar-20 |
|------------------|---|-------|------------------|
| £000 | | Notes | £000 |
| 3,177,716 | Investment assets | | 3,081,595 |
| (345) | Investment liabilities | | (101,964) |
| 3,177,371 | Total net investments | 14 | 2,979,631 |
| 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 | 2,997,669 |

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: | | |
| County council | 8,410 | 8,724 |
| Other employers | 10,365 | 10,916 |
| Total | 18,775 | 19,640 |

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

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

| | | |
|----------------------|---------------|---------------|
| Total members | 82,909 | 85,765 |
|----------------------|---------------|---------------|

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 $1/80 \times$ final pensionable salary. | Each year worked is worth $1/60 \times$ 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 $1/49$ th or $1/98$ th 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.

The Funding Level as per the recent triennial valuation exercise (March 2019) was 99.7%. The Funding Level as March 2020 was 89.6% which has been calculated with all the market volatility which occurred in March included.

The investment return target as per the Funding Valuation Statement is 4.1%. The quarterly investment return for June 2020 was 11.4% and the Fund value had increased to £3.238 billion, meaning the funding level had increased to 90.6%.

There are 460 active employers as at March 2020. All employers are paying their contributions as per the rates and adjustment certificate. No employer has asked to defer their payments.

The Pension Fund has an allocation of 64.7% to equities and 10.2% to Bonds, with £99 million in cash, which are all assets that could be liquidated quickly to pay benefits should the need arise.

The Pension Fund is satisfied that it is sufficiently liquid to conclude that it is a going concern, since the value of pension fund assets that can be liquidated at short notice if needed is £186.5 million which significantly exceeds the annual expenditure of the fund.

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 a 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 £442.8m. 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 £545.5m to £340.1m.

- **Pooled Property Fund**

The outbreak of COVID-19, declared as a Global Pandemic on 11 March 2020 by the World Health Organization, has severely impacted global financial markets. This has triggered a period of 'material valuation uncertainty' as per the RICS Red Book Global Edition and consequently a higher degree of caution should be attached to valuations supporting the unit price of the pooled property fund.

At this time it is not possible to accurately predict the scale of the impact of COVID-19 on the economy and as a result the 2019 - 2020 Pooled Property valuations have been based on information prior to the outbreak, on the assumption that the values will be restored once property markets resume.

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 | 27,710 |
| Employees' contributions | |
| Employers' contributions: | |
| 84,341 | 86,404 |
| 13,804 | 12,357 |
| 98,145 | 98,761 |
| Total employers' contributions | |
| 124,572 | 126,471 |

By Authority:

| 31-Mar-19 | 31-Mar-20 |
|-----------|-----------|
| £000 | £000 |
| 27,027 | 27,237 |
| 91,122 | 92,321 |
| 6,423 | 6,913 |
| 124,572 | 126,471 |

Notes to the Pension Fund Accounts (continued)

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 |

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 | 500,810 |
| 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 | 3,081,595 |
| Investment liabilities | | |
| - | - Derivatives Contracts: Options | (101,964) |
| (345) | Amounts payable for purchases | - |
| (345) | Total investment liabilities | (101,964) |
| 3,177,371 | Net investment assets | 2,979,631 |

*In relation to Pooled Property, the outbreak of COVID-19, declared as a Global Pandemic on 11 March 2020 by the World Health Organisation, has severely impacted global financial markets. This has triggered a period of 'material valuation uncertainty' as per the RICS Red Book Global Edition and consequently a higher degree of caution should be attached to valuations (As set out in Note 5) which underpin the unit price of this pooled property fund.

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) | 5,703 | 500,810 |
| | 3,144,221 | 1,373,130 | (1,343,537) | (263,072) | 2,910,742 |
| 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) | (230,020) | 2,947,324 |
| Other investment balances:* | | | | | |
| • Cash deposits | 27,593 | | | 4,301 | 31,585 |
| • Investment income due | 3,992 | | | - | 722 |
| • Amount receivable for sales | 1,910 | | | - | - |
| • Spot FX contracts | - | | | 160 | - |
| • Amounts payable for purchases of investments | (345) | | | - | - |
| Net investment assets* | 3,177,371 | | | (225,559) | 2,979,631 |

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

Notes to the Pension Fund Accounts (continued)

14(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 | 500,810 |
| 600,732 | | 725,873 |
| 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 | 3,081,595 |
| | Investment liabilities | |
| (345) | Amounts payable for purchases | - |
| - | Derivative liabilities | (101,964) |
| (345) | Total investment liabilities | (101,964) |
| 3,177,371 | Net investment assets | 2,979,631 |

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 | 32.5 |
| 765,050 | 24.1 | UBS Global Asset Management | 853,507 | 28.6 |
| 1,263,826 | 39.8 | Total Investments managed under Pool Governance | 1,822,806 | 61.1 |
| Investments managed outside Pool Governance: | | | | |
| 80,458 | 2.5 | Adams Street Partners | 86,935 | 2.9 |
| 12,447 | 0.4 | Allianz Global Investors | 19,193 | 0.6 |
| 19,209 | 0.6 | AMP Capital | 40,979 | 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 | 4,928 | 0.2 |
| 58,546 | 1.8 | HarbourVest Partners (UK) | 69,438 | 2.3 |
| - | - | IFM Infrastructure | 60,937 | 2.0 |
| 524,841 | 16.5 | JO Hambro Capital Management | - | - |
| 60,888 | 1.9 | M&G Investments | 55,411 | 1.9 |
| 9,759 | 0.3 | M&G Real Estate | 55,022 | 1.9 |
| 37,370 | 1.2 | Partners Group (UK) | 39,246 | 1.3 |
| - | - | River and Mercantile Group | 192,269 | 6.5 |
| 946,737 | 29.9 | Schroders Investment Management | 373,605 | 12.5 |
| 16,742 | 0.5 | UBS Infrastructure | 13,958 | 0.5 |
| 17,194 | 0.5 | Cash with custodian | 34,732 | 1.2 |
| 1,913,545 | 60.2 | Total Investments managed outside Pool Governance | 1,156,825 | 38.9 |
| 3,177,371 | 100.0 | Net investment assets | 2,979,631 | 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 | 10.6 |
| J O Hambro Capital Management LTD Global Select Fund | 509,096 | 15.9 | - | - |
| LF ACCESS Global Equity - J O Hambro | - | - | 386,254 | 12.9 |
| 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 |
|---|----------------------|----------|----------------------|-----------|----------------------|------------------|
| 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. Due to a higher level of valuation uncertainty as a result of the COVID-19 pandemic, valuations from Private Equity and Infrastructure are taken at the end of March 2020.

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 £000 | Level 2 £000 | Level 3 £000 | Total £000 |
|--|-----------------|------------------|-----------------|------------------|
| Financial assets at fair value through profit and loss | 2,423 | 2,376,015 | 670,850 | 3,049,288 |
| Total financial assets | 2,423 | 2,376,015 | 670,850 | 3,049,288 |

| Values at 31 March 2019 | Level 1 £000 | Level 2 £000 | Level 3 £000 | Total £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 | Assessed valuation range (+/-) | Value on Increase | Value on Decrease |
|---------------------|---------------------------------|--------------------------------------|----------------------|----------------------|
| | £000 | | £000 | £000 |
| Private Equity | 445,787 | 23.2% | 549,210 | 342,364 |
| Property | 225,063 | 14.2% | 257,022 | 193,104 |
| Total Assets | 670,850 | | 806,232 | 535,468 |

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) | 13,586 | 15,195 | 387,787 |
| Total | 522,295 | 68,678 | 140,939 | (59,804) | (20,893) | 19,635 | 670,850 |

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)

17. FINANCIAL INSTRUMENTS

17a. CLASSIFICATION OF FINANCIAL INSTRUMENTS

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

| 31-Mar-19 | | | 31-Mar-20 | | |
|------------------------------------|--------------------------|---------------------------------|------------------------------------|--------------------------|-------------------------------|
| Fair value through profit and loss | Assets at amortised cost | Liabilities at amortised cost | Fair value through profit and loss | Assets at amortised cost | Liabilities at amortised cost |
| £000 | £000 | £000 | £000 | £000 | £000 |
| Financial 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 | 500,810 | - | - |
| - | - | - Derivative contracts | 138,546 | - | - |
| - | 32,300 | - Cash | - | 40,661 | - |
| - | 5,902 | - Other investment balances | - | 722 | - |
| - | 13,993 | - Debtors | - | 18,133 | - |
| 3,144,221 | 52,195 | - | 3,049,288 | 59,516 | - |
| Financial liabilities | | | | | |
| - | - | - Derivative contracts | - | - | (101,964) |
| - | - | (345) Other investment balances | - | - | - |
| - | - | (3,477) Creditors | - | - | (9,171) |
| - | - | (3,822) | - | - | (111,135) |
| 3,144,221 | 52,195 | (3,822) | 3,049,288 | 59,516 | (111,135) |
| 3,192,594 Total | | | 2,997,669 | | |

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 | (263,072) |
| 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) | (225,559) |

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 | 500,810 | 23.2% | 616,998 | 384,622 |
| Cash and Other investment balances | 71,311 | 0.3% | 71,525 | 71,097 |
| Total Assets | 2,979,631 | | 3,669,521 | 2,289,741 |

| 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 £000 | 31-Mar-20 £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 | Potential market | Value on increase | Value on decrease |
|---------------------------------|------------------|------------------|-------------------|-------------------|
| | 31-Mar-20 | | | |
| | £000 | £000 | £000 | £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 | Potential market | Value on increase | Value on decrease |
|---------------------------------|------------------|------------------|-------------------|-------------------|
| | 31-Mar-19 | | | |
| | £000 | £000 | £000 | £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 £725.9m, which represented 24.2% 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:

| | Active and Deferred Members | | Current Pensioners | |
|-----------------------------------|-----------------------------|--------|--------------------|--------|
| Assumed life expectancy at age 65 | 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 £m | | 31-Mar-20 £m |
|-----------------|---|-----------------|
| (4,829) | Present value of promised retirement benefits | (4,305) |
| 3,187 | Fair value of scheme assets (bid value) | 2,998 |
| (1,642) | Net liability | (1,307) |

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 % p.a. | Assumption | 31-Mar-20 % 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.

ACCESS ANNUAL REPORT 2019/20

"I am pleased to introduce the ACCESS 2019/20 Annual Report.

We find ourselves in challenging times, facing a national emergency, but we will continue to manage these very substantial LGPS assets to the best of our abilities. I am truly grateful, at this time, that ACCESS has built a strong partnership that allows each of the 11 member authorities to support each other in this difficult period.

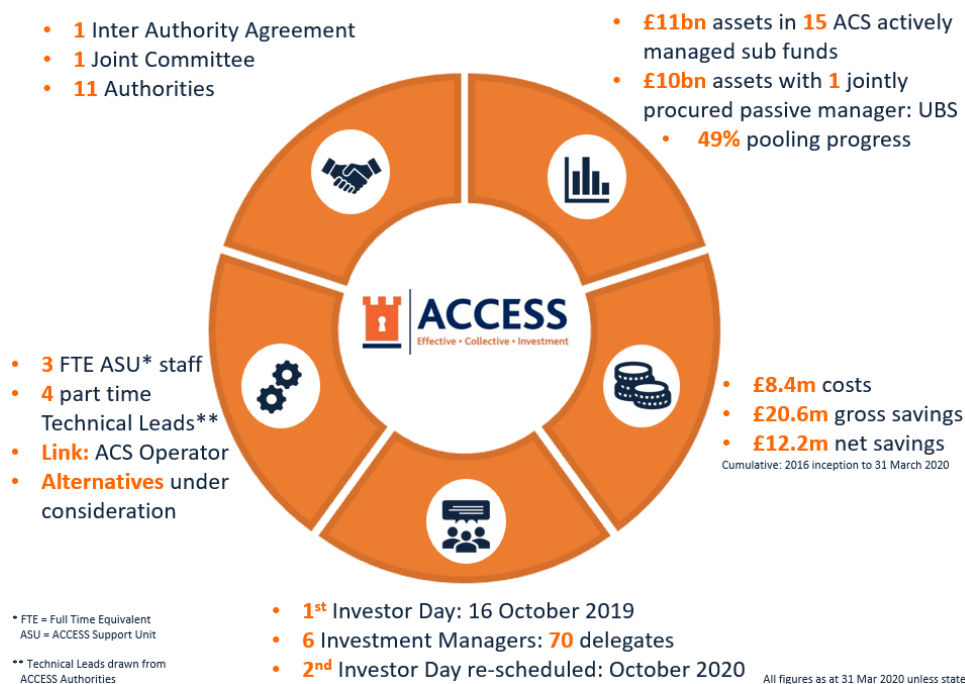
I would like to take this opportunity to thank Cllr Andrew Reid of Suffolk for the contribution he made as the first chairman of the ACCESS Joint Committee, which was critical in building a strong foundation for the Pool. It goes without saying that I was honoured by the confidence shown in me by my fellow Joint Committee members in choosing me to succeed Cllr Reid last December.



It has been another busy year for ACCESS with good progress made by our operator, Link, in launching new sub-funds, which has brought the total assets under management (AUM) under ACCESS auspices to £21.4bn. Equally important work has also taken place in reviewing the governance of the Pool and progressing options for pooling alternative investment categories.

I'm sure that 20/21 will be another busy year for ACCESS, not only in continuing to issue further sub-funds, but also in other crucial areas such as deepening the Pool's approach to Responsible Investment."

At a glance



Background

ACCESS (A Collaboration of Central, Eastern and Southern Shires) is made up of 11 Local Government Pension Schemes (LGPS) Administering Authorities: Cambridgeshire County Council; East Sussex County Council; Essex County Council; Hampshire County Council; Hertfordshire County Council; Isle of Wight Council; Kent County Council; Norfolk County Council; Northamptonshire County Council; Suffolk County Council and West Sussex County Council in response to the Governments pooling agenda across the LGPS. The first ACCESS Inter Authority Agreement was signed in late June 2017.

The ACCESS Administering Authorities are committed to working together to optimise benefits and efficiencies on behalf of their individual and collective stakeholders, operating within a clear set of objectives and principles that drives the decision-making process.

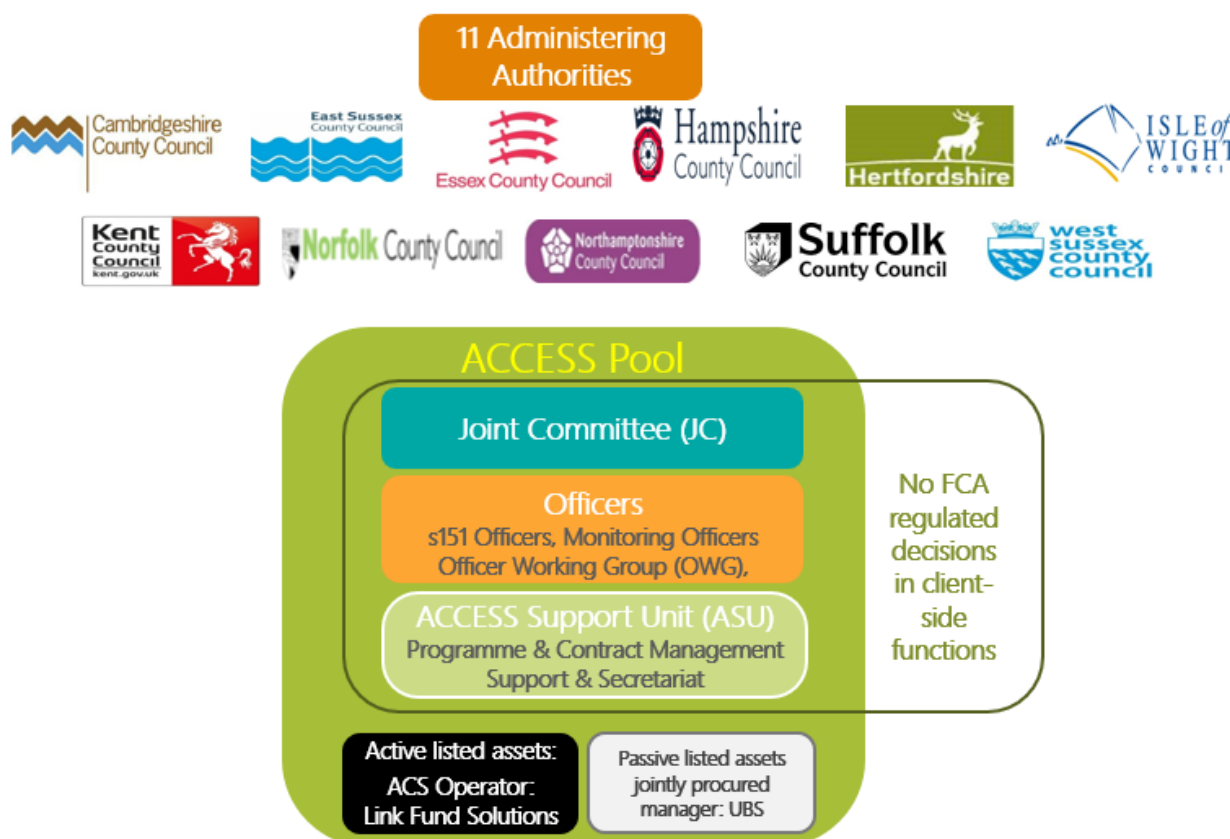
Collectively as at 31 March 2020, the ACCESS Authorities have

total assets of **£44 billion** (of which **49%** has been pooled)

serving **3,534** employers with **1.1 million** members including **288,248** pensioners

Governance

An extract from the ACCESS governance model is shown below:



Strategic oversight and scrutiny responsibilities remain with the Administering Authorities as does all decision making on their individual Funds asset allocation and the timing of transfers of assets from each Fund into the arrangements developed by the ACCESS Pool.

The Joint Committee (JC) has been appointed by the 11 Administering Authorities under s102 of the Local Government Act 1972, to exercise specific functions in relation to the pooling of LGPS assets. The JC's functions include the specification, procurement, recommendation of appointment of pool Operators (for active asset management) and pool- aligned asset providers (for passive asset management), to the Administering Authorities. The JC also reviews ongoing performance.

The Section 151 Officers of ACCESS Authorities provide advice to the JC in response to its decisions ensure appropriate resourcing and support is available to implement the decisions and to run the ACCESS Pool.

The JC further supported by Officer Working Group (OWG) and the ACCESS Support Unit (ASU).

The Officer Working Group are officers identified by each of the Administering Authorities whose role is to provide a central resource for advice, assistance, guidance and support for the Joint Committee.

The ACCESS Support Unit (ASU) provides the day-to-day support for running the ACCESS Pool and has responsibility for programme management, contract management, administration and technical support services. 2019/20 saw the completion of appointments to each of the three full time ASU roles, hosted by Essex County Council. These roles are also supplemented with additional technical support from Officers within the ACCESS Authorities.

The Operator: Link Fund Solutions

Appointed 2018 Link Fund Solutions Ltd pooled operator service, overseeing an Authorised Contractual scheme for the sole use of ACCESS Authorities. Link are responsible for establishing and operating an authorised contractual scheme along with the creation of a range of investment sub-funds for active listed assets and the appointment of the investment managers to those sub-funds. This is designed to enable Administering Authorities to execute their asset allocation strategies

Pool Aligned Assets: UBS

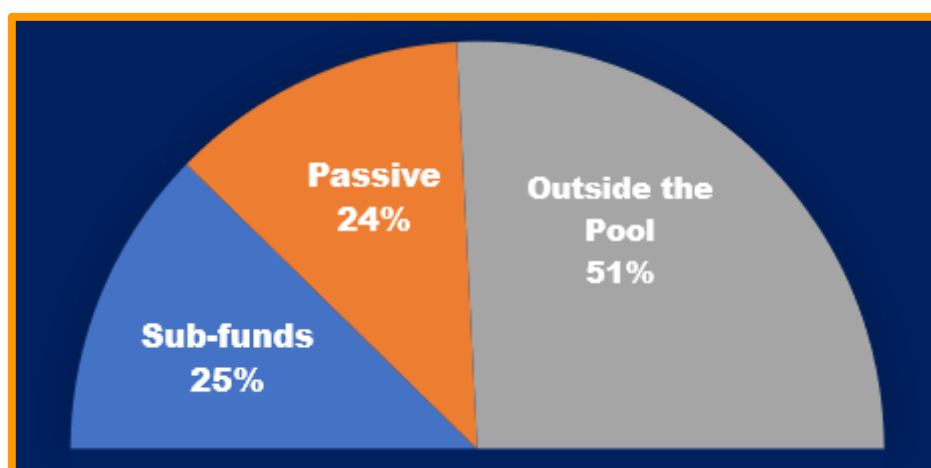
Appointed following a joint procurement in 2017, UBS act as the ACCESS Authorities' investment manager for passive assets.

Progress on Pooling

ACCESS submitted its pooling proposal to Government in July 2016 with detailed plans for establishing and moving assets into the pool. Included in the proposal was an indicative timeline of when assets will be pooled, and ACCESS has continued to make excellent progress against the principal milestone of having **£27.2 billion** assets pooled and estimated savings of £13.6 million by March 2021.



As at 31 March 2020, **49%** of assets have been pooled:



Pooled Assets

As at 31 March 2020 ACCESS has the following assets pooled:

| Pooled Investments | £ Billion |
|---------------------------------|---------------|
| Passive Investments | 10.486 |
| UK Equity Funds | 1.588 |
| Global Equity Funds | 7.189 |
| UK Fixed Income | 0.834 |
| Diversified Growth | 1.262 |
| Total Pooled Investments | 21.359 |

The passive investment funds are held on a pool governance basis under one investment manager as these assets are held in life fund policies, which cannot be held within an authorised contractual scheme.

Key milestones achieved in 2019/20

- Recruitment of an interim Director to lead the ACCESS Support Unit.
- Establishment of business as usual functions of the ACCESS Support Unit being undertaken by the ACCESS Support Unit officers and technical leads officers.
- Approval and launch of a range of sub-funds further rationalising the existing range of mandates whilst reflecting the strategic asset allocation needs of the ACCESS Funds.
- Re-procurement of a legal advisor for ACCESS.
- Provision of updates of progress of pooling to Government and responding to consultations.
- Commencement of a review of Environmental, Social and Governance and Responsible Investment guidelines for ACCESS.



- In conjunction with Link Fund Solutions, held the first investor day for members and officers of the individual funds to hear from the investment managers in the ACCESS pool.
- Commencement of a review to formulate an approach to pooling and managing illiquid assets such as private equity and infrastructure. This will involve reviewing various structures and platforms and assessing these to identify the best fit to meet with the Funds current and future requirements.

Objectives for 2020/21

ACCESS is well placed to continue to develop the pool and progress will continue unabated despite the restrictions imposed by the COVID-19 lockdown. Virtual meetings are well established and productive. It is anticipated that 2020/21 will see key activities within the following themes:



- Actively managed listed assets: the completion of pooling active listed assets within the Authorised Contractual Scheme (ACS).
- Alternative / non listed assets: the initial implementation of pooled alternative assets.
- Passively managed assets: ongoing monitoring and engagement with UBS.
- Governance: the application of appropriate forms of governance throughout ACCESS.
- ACCESS Support Unit (ASU): the size and scope of the ASU will be kept under review.

Expected v Actual Costs and Savings

The table below summarises the financial position for 2019/20 along with the cumulative position since the commencement of ACCESS activity in early 2016.



A budget for ongoing operational costs is set by the Joint Committee and is financed equally by each of the 11 Authorities. 2019/20 saw an underspend primarily due to lower than anticipated costs of external advice combined with the establishment of the ACCESS Support Unit reducing the reliance on external project management support.

| | 2019 – 2020 | | 2019 – 2020 | |
|-----------------------------|---------------|---------------|---------------|---------------|
| | Actual | Budget | Actual | Budget |
| | In Year | In Year | Cumulative | Cumulative |
| | £'000 | £'000 | to date | to date |
| | | | £'000 | £'000 |
| Set Up Costs | - | - | 1,824 | 1,400 |
| Transition Costs | - | - | 674 | 2,499 |
| Ongoing Operational Costs | 811 | 1,203 | 2,208 | 2,469 |
| Operator & Depositary Costs | 3,247 | 2,000 | 3,632 | 2,500 |
| Total Costs | 4,058 | 3,203 | 8,338 | 8,868 |
| Pool Fee Savings | 13,456 | 13,200 | 20,515 | 18,450 |
| Net Savings Realised | 9,398 | 9,997 | 12,177 | 9,582 |

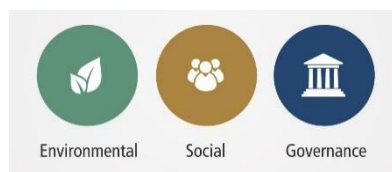
Operator and depositary fees are payable by each Authority in relation to assets invested within the Authorised Contractual Scheme established by Link Fund Solutions as pool operator. The initial ACCESS business plan to MHCLG anticipated Operator costs of 2bps.

The 2019/20 fee savings have been calculated using the CIPFA price variance methodology and based on the asset values as at 31 March 2020. This approach highlights the combined level of investment fee savings, across all ACCESSS Authorities stemming from reduced charges.

In summary, since inception ACCESS has demonstrated excellent value for money, maintaining expenditure broadly in line with the MHCLG submission whilst delivering savings ahead of the timeline contained in the original proposal.

Environmental, Social and Governance (ESG) and Responsible Investment (RI)

The ACCESS Authorities believe in making long term sustainable investments whilst integrating environment and social risk considerations, promoting good governance and stewardship.

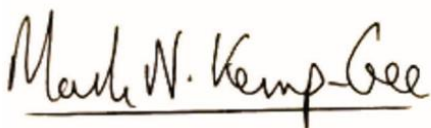


Whilst the participating authorities have an overriding fiduciary and public law duty to act in the best long term interests of their LGPS stakeholders to achieve the best possible financial returns, with an appropriate level of risk they also recognise the importance of committing to responsible investment alongside financial factors in the investment decision making process.

Over the course of the last year a number of ACCESS Authorities have reviewed and developed their individual ESG /RI policies. Building on this ACCESS will, in the current year review its own ESG /RI guidelines to reflect both the requirements of the Authorities and the expectations associated with this fundamental aspect of institutional investment.

The ACCESS pool has a set of voting guidelines which seeks to protect and enhance the value of its shareholdings by promoting good practice in the corporate governance and management of those companies.

The voting guidelines sets out the principles of good corporate governance and the means by which ACCESS will seek to exercise its influence on companies. During the year ACCESS voted at **383** meetings on **6,000** resolutions.



Mark Kemp-Gee

Cllr Mark Kemp-Gee - Chairman, ACCESS Joint Committee



Cambridgeshire Pension Fund Audit Results Report

Year ended 31 March 2020

16 October 2020

16 October 2020



Dear Audit & Accounts Committee Members

We are pleased to attach our Audit Results report for the forthcoming meeting of the Audit & Accounts Committee. This report summarises our preliminary audit conclusion in relation to the audit of Cambridgeshire Pension Fund for 2019/20.

We have substantially completed our audit of Cambridgeshire Pension Fund for the year ended 31 March 2020.

Subject to concluding the outstanding matters listed in our report, we confirm that we expect to issue an unqualified audit opinion on the Pension Fund financial statements in the form at Section 3, ahead of the statutory deadline of 30 November 2020.

This report is intended solely for the use of the Audit & Accounts Committee, other members of the Authority, and senior management. It should not be used for any other purpose or given to any other party without obtaining our written consent.

We would like to thank your staff for their help during the engagement.

We welcome the opportunity to discuss the contents of this report with you at the Audit & Accounts Committee meeting on 31 October 2020.

Yours faithfully

Mark Hodgson

Mark Hodgson

Associate Partner

For and on behalf of Ernst & Young LLP

Encl

Contents



Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website (www.psaa.co.uk). This Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The 'Terms of Appointment (updated April 2018)' issued by sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Results Report is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure - If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Hywell Ball, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



01 Executive Summary

Executive Summary

Update to our risk assessment and the scope of our audit

In our Audit Plan report dated 4 May 2020, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan, with the following exceptions:

Changes to our risk assessment as a result of Covid-19, in line with our discussions with you at the July Audit Committee:

- ▶ **Disclosures on Going Concern** - We consider the unpredictability of the current environment to give rise to a risk that the Pension Fund would not appropriately disclose the key factors relating to going concern, underpinned by management's assessment with particular reference to Covid-19 and the Pension Fund's actual year end financial position and performance.
- ▶ **Events after the balance sheet date** - We identified an increased risk that further events after the balance sheet date concerning the current Covid-19 pandemic may need to be disclosed. The amount of detail required in the disclosure needed to reflect the specific circumstances of the Pension Fund.

Changes in materiality:

- ▶ We updated our planning materiality assessment using the draft financial statements and have also reconsidered our risk assessment. Based on our materiality measure of net assets we have updated our overall materiality assessment and our materiality levels remain consistent with those reported in our Audit Plan. We have updated our overall materiality assessment to £30.15 million (Audit Plan – £31.93 million).
- ▶ In our Audit Plan, we communicated that our audit procedures would be performed using a performance materiality of £23.95 million. We have considered whether any change to our materiality is required in light of Covid-19. Following this consideration we remain satisfied that the values for planning materiality, performance materiality and our audit threshold for reporting differences reported to you in our Audit Planning Report remain appropriate. We have updated our overall performance materiality, at 75% of overall materiality, to £22.61 million.
- ▶ We have updated our threshold for reporting misstatements to £1.5 million, being 5% of our Planning Materiality.

Executive Summary

Update to the scope of our audit and our risk assessment

Additional audit procedures as a result of Covid-19

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

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

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

Additional EY consultation requirements concerning the impact on auditor reports. The uncertainty created by Covid-19 increases the importance of giving the right assurance to the Pension Fund and its stakeholders. As a result, we have instigated additional consultation processes on the wording of the auditor's report. In light of issues with going concern, this consultation process has involved significant senior level input from the audit team and EY's risk management team.

The changes to audit risks and audit approach have increased the level of work we have been required to undertake. We are currently quantifying the impact on the audit fee and will present our final fee to the Chief Finance Officer on completion of the audit.

Status of the audit

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

- ▶ Subsequent events review;
- ▶ Internal consultation procedures on going concern;
- ▶ Agreement of the final set of accounts; and
- ▶ Receipt of signed management representation letter.

We include details of each outstanding item, actions required to resolve and responsibility in Appendix C.

On the basis of our work performed to date, we anticipate issuing an unqualified auditor's report in respect of the Pension Fund accounts. However, until we have completed our outstanding procedures, it is possible that further matters requiring amendment may arise.

Executive Summary

Status of the audit (continued)

Our audit opinion will emphasise the following matters:

- Pooled Property valuation - the valuation uncertainty referenced by the Fund Manager's expert valuer and the impact that may have on the financial statements.

Before issuing an audit opinion we are required to conclude on our internal consultation in relation to the going concern considerations for the Pension Fund.

Audit differences

Unadjusted Audit Differences

There are no unadjusted audit differences.

Adjusted Audit Differences

There is one audit differences arising from our audit.

1. The Investment asset balance within the Net Assets Statement included a number of estimated asset valuations for Level 3 assets. The value of these assets were based on December 2019 actual valuations adjusted for cashflows to the 31 March 2020. Subsequent to the preparation of the Pension Fund's Draft Statement of Accounts, and as part of our audit, actual valuations for these Level 3 assets were provided by the Fund managers for the 31 March 2020. This is therefore a timing issue, as more up to date information became available during our audit. This showed that the Investment asset balance was overstated by £16.99 million. Management have adjusted for this difference within the revised financial statements.

2. We identified a limited number of audit disclosure differences in the draft financial statements, which have been adjusted by management. Further details are provided in Section 4 - with the most significant being the need to include a Disclosure Note in relation to Going Concern and include additional disclosure narrative in respect of the 'valuation uncertainty' expressed within the valuers report for Pooled Property Funds (Schroders).

Control observations

During the audit, we did not identify any significant deficiencies in internal controls.

Independence

Please refer to Section 9 for our update on Independence.

Executive Summary

Other matters

We are currently completing the procedures in respect of Pensions Assurance (IAS19 procedures) and the triennial review to provide assurance to the auditors of Cambridgeshire County Council and the Cambridgeshire District and Police Authorities. This work is outside the scope of the audit of the Pension Fund.

Areas of audit focus

Our audit plan identified significant risks and areas of focus for our audit of the Fund's financial statements. We summarise below our latest findings.

| Significant risk | Findings & conclusions |
|---|--|
| Management Override (Mandatory considerations): Misstatements due to fraud or error | We have completed our testing and found no indications of management override of controls. |
| Management Override (Specific): Investment Income and Asset valuation - Investment Journals | We have completed our work in this area and have no matters to report. |

| Other area of audit focus | Findings & conclusions |
|---|--|
| Valuation of complex investments (Unquoted investments) | We have completed our work in this area and have no matters to report. |
| Pension Liability assumptions (IAS 26) | We have completed our work in this area and have no matters to report. |
| Going concern | As outlined on page 7, the Pension Fund have now included a specific Going Concern disclosure within the revised financial statements. We are required to consult internally before issuing our audit opinion. |

We request that you review these and other matters set out in this report to ensure:

- ▶ There are no residual further considerations or matters that could impact these issues
- ▶ You concur with the resolution of the issue
- ▶ There are no further significant issues you are aware of to be considered before the financial report is finalised

There are no matters, other than those reported by management or disclosed in this report, which we believe should be brought to the attention of the Audit & Accounts Committee.



02 Areas of Audit Focus



Areas of Audit Focus

Significant risk

Misstatements due to fraud or error

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error. As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

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

We have considered where this risk specifically manifests itself and this is in the posting of investment journals (see following slide).

What did we do?

As set out in our Audit Plan we confirm that we have performed the following procedures:

- We inquired of management about risks of fraud and the controls put in place to address those risks;
- We obtained an understanding the oversight given by those charged with governance of management's processes over fraud;
- We considered the effectiveness of management's controls designed to address the risk of fraud;
- We performed mandatory procedures regardless of specifically identified fraud risks, including;
 - testing of journal entries and other adjustments in the preparation of the financial statements;
 - reviewing accounting estimates for evidence of management bias; and
 - evaluating the business rationale for significant unusual transactions.
- We utilised our data analytics capabilities to assist with our work, including journal entry testing; and
- We assessed journal entries for evidence of management bias and evaluate for business rationale.

What are our conclusions?

We have not identified any material weaknesses in controls or evidence of material management override.

We have not identified any instances of inappropriate judgements being applied.

We did not identify any other transactions during our audit which appeared unusual or outside the Fund's normal course of business



Areas of Audit Focus

Significant risk

Investment income and asset valuations - Investment Journals

What is the risk?

We have considered the key areas where management has the opportunity and incentive to override controls that could affect the Fund Account and the Net Asset Statement.

We have identified the main area being;

- ▶ Investment Income and Asset Valuations being taken from the Custodian reports being incorrectly posted to the general ledger in the year, specifically through journal postings.

What did we do?

As set out in our Audit Plan we confirm that we have performed the following procedures:

- ▶ Test journals at year-end to ensure there are no unexpected or unusual postings;
- ▶ Undertake a review of reconciliations to the fund manager and custodian reports and investigate any reconciling differences;
- ▶ Re-perform the detailed investment note using the reports we have acquired directly from the custodian or fund managers;
- ▶ Check the reconciliation of holdings included in the Net Assets Statement back to the source reports; and
- ▶ For quoted investment income we will agree the reconciliation between fund managers and custodians back to the source reports.

What are our conclusions?

Our testing has not identified any material misstatements from investment income or year end investment assets.

We have not identified any material weaknesses in controls or evidence of material management override.

We have not identified any instances of inappropriate judgements being applied.



Areas of Audit Focus

Significant risk

Unusual Investments - Cambridge and Counties Bank (CCB)

What is the risk?

The Pension Fund's investment in CCB is a hard to value, Level 3 investment. This is because of a lack of observable inputs and prices which are not publicly available.

The CCB investment is based on valuations provided by a management specialist - Grant Thornton (GT). In the prior year the CCB investment represented the largest single private equity investment by the fund. GT used a markets multiple approach in the prior year looking at price earnings ratio and price to book ratios, considering current and forecast earnings and ratios.

Because this investment is not publicly listed and as such there is a degree of judgement in their valuation.

What did we do?

As set out in our Audit Plan we confirm that we have performed the following procedures:

- ▶ Engaging with EY Transaction Valuation team who will undertake a review of the valuation model provided by GT considering the appropriateness of the assumptions and inputs used in determining the valuation;
- ▶ We will ensure that the CCB investment have been valued in accordance with the relevant accounting policies; and
- ▶ The audit team will test the accounting entries made in the statement of accounts to ensure they are consistent with the valuation provided by management's expert - GT.

What are our conclusions?

Managements Expert (GT) utilised a Market Approach to the valuation which gave rise to valuation within a range of £56.6 million to £59.4 million (Cambridgeshire Pension Fund share). Our valuation team used a Dividend Discount Model (DDM) as their valuation approach. The DDM approach is considered best practice and confirmed a fair valuation for the Pension Fund's share as being within a £55 million and £60 million range. The investment is held at £58.0 million within the Pension Fund's financial statements, which is therefore reasonable.

The two approaches do not provide significantly different ranges, hence we have concluded that the valuation of Cambridgeshire and Counties Bank is reasonable

Based on the work we have undertaken we are satisfied that the management specialist valuation is within the range of best practice and is materially accurate.

Audit risks

Other areas of audit focus

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

| What is the area of focus? | What did we do? | What are our conclusion? |
|---|---|--|
| <p><u>Valuation of Complex Investments (Unquoted Investments)</u></p> <p>The Fund's investments include unquoted pooled investment vehicles such as private equity, Cambridgeshire Building Society and property investments.</p> <p>Judgements are taken by the Investment Managers to value those investments whose prices are not publicly available. The material nature of Investments means that any error in judgement could result in a material valuation error.</p> <p>Market volatility means such judgments can quickly become outdated, especially when there is a significant time period between the latest available audited information and the fund year end. Such variations could have a material impact on the financial statements.</p> <p>The proportion of the fund comprising of these investment types in 2018/19 is at circa 18%, and as these investments are more complex to value, we have identified the Fund's investments in private equity and pooled property investments as higher risk, as even a small movement in these assumptions could have an impact on the financial statements.</p> | <ul style="list-style-type: none"> ▶ Assessed the competence of management experts; ▶ Reviewed the basis of valuation for property investments and other unquoted investments and assessing the appropriateness of the valuation methods used; ▶ Where available, reviewed the latest audited accounts for the relevant fund managers and ensuring there are no matters arising that highlight material differences in the reported funds valuation within the financial statements; and ▶ Performed analytical procedures and checking the valuation output for reasonableness against our own expectations. | <p>As the Custodian and Fund Managers provide an estimated value for some of the unquoted investments based on information up to 31 March 2020 there will always be a possibility that a different actual valuation as at 31 March 2020 will be provided after the statement of accounts are drafted. This is a timing difference and more up to date information became available during the audit.</p> <p>The Fund Managers have provided updated 31 March 2020 valuations to the Pension Fund and This showed that the Investment asset balance was overstated by £16.99 million. Management have adjusted for this difference within the revised financial statements, see section 4 for further detail.</p> <p>The Pooled Property Fund balance at 31 March 2020 was £225 million. The Pension Funds' Pooled Property is managed by Schroders. The Schroders Fund Management report highlights a 'valuation uncertainty' statement as a result of COVID-19. The Royal Institute of Chartered Surveyors (RICS), the body setting the standards for property valuations, issued guidance to valuers highlighting that the uncertain impact of Covid-19 on markets might cause a valuer to conclude that there is a such an uncertainty.</p> <p>We have highlighted this within an 'Emphasis of Matter' paragraph within our Audit Report and through enhanced disclosures in Note 5 and 14)</p> <p>We have not identified any other issues in the completion of our work.</p> |

Other areas of audit focus (Continued)

| What is the area of focus? | What did we do? | What are our conclusion? |
|---|---|--|
| <p>Pension Liability Assumptions</p> <p>An actuarial estimate of the pension fund liability to pay future pensions is calculated by an independent firm of actuaries with specialist knowledge and experience. The estimate is based data submitted by the Pension Fund to the Actuary to inform their triennial valuation, and has regard to local factors such as mortality rates and expected pay rises along with other assumptions around inflation when calculating the liability.</p> <p>There is a risk that the information provided in relation to membership data and cash flows provided to the actuary as at 31 March may not be correct, or the valuation uses inappropriate assumptions to value the liability.</p> | <ul style="list-style-type: none"> ▶ Reviewed the controls in place to ensure that the data provided from the fund to the actuary is complete and accurate; ▶ Reviewed the reasonableness of the assumptions used in the calculation against other local government pension fund actuaries and observable data; and ▶ Agreed the disclosure to the information provided by the actuary. | <p>We did not identify any issues with controls in place to ensure that the data provided from the fund actuary is complete and accurate.</p> <p>We did not identify any issues with the assumptions used by the actuary.</p> <p>The disclosure within the statement of accounts agreed to the information provided by the actuary.</p> |
| <p>IAS 26 disclosure - Actuarial Present Value of Promised Retirement Benefits</p> <p>The Fund's IAS 26 calculation shows that the present value of promised retirement benefits amount to £1,209 million as at 31 March 2020.</p> <p>The figure is material and subject to complex estimation techniques and judgements by the Actuary, Hymans Robertson.</p> | <ul style="list-style-type: none"> ▶ Assessed the competence of management experts, Hymans Robertson; ▶ Engaged with the NAO's consulting actuary and our EY Pensions Advisory Team to review the IAS26 approach applied by the actuary are reasonable and compliant with IAS26; and ▶ Ensured that the IAS26 disclosure is in line with the relevant standards and consistent with the valuation provided by the Actuary. | <p>We did not identify any issues with the competence of the actuary, Hymans Robertson.</p> <p>There were no significant changes in the IAS 26 approach or methodology and the assumptions used in calculating the IAS 26 figure was considered reasonable and compliant.</p> <p>The disclosure of IAS 26 was in line with the relevant standards and the valuation provided by the Actuary.</p> |

Audit risks

Other areas of audit focus

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

| What is the area of focus? | What did we do? | What are our conclusion? |
|--|---|---|
| <p>Going Concern</p> <p>The Fund must prepare their financial statements on a going concern basis of accounting.</p> <p>Under ISA 570 we are required to challenge management's identification of events or conditions impacting on going concern and to test management's resulting assessment of going concern, evaluate the supporting evidence obtained and consider the risk of management bias.</p> | <ul style="list-style-type: none">▶ Obtained and reviewed managements going concern assessment;▶ Challenged management's assessment of going concern;▶ Reviewed supporting evidence such as cash flow forecasts, employer covenants and post year-end valuation statements for evidence to support managements going concern assessment; and▶ Ensured sufficient disclosure within the financial statements. | <p>We have substantially completed our work. As a result we have requested that a Going Concern disclosure note be included within the financial statements.</p> <p>This has been prepared and reviewed and is consistent with Management's going concern assessment. We have not identified a material uncertainty in relation to Going Concern.</p> <p>We are currently concluding our internal risk management consultation procedures in relation to these disclosures.</p> |



03

Audit Report

DRAFT



Draft audit report

Our opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAMBRIDGESHIRE COUNTY COUNCIL

Opinion

We have audited the pension fund financial statements for the year ended 31 March 2020 under the Local Audit and Accountability Act 2014. The pension fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

In our opinion the pension fund financial statements:

- ▶ give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2020 and the amount and disposition of the fund's assets and liabilities as at 31 March 2020; and
- ▶ have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the pension fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - Pooled property funds

We draw attention to Note 5 - Sources of estimation uncertainty and Note 14 - Investments, of the financial statements, which describe the valuation uncertainty the Pension Fund is facing as a result of COVID-19 in relation to pooled property funds. Our opinion is not modified in respect of this matter.



Audit Report - continued

DRAFT

Our opinion on the financial statements

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the pension 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.

Other information

The other information comprises the information included in the "Statement of Accounts and Annual Governance Statement 2019-2020", other than the financial statements and our auditor's report thereon. The Chief Finance Officer is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we report by exception

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.



Audit Report - continued

Our opinion on the financial statements

Responsibility of the Chief Finance Officer

As explained more fully in the "*Statement of Responsibilities, Certificate and Approval of Accounts*" set out on page 31, the Chief Finance Officer is responsible for the preparation of the Authority's Statement of Accounts, which includes the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Pension Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Pension Fund either intends to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the members of Cambridgeshire Pension Fund, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.



04 Audit Differences

Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as “known” or “judgemental”. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Summary of Adjusted differences

We highlight the following misstatement greater than £1.5 million which have been corrected by management that were identified during the course of our audit.

1. The Investment asset balance within the Net Assets Statement included a number of estimated asset valuations for Level 3 assets. The value of these assets were based on December 2019 actual valuations adjusted for cashflows to the 31 March 2020. Subsequent to the preparation of the Pension Fund's Draft Statement of Accounts, and as part of our audit, actual valuations for these Level 3 assets were provided by the Fund managers for the 31 March 2020. This is therefore a timing issue, as more up to date information became available during our audit.

Our procedures showed that the Investment asset balance was overstated by £16.99 million at the 31 March 2020. Management have adjusted for this difference within the revised financial statements.

2. Our audit only identified a limited number of other minor differences which our team have highlighted to management for amendment. These have been corrected during the course of the audit and relate to disclosure and presentational matters in both the Annual Accounts and Annual Report. We consider that only the following differences merit bringing to your attention:

- ▶ The draft financial statements did not include a going concern disclosure. This has subsequently been prepared for inclusion within the final accounts, we have reviewed the disclosure and agree that it appropriately reflects managements going concern assessment (Note 29).
- ▶ Additional disclosures were required for Note 5 - Estimation uncertainty and Note 14 - Investments, in respect of the 'valuation uncertainty' expressed within the valuers report for Pooled Property Funds (Schroders).

Summary of Unadjusted differences

There are no unadjusted audit differences arising from our audit.



05 Other reporting issues

01

Other reporting issues

Consistency of other information published with the financial statements

We must give an opinion on the consistency of the financial and non-financial information in the Cambridgeshire Pension Fund Annual Report with the audited financial statements. We have reviewed the Pension Fund Annual Report and are satisfied that it is consistent with the financial statements.

We have prepared and will issue a consistency statement to Management alongside our Audit Report.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). We did not identify any issues which required us to issue a report in the public interest.

We also have a duty to make written recommendations to the Authority, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014. We did not identify any issues which merit action under this duty.

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Fund's financial reporting process. They include the following:

- Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- Any significant difficulties encountered during the audit;
- Any significant matters arising from the audit that were discussed with management;
- Written representations we have requested;
- Expected modifications to the audit report;
- Any other matters significant to overseeing the financial reporting process;
- Related parties;
- External confirmations;
- Going concern; and
- Consideration of laws and regulations.

Other than those areas we have outlined in section 4, we have nothing to report in respect of these matters.



06

Assessment of Control Environment



Assessment of Control Environment

Financial controls

It is the responsibility of the Pension Fund to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Pension Fund has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. As we have adopted a fully substantive approach, we have therefore not tested the operation of controls.

Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware.



07

Independence

Independence

We confirm there are no changes in our assessment of independence since our confirmation in our Audit Plan report dated 4 May 2020.

We complied with the APB Ethical Standards. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

We consider that our independence in this context is a matter that should be reviewed by both you and ourselves. It is therefore important that you and your General Purposes and Audit & Accounts Committee consider the facts of which you are aware and come to a view. If you wish to discuss any matters concerning our independence, we will be pleased to do so at the forthcoming meeting of the Audit & Accounts Committee on 24 September 2020.

As part of our reporting on our independence, we set out a summary of the fees you have paid us in the year ended 31 March 2020 (See following slide). We confirm that we have not undertaken non-audit work. We have adopted the necessary safeguards in our completion of this work and complied with Auditor Guidance Note 1 issued by the NAO in December 2017.

Independence - Audit Fees

Fee analysis

| Description | Planned Fee 2019/20 £'s | Final Fee 2018/19 £'s |
|--|-------------------------------|-----------------------------|
| Scale Fee | 17,256 | 19,814 |
| Changes in work required to address professional and regulatory requirements and scope associated with risk (See Note 1) | 45,044 | - |
| Revised Scale Fee | 62,300 | 25,314 |
| Additional work required for Covid-19 considerations (See Note 2) | To be confirmed | - |
| Total indicative Pension Fund Fee | To be confirmed | 25,314 |
| Additional Audit Fee in respect of work on behalf of Admitted Body auditors (recharged to the Pension Fund) | 11,500 | 5,500 |
| Standard annual procedures in respect of IAS19 and additional procedures in respect of the triennial valuation | (Note 3) | |

Notes:

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

- Procedures performed to address the risk profile of the Pension Fund - £24,316
- Additional work to address increase in Regulatory standards - £19,472
- Client readiness and IT support for Data Analytics - £1,256

Note 2 - Additional time has been required for internal consultation processes on the consideration of the Pension Fund's going concern assessment and Pooled Property Funds - as set out within this report.

Note 3 - We anticipate charging an additional fee of £8,000 in 2019/20 to take into account the additional work required to respond to IAS19 assurance requests from admitted bodies and their auditors. For 2019/20 we were also required to perform additional procedures over the 2019 triennial valuation of the Fund on behalf of admitted body auditors. The triennial valuation informs both the assessment of the IAS19 liabilities in the Council's financial statements and the actuarial present value of promised retirement benefits in the Pension Fund financial statements - £3,500. The Pension Fund can recharge this fee to the relevant admitted bodies.

Independence

Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and your company, and its directors and senior management and its affiliates, including all services provided by us and our network to your company, its directors and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats. There are no relationships from 1 April 2019 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by Ernst & Young

The previous includes a summary of the fees that you have paid to us in the year ended 31 March 2020 in line with the disclosures set out in FRC Ethical Standard and in statute. We confirm that none of the services listed below has been provided on a contingent fee basis. As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

New UK Independence Standards

The Financial Reporting Council (FRC) published the Revised Ethical Standard 2019 in December and it will apply to accounting periods starting on or after 15 March 2020. A key change in the new Ethical Standard will be a general prohibition on the provision of non-audit services by the auditor (and its network) which will apply to UK Public Interest Entities (PIEs). A narrow list of permitted services will continue to be allowed.

Summary of key changes

- Extraterritorial application of the FRC Ethical Standard to UK PIE and its worldwide affiliates
- A general prohibition on the provision of non-audit services by the auditor (or its network) to a UK PIE, its UK parent and worldwide subsidiaries
- A narrow list of permitted services where closely related to the audit and/or required by law or regulation
- Absolute prohibition on the following relationships applicable to UK PIE and its affiliates including material significant investees/investors:
 - Tax advocacy services
 - Remuneration advisory services
 - Internal audit services
 - Secondment/loan staff arrangements
- An absolute prohibition on contingent fees.
- Requirement to meet the higher standard for business relationships i.e. business relationships between the audit firm and the audit client will only be permitted if it is inconsequential.
- Permitted services required by law or regulation will not be subject to the 70% fee cap.

Summary of key changes (continued)

- Grandfathering will apply for otherwise prohibited non-audit services that are open at 15 March 2020 such that the engagement may continue until completed in accordance with the original engagement terms.
- A requirement for the auditor to notify the Audit & Accounts Committee where the audit fee might compromise perceived independence and the appropriate safeguards.
- A requirement to report to the Audit & Accounts Committee details of any breaches of the Ethical Standard and any actions taken by the firm to address any threats to independence. A requirement for non-network component firm whose work is used in the group audit engagement to comply with the same independence standard as the group auditor. Our current understanding is that the requirement to follow UK independence rules is limited to the component firm issuing the audit report and not to its network. This is subject to clarification with the FRC.

Next Steps

We will continue to monitor and assess all ongoing and proposed non-audit services and relationships to ensure they are permitted under FRC Revised Ethical Standard 2016 which will continue to apply until 31 March 2020 as well as the recently released FRC Revised Ethical Standard 2019 which will be effective from 1 April 2020. We will work with you to ensure orderly completion of the services or where required, transition to another service provider within mutually agreed timescales.

We do not provide any non-audit services which would be prohibited under the new standard.

Other communications

EY Transparency Report 2019

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2019:

https://assets.ey.com/content/dam/ey-sites/ey-com/en_uk/about-us/transparency-report-2019/ey-uk-2019-transparency-report.pdf



08 Appendices

Appendix A

Audit approach update

We summarise below our approach to the audit of the balance sheet and any changes to this approach from the prior year audit.

Our audit procedures are designed to be responsive to our assessed risk of material misstatement at the relevant assertion level. Assertions relevant to the balance sheet include:



- ▶ Existence: An asset, liability and equity interest exists at a given date
- ▶ Rights and Obligations: An asset, liability and equity interest pertains to the entity at a given date
- ▶ Completeness: There are no unrecorded assets, liabilities, and equity interests, transactions or events, or undisclosed items
- ▶ Valuation: An asset, liability and equity interest is recorded at an appropriate amount and any resulting valuation or allocation adjustments are appropriately recorded
- ▶ Presentation and Disclosure: Assets, liabilities and equity interests are appropriately aggregated or disaggregated, and classified, described and disclosed in accordance with the applicable financial reporting framework. Disclosures are relevant and understandable in the context of the applicable financial reporting framework

| Net Assets Statement category | Audit Approach in current year | Audit Approach in prior year | Explanation for change |
|-----------------------------------|---|---|------------------------|
| Investment Assets and Liabilities | Substantively tested all relevant assertions | Substantively tested all relevant assertions | N/A |
| Long term debtors | Immaterial - Substantively tested assertion for presentation and disclosure | Immaterial - Substantively tested assertion for presentation and disclosure | N/A |
| Debtors | Immaterial - Substantively tested assertion for presentation and disclosure | Immaterial - Substantively tested assertion for presentation and disclosure | N/A |
| Cash in hand | Substantively tested all relevant assertions | Substantively tested all relevant assertions | N/A |
| Creditors | Substantively tested all relevant assertions | Immaterial - Substantively tested assertion for presentation and disclosure | N/A |





Appendix B

Required communications with the General Purposes and Audit & Accounts Committee

There are certain communications that we must provide to the General Purposes and Audit & Accounts Committees of UK clients. We have detailed these here together with a reference of when and where they were covered:

| Our Reporting to you | | |
|-------------------------------------|---|---|
| Required communications |  What is reported? |  When and where |
| Terms of engagement | Confirmation by the General Purposes and Audit & Accounts Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties. | The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies |
| Our responsibilities | Reminder of our responsibilities as set out in the engagement letter. | Audit Plan - 30 July 2020 - Audit & Accounts Committee |
| Planning and audit approach | Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. | Audit Plan - 30 July 2020 - Audit & Accounts Committee |
| Significant findings from the audit | <ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process ▶ Findings and issued regarding opening balances on initial audits | Audit Results Report - 31 October 2020 Audit & Accounts Committee |

Appendix

| | |  Our Reporting to you |
|-------------------------|---|---|
| Required communications |  What is reported? |   When and where |
| Going concern | <p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements | We have asked management and those charged with governance. We have reviewed managements assessment in light of Covid-19 and no material uncertainty has been identified. Disclosure will be included in the final statements as reported in section 2 of this report |
| Misstatements | <ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management | Audit Results Report – 31 October 2020 Audit & Accounts Committee |
| Subsequent events | <ul style="list-style-type: none"> ▶ Enquiry of the General Purposes and Audit & Accounts Committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements. | We have asked management and those charged with governance. We have not identified any subsequent events. |
| Fraud | <ul style="list-style-type: none"> ▶ Enquiries of the General Purposes and Audit & Accounts Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the Authority ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ Unless all of those charged with governance are involved in managing the Authority, any identified or suspected fraud involving: <ul style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▶ Any other matters related to fraud, relevant to General Purposes and Audit & Accounts Committee responsibility. | We have asked management and those charged with governance about arrangements to prevent or detect fraud. We have not become aware of any fraud or illegal acts during our audit. |

Appendix B

| | | Our Reporting to you |
|-------------------------|---|---|
| Required communications | What is reported? | When and where |
| Related parties | <p>Significant matters arising during the audit in connection with the Authority's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the Authority | We have no matters to report. |
| Independence | <p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence <p>Communications whenever significant judgments are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p> | Audit Results Report - 31 October 2020 Audit & Accounts Committee |




Appendix B

| | | Our Reporting to you |
|--|---|--|
| Required communications | What is reported? | When and where |
| External confirmations | <ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures. | We have no matters to report. |
| Consideration of laws and regulations | <ul style="list-style-type: none"> ▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▶ Enquiry of the General Purposes and Audit & Accounts Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the General Purposes and Audit & Accounts Committee | We have asked management and those charged with governance. We have not identified any material instances or non-compliance with laws and regulations. |
| Significant deficiencies in internal controls identified during the audit | <ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit. | Audit Results Report - 31 October 2020 Audit & Accounts Committee |
| Written representations we are requesting from management and/or those charged with governance | <ul style="list-style-type: none"> ▶ Written representations we are requesting from management and/or those charged with governance | Audit Results Report - 31 October 2020 Audit & Accounts Committee |
| Material inconsistencies or misstatements of fact identified in other information which management has refused to revise | <ul style="list-style-type: none"> ▶ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise | Audit Results Report - 31 October 2020 Audit & Accounts Committee |
| Auditors report | <ul style="list-style-type: none"> ▶ Any circumstances identified that affect the form and content of our auditor's report | Audit Results Report - 31 October 2020 Audit & Accounts Committee |
| Fee Reporting | <ul style="list-style-type: none"> ▶ Breakdown of fee information when the Audit Plan is agreed ▶ Breakdown of fee information at the completion of the audit ▶ Any non-audit work | Audit Plan - 30 July 2020 Audit Results Report - 31 October 2020 Audit & Accounts Committee |

Appendix C

Outstanding matters

The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report:

| Item |  Actions to resolve |  Responsibility |  |
|------------------------------------|---|--|---|
| Subsequent events review | Completion of subsequent events procedures to the date of signing the audit report. | EY and Management | |
| Internal Consultations | We are required to consult internally before concluding on our going concern audit work. | EY | |
| Management Representation Letter | Receipt of signed management representation letter. | Management | |
| Agreement of Final set of Accounts | On completion of Level 3 valuations testing, agree all changes made to draft accounts are updated in the final set of accounts. | EY and Management | |
| Final Review Procedures | Final review of areas listed above. | EY | |

Appendix D – Management representation letter

Management Representation Letter



Ernst & Young LLP
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Cambridge CB4 0WZ
Tel: 01223 394400
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www.ey.com/uk

16 October 2020

Chris Malyon
Deputy Chief Executive and Chief Finance Officer
Cambridgeshire County Council
Shire Hall
Castle Hill
Cambridge
CB3 0AP

Dear Chris,

Cambridgeshire Pension Fund – 2019/20 financial year Request for a letter of representation

International Standards on Auditing set out guidance on the use by auditors of management representations (ISA (UK&I) 580) and on possible non-compliance with laws and regulations (ISA (UK&I) 250). I have interpreted this guidance as it affects Local Government bodies and I expect the following points to apply.

- auditors may wish to obtain written representation where they are relying on management's representations in respect of judgemental matters (for example the level of likely incidence of a claim), which may not be readily corroborated by other evidence;
- auditors are likely to request written representations on the completeness of information provided;
- auditors may wish to obtain written representation on issues other than those directly related to the Statement of Accounts;
- the letter is dated on the date on which the auditor signs the opinion and certificate;
- the letter is signed by the person or persons with specific responsibility for the financial statements; and
- the letter is formally acknowledged as having been discussed and approved by the Audit Committee, as those charged with governance of the Pension Fund.

I would expect the letter of representation to include the following matters.

General statement

That the letter of representations is provided in connection with our audit of the financial statements of Cambridgeshire Pension Fund ("the Fund") for the year ended 31 March 2020.

That you recognise that obtaining representations from you concerning the information contained in this letter is a significant procedure in enabling us to form an opinion as to whether the financial statements give a true and fair view of the financial transactions of the Fund during the period from 1 April 2019 to 31 March 2020 and of the amount and disposition of the Fund's assets and liabilities as at 31 March 2020, other than liabilities to pay pensions and benefits after the end of the period, have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited. A list of members named in the annual report for 2019/20 is available at <http://www.ey.com/UK/en/AboutUs>. Ernst & Young LLP is a multi-disciplinary practice and is authorised and regulated by the Institute of Chartered Accountants in England and Wales, the Solicitors Regulation Authority and other regulators. Further details can be found at <http://www.ey.com/UK/en/AboutUs>.



2

That you understand that the purpose of our audit of the Fund's financial statements is to express an opinion thereon and that our audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent we considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, you make the following representations, which are true to the best of your knowledge and belief, having made such inquiries as you considered necessary for the purpose of appropriately informing yourselves:

A. Financial Statements and Financial Records (See Note B)

1. That you have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
2. That you confirm that the Fund is a Registered Pension Scheme. You are not aware of any reason why the tax status of the scheme should change.
3. That you acknowledge, as members of management of the Fund, your responsibility for the fair presentation of the financial statements. You believe the financial statements referred to above give a true and fair view of the financial position and the financial performance of the Fund in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, and are free of material misstatements, including omissions. That you have approved the financial statements.
4. That the significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
5. As members of management of the Fund, you believe that the Fund has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 that are free from material misstatement, whether due to fraud or error.

You have disclosed to us any significant changes in your processes, controls, policies and procedures that you have made to address the effects of the COVID-19 pandemic on your system of internal controls.

6. That there are no unadjusted differences identified during the current audit and pertaining to the latest period presented.

Appendix D – Management representation letter

Management Representation Letter



3

B. Non-compliance with laws and regulations including fraud

1. That you acknowledge that you are responsible for determining that the Fund's activities are conducted in accordance with laws and regulations and that you are responsible for identifying and addressing any non-compliance with applicable laws and regulations, including fraud.
2. That you acknowledge that you are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. That you have disclosed to us the results of your assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. That you have not made any reports to The Pensions Regulator, nor are you aware of any such reports having been made by any of your advisors.
5. That there have been no other communications with The Pensions Regulator or other regulatory bodies during the Fund year or subsequently concerning matters of noncompliance with any legal duty. That you have drawn to our attention all correspondence and notes of meetings with regulators (if applicable).
6. That you have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Fund (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
 - Involving financial improprieties
 - Related to laws or regulations that have a direct effect on the determination of material amounts and disclosures in the Fund's financial statements
 - Related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Fund, its ability to continue, or to avoid material penalties
 - Involving management, or employees who have significant roles in internal control, or others
 - In relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. That you have provided us with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters.
 - Additional information that you have requested from us for the purpose of the audit.
 - Unrestricted access to persons within the entity from whom we determined it necessary to obtain audit evidence.



4

2. That we have been informed of all changes to the Fund rules.
 3. All material transactions have been recorded in the accounting records and are reflected in the financial statements, including those related to the COVID-19 pandemic.
 4. That you have made available to us all minutes of the meetings of members of the management of the Fund and committees of members of the management of the Fund (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the period to the most recent meeting on the following date (30 November 2020).
 5. That you confirm the completeness of information provided regarding the identification of related parties. You have disclosed to us the identity of the Fund's related parties and all related party relationships and transactions of which you are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the period end. These transactions have been appropriately accounted for and disclosed in the financial statements.
 6. That you confirm the completeness of information provided regarding annuities held in the name of the members of the management of the Fund.

Where members of the management of the Fund have determined that annuity policies are not material the following statement may be added: The Scheme holds annuity policies which have not been recognised and recorded as an asset of the Scheme in the financial statements as they are not considered material in relation to the net assets. These policies have an estimated value of £xxx.
 7. That you have disclosed to us, and the Fund has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
 8. No transactions have been made which are not in the interests of the Fund members or the Fund during the fund year or subsequently.
 9. That you believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
 10. That from the date of your last management representation letter to us, through the date of this letter you have disclosed to us any unauthorized access to your information technology systems that either occurred or to the best of your knowledge is reasonably likely to have occurred based on your investigation, including of reports submitted to you by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to your information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate.
- #### D. Liabilities and Contingencies
1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to us and are appropriately reflected in the financial statements.

Appendix D – Management representation letter

Management Representation Letter



5

2. You have informed us of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.

3. You have recorded and/or disclosed, as appropriate, all liabilities relating to litigation and claims, both actual and contingent, and have disclosed in Note [X] to the financial statements all guarantees that we have given to third parties.

4. No other claims in connection with litigation have been or are expected to be received.

E. Subsequent Events

1. Other than described in the relevant note (Note [X]) to the financial statements, there have been no events, including events related to the COVID-19 pandemic, subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

F. Other information

1. You acknowledge your responsibility for the preparation of the other information. The other information comprises the "Cambridgeshire Pension Fund Annual Report and Accounts 2019/2020".

2. You confirm that the content contained within the other information is consistent with the financial statements.

G. Independence

1. You confirm that, under section 27 of the Pensions Act 1995, no members of the management of the Fund of the Scheme is connected with, or is an associate of, Ernst & Young LLP which would render Ernst & Young LLP ineligible to act as auditor to the Scheme.

H. Derivative Financial Instruments

1. You confirm that all investments in derivative financial instruments have been made after due consideration by the members of the management of the Fund of the limitations in their use imposed by The LGPS Management and Investment of Funds Regulations 2016. The Fund's Investment Strategy Statement has been duly reviewed to ensure that such investments comply with any limitations imposed by its provisions. The financial statements disclose all transactions in derivative financial instruments that have been entered into during the period, those still held by the members of the management of the Fund at the Fund's year end and the terms and conditions relating thereto.

2. Management has duly considered and deemed as appropriate the assumptions and methodologies used in the valuation of 'over the counter' derivative financial instruments which the Fund is holding, and these have been communicated to you.

I. Pooling investments, including the use of collective investment vehicles and shared services

1. You confirm that all investments in pooling arrangements, including the use of collective investment vehicles and shared services, meet the criteria set out in the November 2015 investment reform and criteria guidance and that the requirements of the LGPS Management and Investment of Funds Regulations 2016 in respect of these investments has been followed.



6

J. Actuarial valuation

1. The latest report of the actuary [Name] as at [Date] and dated [Date] has been provided to us. To the best of your knowledge and belief you confirm that the information supplied by you to the actuary was true and that no significant information was omitted which may have a bearing on his report.

K. Use of the Work of a Specialist

1. You agree with the findings of the specialists that we have engaged to Private Equity Investments and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. You did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and you are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

L. Estimates

Valuation of Investments

1. You believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the applicable financial reporting framework (the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/2020).

2. You confirm that the significant assumptions used in making the valuation of investments appropriately reflect your intent and ability to carry out specific courses of action on behalf of the entity.

3. You confirm that the disclosures made in the financial statements with respect to the accounting estimate(s) are complete including the effects of the COVID-19 pandemic on the valuation of investments and made in accordance with the applicable financial reporting framework.

4. You confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements due to subsequent events, including due to the COVID-19 pandemic.

M. Going Concern

1. That Note 28 to the financial statements discloses all the matters of which you are aware that are relevant to the Fund's ability to continue as a going concern, including significant conditions and events, your plans for future action, and the feasibility of those plans.

N. Specific Representations

We do not require any further specific representations in addition to those above.

Appendix D – Management representation letter

Management Representation Letter



7

I would be grateful if you could provide a letter of representation, which is appropriately signed and dated (by the Fund Administrator, Chair of the Pension Committee and Chair of Audit Committee) on the proposed audit opinion date (to be confirmed with you) on formal headed paper.

Yours sincerely

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

EY | Assurance | Tax | Transactions | Advisory

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XX/XX/2020

This letter of representations is provided in connection with our audit of the financial statements of Cambridgeshire Pension Fund ("the Fund") for the year ended 31 March 2020. We recognise that obtaining representations from you concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the financial transactions of the Fund during the period from 1 April 2019 to 31 March 2020 and of the amount and disposition of the Fund's assets and liabilities as at 31 March 2020, other than liabilities to pay pensions and benefits after the end of the period, have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

We understand that the purpose of our audit of the Fund's financial statements is to express an opinion thereon and that our audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent we considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose – all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as you considered necessary for the purpose of appropriately informing yourselves:

A. Financial Statements and Financial Records (See Note B)

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
2. We confirm that the Fund is a Registered Pension Scheme. We are not aware of any reason why the tax status of the scheme should change.
3. We acknowledge, as members of management of the Fund, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position and the financial performance of the Fund in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, and are free of material misstatements, including omissions. We have approved the financial statements.

4. That the significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
5. As members of management of the Fund, we believe that the Fund has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 that are free from material misstatement, whether due to fraud or error. We have disclosed to you any significant changes in our processes, controls, policies and procedures we have made to address the effects of the COVID-19 pandemic on our system of internal controls.
6. That there are no unadjusted differences identified during the current audit and pertaining to the latest period presented.

B. Non-compliance with laws and regulations including fraud

1. We acknowledge that we are responsible for determining that the Fund's activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have not made any reports to The Pensions Regulator, nor are we aware of any such reports having been made by any of our advisors.
5. That there have been no other communications with The Pensions Regulator or other regulatory bodies during the Fund year or subsequently concerning matters of noncompliance with any legal duty. We have drawn to your attention all correspondence and notes of meetings with regulators (if applicable).
6. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Fund (regardless of the source or form and including without limitation, any allegations by "whistle-blowers"), including non-compliance matters:
 - Involving financial improprieties
 - Related to laws or regulations that have a direct effect on the determination of material amounts and disclosures in the Fund's financial statements
 - Related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Fund, its ability to continue, or to avoid material penalties
 - Involving management, or employees who have significant roles in internal control, or others

- In relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters.
 - Additional information that you have requested from us for the purpose of the audit.
 - Unrestricted access to persons within the entity from whom we determined it necessary to obtain audit evidence.
2. You have been informed of all changes to the Fund rules.
3. All material transactions have been recorded in the accounting records and are reflected in the financial statements, including those related to the COVID-19 pandemic.
4. We have made available to you all minutes of the meetings of members of the management of the Fund and committees of members of the management of the Fund (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the period to the most recent meeting on the following date (30 November 2020).
5. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Fund's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the period end. These transactions have been appropriately accounted for and disclosed in the financial statements.
6. We confirm the completeness of information provided regarding annuities held in the name of the members of the management of the Fund.
7. We have disclosed to you, and the Fund has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
8. No transactions have been made which are not in the interests of the Fund members or the Fund during the fund year or subsequently.
9. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
10. That from the date of our last management representation letter to you, through the date of this letter we have disclosed to you any unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably

likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. No other claims in connection with litigation have been or are expected to be received.

E. Subsequent Events

1. Other than described in the relevant note (Note 6) to the financial statements, there have been no events, including events related to the COVID-19 pandemic, subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

F. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the "Cambridgeshire Pension Fund Annual Report and Accounts 2019/2020".
2. We confirm that the content contained within the other information is consistent with the financial statements.

G. Independence

1. We confirm that, under section 27 of the Pensions Act 1995, no members of the management of the Fund of the Scheme is connected with, or is an associate of, Ernst & Young LLP which would render Ernst & Young LLP ineligible to act as auditor to the Scheme.

H. Derivative Financial Instruments

1. We confirm that all investments in derivative financial instruments have been made after due consideration by the members of the management of the Fund of the limitations in their use imposed by The LGPS Management and Investment of Funds Regulations 2016. The Fund's Investment Strategy Statement has been duly reviewed to ensure that such investments comply with any limitations imposed by its provisions. The financial statements disclose all transactions in derivative financial instruments that have been entered into during the period, those still held by the members of the management of the Fund at the Fund's year end and the terms and conditions relating thereto.
2. Management has duly considered and deemed as appropriate the assumptions and methodologies used in the valuation of 'over the counter' derivative financial instruments which the Fund is holding, and these have been communicated to you.

I. Pooling investments, including the use of collective investment vehicles and shared services

1. We confirm that all investments in pooling arrangements, including the use of collective investment vehicles and shared services, meet the criteria set out in the November 2015 investment reform and criteria guidance and that the requirements of the LGPS Management and Investment of Funds Regulations 2016 in respect of these investments has been followed.

J. Actuarial valuation

1. The latest report of the actuary Hymans as at 31 March 2019 and dated March 2020 has been provided to you. To the best of our knowledge and belief we confirm that the information supplied by us to the actuary was true and that no significant information was omitted which may have a bearing on his report.

K. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we have engaged to Private Equity Investments and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

L. Estimates

Valuation of Investments

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimates have been consistently applied and are appropriate in the context of the applicable financial reporting framework (the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/2020).
2. We confirm that the significant assumptions used in making the valuation of investments appropriately reflect your intent and ability to carry out specific courses of action on behalf of the entity.
3. We confirm that the disclosures made in the financial statements with respect to the accounting estimates are complete including the effects of the COVID-19 pandemic on the valuation of investments and made in accordance with the applicable financial reporting framework.
4. We confirm that no adjustments are required to the accounting estimates and disclosures in the financial statements due to subsequent events, including due to the COVID-19 pandemic.

M. Going Concern

1. That Note 2 to the financial statements discloses all the matters of which we are aware that are relevant to the Fund's ability to continue as a going concern, including significant conditions and events, your plans for future action, and the feasibility of those plans.

N. Specific Representations

1. We do not require any further specific representations in addition to those above. 7

X

Councillor Mike Shellens
Chairman of the Audit Committee

X

Chris Malyon
S151 Officer

WHISTLEBLOWING POLICY ANNUAL REPORT

To: Audit & Accounts Committee

Date: October 2020

From: Duncan Wilkinson, Chief Internal Auditor

Electoral division(s): All

Forward Plan ref: N/A *Key decision:* N/A

Purpose: Annual report on the Council's Whistleblowing Policy.

Recommendation: Audit and Accounts Committee to approve the report.

| <i>Officer contact:</i> | |
|-------------------------|--|
| Name: | Duncan Wilkinson |
| Post: | LGSS Chief Internal Auditor |
| Email: | Duncan.Wilkinson@Milton-keynes.gov.uk |
| Tel: | 01908 252089 |

1. BACKGROUND

- 1.1 Internal Audit produces an annual report to the Audit and Accounts Committee as per Section 8 of the Whistleblowing Policy, to identify any patterns of concern and assess the effectiveness of the policy.

2. UPDATES

- 2.1 Cambridgeshire County Council's Whistleblowing Policy revised and updated in January 2020 (see Annex A).

Updates included:

- Updated key officer contact information;
- Updated Public Concern at Work to Protect.

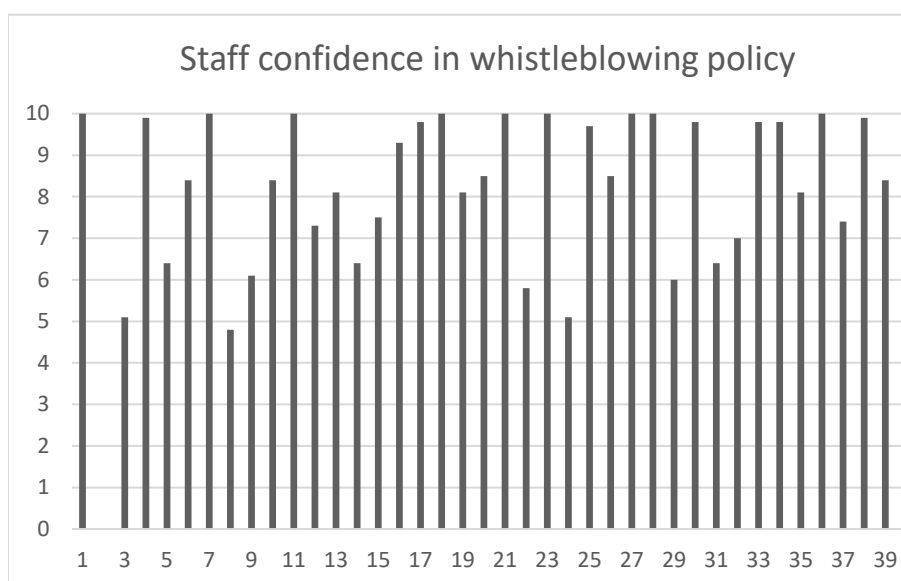
3. PUBLICITY AND AWARENESS

- 3.1 Following the approval of the Whistleblowing Policy by the Audit and Accounts Committee, the revised policy will immediately be made available to staff via the Council's intranet, and to members of the public via the Council's public website.
- 3.2 The Internal Audit team also conducted a publicity campaign to promote the policy and awareness of whistleblowing processes throughout the organisation and a revised poster campaign across the Council's buildings will be undertaken.
- 3.3 The Local Authority's whistleblowing poster for schools was also updated, and this was sent to all maintained schools in February 2020, requiring them to display the posters.
- 3.4 Internal Audit has also worked with the Communications team to raise awareness via the 'Daily Blog' on the Council's intranet and in the Friday Focus newsletter, with a post explaining how to raise concerns.

4. STAFF SURVEY

- 4.1 In line with the policy, a staff survey was conducted in December 2019, to gauge staff awareness of the policy.
- 4.2 One hundred randomly-selected members of staff were asked to complete an online survey, and 42 responses were received.

| Results | |
|--|---|
| 95% of staff were aware of the Whistleblowing Policy | 98% of staff confirmed that they would feel confident in raising a serious concern either with their line manager, another senior member of staff, or via the Whistleblowing Policy |



4.3 None of the members of staff indicated that they had considered using the whistleblowing process in the last 12 months.

4.4 Recognising the 42% return rate, the responses received from the whistleblowing survey provides assurance that staff are aware of the policy and felt confident to use it if they wanted to raise a concern.

5. WHISTLEBLOWING CASES 2019/20

5.1 In line with the policy, Internal Audit was advised on 21 cases that had been raised under the whistleblowing process in 2019/20. The table below shows the number of cases and what the outcomes were.

| Whistleblowing Cases | Outcome |
|----------------------|--------------------------------|
| 9 | Dealt with by Internal Audit |
| 4 | Referred to HR |
| 1 | Referred to the Police |
| 1 | Referred to Executive Director |
| 6 | Referred to Counter Fraud Team |

- 5.2 In order to maintain the necessary confidentiality it is not possible to report any detail publicly until the matter has been concluded and the legal duty to ensure whistleblowers do not suffer harassment or victimisation continues after closure of investigations.
- 5.3 Investigative outcomes are reported within Internal Audits periodic updates to the Accounts & Audit Committee.
- 5.4 No whistleblower highlighted complaint that they had been harassed / victimised, providing further assurance regarding the application of the policy.
6. WHISTLEBLOWING POLICY
- 6.1 A copy of the Whistleblowing Policy is provided at Annex A, for reference.

| Source Documents | Location |
|-----------------------|---|
| Whistleblowing Policy | Box OCT1108 Shire Hall Castle Hill Cambridge, CB3 0AP |



Cambridgeshire
County Council

WHISTLEBLOWING POLICY

| Policy Owner | |
|--------------|--|
| Name: | Duncan Wilkinson |
| Post: | LGSS Chief Internal Auditor |
| Email: | Duncan.Wilkinson@Milton-keynes.gov.uk |
| Tel: | 01908 252089 |

THE COUNCIL WANTS YOU TO BE CONFIDENT THAT YOUR CONCERNS WILL BE TAKEN SERIOUSLY AND THAT YOU WILL BE PROTECTED FROM VICTIMISATION OR BULLYING OR HARRASSMENT IF YOU RAISE A CONCERN.

If you have a concern about the Council's services please read this policy. You may think this policy does not apply to the concern you have – IT DOES, we can give confidential advice about ANY concern you may have regarding the Council and its services.

If you want to informally / confidentially discuss this policy or your concerns you can contact:

- Janet Atkin (LGSS Head of HR Advisory) – 01223 699495
- Duncan Wilkinson (LGSS Chief Internal Auditor) - 01908 252089 or email Duncan.Wilkinson@milton-keynes.gov.uk
- Sue Grace (Director of Corporate and Digital Services) – 01223 715680
- Sue Stagg (LGSS Head of Health Safety & Wellbeing) – 07721522896
- Fiona McMillan (Director of Law & Governance & Monitoring Officer) – 01733 452361
- Chris Malyon (Chief Finance Officer & Section 151) - 01223 699241
- Gillian Beasley (Chief Executive) - 01223 729051

Or

The Whistleblowing hotline on 01908 252525

Or

Protect on 020 3117 2520 or contact the [Protect Advice Line](#).

Protect are an independent charity and information provided to Protect is protected under the Public Interest Disclosures Act. Their advice line is where their lawyers provide confidential advice free of charge.

You may also wish to contact your trade union for advice or support in making a whistleblowing disclosure.

The details of such discussions will not be released to anyone else within the Council without your express consent and meetings can be held at a time and place of your choosing.

TABLE OF CONTENTS

| | | |
|------------|---|----|
| <u>1.</u> | <u>INTRODUCTION</u> | 4 |
| <u>2.</u> | <u>AIMS AND SCOPE OF THIS POLICY</u> | 5 |
| <u>3.</u> | <u>HOW TO RAISE A CONCERN</u> | 6 |
| <u>4.</u> | <u>SUPPORTING THE INDIVIDUAL TO RAISE A CONCERN</u> | 7 |
| <u>4.1</u> | <u>Harassment or Victimisation</u> | 7 |
| <u>4.2</u> | <u>Confidentiality</u> | 8 |
| <u>4.3</u> | <u>Anonymity</u> | 8 |
| <u>4.4</u> | <u>Untrue Allegations</u> | 8 |
| <u>5.</u> | <u>HOW THE COUNCIL WILL RESPOND</u> | 9 |
| <u>6.</u> | <u>HOW THE MATTER CAN BE TAKEN FURTHER</u> | 10 |
| <u>7.</u> | <u>ROLES AND RESPONSIBILITIES</u> | 10 |
| <u>8.</u> | <u>HOW THE POLICY WILL BE MONITORED</u> | 11 |
| <u>9.</u> | <u>REVIEW</u> | 12 |
| Annex A | Procedure for Contractors / Partners | 13 |
| Annex B | Monitoring Survey | 14 |

1. INTRODUCTION

- 1.1 This policy seeks to provide a process that gives anyone with a concern about the Council the confidence to bring that concern to our attention.
- 1.2 All officers, councillors and partners have a responsibility to protect the Council's interests through the proper adherence to this policy. This is required for reasons of open and accountable governance, stakeholder trust and compliance with U.K. and E.U. law.
- 1.3 Cambridgeshire County Council operates within legal requirements and regulations and expects its employees to co-operate in this by adhering to all laws, regulations, policies and procedures. Any employee becoming aware of inappropriate conduct is obliged to report this activity. This policy also applies to contractors, consultants, partners and agency staff and other stakeholders including Councillors.
- 1.4 Employees are often the first to realise that there may be something seriously wrong within the Council. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Council. Councillors, customers and stakeholders are also in a position to identify concerns that affect Council services and need to be addressed.
- 1.5 Individuals with a concern may fear that they will be victimised or harassed if they raise the concern. In these circumstances it may feel easier to ignore the concern. However, such concerns should not be ignored and suspicions of malpractice should be reported.
- 1.6 It is recognised that certain cases will have to proceed on a confidential basis but in accordance with the Freedom of Information Act this policy seeks to provide a transparent method for dealing with concerns. Whistleblowers can have confidence through this policy that they have the fullest protections afforded by the Public Interest Disclosures Act.
- 1.7 Specifically the code of practice set out in this policy makes it clear that staff and others can make reports without fear of reprisals and sets out what protections are in place under this policy. This Code is intended to encourage and enable concerns to be raised within the Council so that they can be addressed, rather than overlooking problems or raising them outside the Council.
- 1.8 The Council is committed to the highest possible standards of openness, probity and accountability. In line with that commitment the Council encourages employees, customers, contractors, employees of subsidiaries, stakeholders or any other person with serious concerns about any aspect of the Council's work to come forward and voice those concerns. This process is commonly referred to as "whistle blowing".

2. AIMS AND SCOPE OF THIS POLICY

2.1 This code of practice aims to:

- Encourage and enable any person to feel confident in raising serious concerns and to question and act upon concerns
- Provide avenues for any person to raise concerns and receive feedback on any action taken
- Ensure everyone making a referral receives a response to their concerns
- Describe how to take the matter further if dissatisfied with the Council's response
- Reassure anyone making a referral that they will be protected from reprisals or victimisation.

2.2 The Whistleblowing Policy is intended to cover any concerns that fall outside the scope of other policies. Concerns that could be raised under the policy include:

- Sexual, physical or emotional abuse of clients or other individuals
- Conduct which is an offence or a breach of law
- Disclosures related to miscarriages of justice
- Health and safety risks, including risks to the public as well as employees
- Damage to the environment
- Unauthorised use of public funds
- Action that is contrary to the Council's financial procedures or contract regulations
- Possible fraud, corruption or financial irregularity
- Action that is against the Council's Standing Orders and policies
- Practice that falls below established standards or practice
- Other improper or unethical conduct.

2.3 If a member of staff is uncertain how best to raise any concern, it may be raised initially under this policy. If a concern is raised which does fall under the scope of another corporate policy, the concern will then be referred for investigation in line with the relevant policy guidance.

2.4 The concern may be something that makes a person feel uncomfortable in terms of known standards, their experience or the standards to which they believe the Council subscribes. If in doubt, please contact either a named contact on the front cover of this policy or Protect to have a confidential discussion.

2.5 For the avoidance of doubt, if you have concerns that any person may be being mistreated / abused you can discuss your concerns in confidence with those listed on the front cover of this policy.

2.6 There are existing procedures in place, which must be followed, to enable staff to lodge a grievance relating to their own employment, customers to complain about the service they receive and regarding concerns whether councillors have breached the National Code of Conduct. The Whistleblowing Policy should not be used for such concerns; however, advice can be obtained from the contacts on the front cover of this policy if you have any doubts.

2.7 For the avoidance of doubt, this policy applies to all employees, councillors, contractors, consultants, schools, agency staff and other stakeholders who are acting on behalf of, or in partnership with, the Council.

2.8 Any disclosure of information that, in the reasonable belief of the worker, is made in the public interest, shall be deemed a qualifying disclosure.

- 2.9 This policy incorporates the provisions that are required from the Public Interest Disclosure Act 1998.

3. HOW TO RAISE A CONCERN

- 3.1 When an individual wishes to raise a concern, he or she will need to identify the issues carefully. They must be clear about the standards against which they are judging practice. Whilst not exhaustive they should consider the following:
- Is it illegal?
 - Does it contravene professional codes of practice?
 - Is it against government guidelines?
 - Is it against the Council's guidelines?
 - Is it about one individual's behaviour or is it about general working practices?
 - Does it contradict what the employee, councillor, contractor, consultant, agency staff or other stakeholder has been taught?
 - Has the individual witnessed the incident?
 - Did anyone else witness the incident at the same time?
- 3.2 Concerns from staff should normally be raised with their immediate manager, in the first instance. Similarly, non-employees (e.g. agency workers or contractors) should raise a concern in the first instance with their contact within the Council, usually the person to whom they directly report.
- 3.3 In some cases, the nature or sensitivity of the concern means that this may not always be appropriate. If a person feels they cannot raise their concern with their immediate manager they are able to go directly to the Chief Internal Auditor. They may also do so if, having raised a concern with the immediate manager/contact, they feel there has not been an appropriate response.
- 3.4 Others wishing to raise a concern should consider whether to raise that concern directly with the relevant senior officer of the service involved or use the Council's existing Complaints process. Details of all such contacts can be found on the Council's website.
- 3.5 Given the possible contractual issues, Annex A of this policy gives specific guidance to contractors and partners of the Council in raising such concerns.
- 3.6 Concerns may be raised verbally or in writing. Anyone who wishes to make a written report should give the background and history of the concern (giving relevant dates if possible) and the reason why they are particularly concerned about the situation.
- 3.7 If the individual wishes, they may ask for a private meeting with the person to whom they wish to make the complaint and can be accompanied if they wish. An employee may invite their trade union or professional association representative, work colleague or legal representative to be present during any meetings or interviews in connection with the concerns they have raised.
- 3.8 When making a complaint verbally, the individual should write down any relevant information and date it. They should keep copies of all correspondence and relevant information.
- 3.9 It should be noted that often the earlier a concern is expressed the easier it is to take appropriate action.

- 3.10 The individual should ask the person to whom they are making the complaint what the next steps will be and if anything more is expected from them.
- 3.11 Although a person is not expected to prove the truth of an allegation that is made, it will be necessary to demonstrate that there are sufficient grounds for concern. It is not necessary for any person to undertake investigations into their concern prior to contacting the Council, as this may undermine any ultimate action needing to be taken.
- 3.12 Advice and guidance on how specific matters of concern may be pursued can be obtained from the Council's Internal Audit Service. Phone 01908 254230 or email internal.audit@cambridgeshire.gov.uk. Alternatively staff may wish to get confidential advice from their trade union or professional association
- 3.13 Staff may wish to consider discussing their concerns with a colleague first and may find it easier to raise the matter if there are two (or more) of them who have had the same experience or concerns.
- 3.14 Where a person feels that they cannot approach anyone in the Council, they may wish to report their concerns through the external independent reporting scheme called Protect. Protect are an independent charity providing a legal advice service designated by the Bar Council and information provided to Protect is protected under the Public Interest Disclosures Act. Their helpline number is 020 3117 2520 or contact their Protect Advice Line, where their lawyers provide confidential advice free of charge.
- 3.15 The individual who is the subject of an investigation may be made aware that an issue has been raised but this will be entirely dependent on the nature of the issue. This point will be superseded where necessary in order to allow the subject to provide a defence.

4. SUPPORTING THE INDIVIDUAL TO RAISE A CONCERN

4.1 Harassment or Victimisation

- 4.1.1 The Council recognises that the decision to raise a concern can be difficult, not least because of the fear of reprisals.
- 4.1.2 The Council will not tolerate harassment or victimisation and will take action to protect individuals who raise concerns. This does not mean that if the individual is already the subject of disciplinary or redundancy procedures, that those procedures will be halted as a result of raising a concern under this policy.
- 4.1.3 It is the clear instruction to those officers (through this formal policy) of the Council who liaise with whistleblowers that they shall not release information to identify a whistleblower to any person within the Council and will only release those details to a proper person outside the Council when there is a legal requirement to do so, e.g. a court order. The only exception to this shall be where the whistleblower themselves gives written permission to do so.
- 4.1.4 Any person applying pressure upon such officers to identify whistleblowers shall be subject to the same provisions as outlined in 4.1.6 below.
- 4.1.5 Where a whistleblower alleges they are / have been victimised / harassed as a result of raising a concern, that matter shall be reported to Chief Executive or S151 Officer. Such allegations shall be investigated by the Chief Internal Auditor or LGSS Director of Law and Governance. Where the investigations may identify (either indirectly or directly) the

whistleblower, the way forward shall be agreed with the whistleblower and any resultant action confidentially reported to the Chair of the Audit & Accounts Committee.

4.1.6 Each case will be considered on its merits. Any incident of victimisation or harassment of someone who has made a referral under this policy would normally be considered:

- A matter of Gross Misconduct if done by an employee of the Council
- A matter for the Council to consider termination of a contract if done by or at the request of a contractor. If there are concerns that a contractor is victimising, or has victimised, a whistleblower an independent review may be requested
- A matter that would be referred to the Constitution & Ethics Committee if undertaken by or at the request of a Councillor
- A matter that could affect the service provided to a customer if done by or at the request of that customer.

4.2 Confidentiality

4.2.1 All concerns will be treated in confidence and every effort will be made not to reveal the identity of the person highlighting the concern if that is the wish of the individual.

4.2.2 Individuals are encouraged to put their name to any allegation. The Council will do its best to protect the individual's identity when they do not want their name disclosed. It must be appreciated that the investigation process may reveal the source of the information, and a statement by the individual raising the concern may be required as part of the evidence.

4.2.3 At the appropriate point in any investigations the subject of the allegation may be made aware of the allegation in order to provide a defence. In these cases the identity of the Whistle-blower will not be divulged to the subject of the allegation or their representatives unless the Whistle-blower gives written consent to do so to the investigating officers.

4.3 Anonymity

4.3.1 Concerns expressed anonymously are much less powerful but will be considered at the discretion of the Council. In exercising this discretion, the factors to be taken into account would include :

- Seriousness of the issue
- Credibility of the concern
- Likelihood of being able to obtain the necessary information

4.4 Untrue Allegations

4.4.1 Any individual who makes an allegation in good faith which is not subsequently confirmed by the investigation, will have no action taken against them and will continue to have protection under this policy from victimisation or harassment.

4.4.2 If, however, an individual makes malicious or vexatious allegations, action may be taken against them.

5. HOW THE COUNCIL WILL RESPOND

- 5.1 In order to protect individuals and the Council, an initial review will be carried out to decide whether a full investigation is appropriate and, if so, what form it should take. Concerns or allegations, which fall within the scope of specific procedures (for example, child protection or discrimination issues), will normally be referred for consideration under those procedures.
- 5.2 It should be noted that some concerns may be resolved by agreed action without the need for investigation. Equally some issues may be investigated without the need for initial enquiries. If urgent action were required, this would be taken before any investigation is conducted.
- 5.3 The action taken by the Council will depend on the nature of the concern. Where appropriate, the matters raised may be:
- Investigated by management, Internal Audit, HR, or other appropriate person
 - Referred to the External Auditor
 - Referred to the police
 - The subject of an independent inquiry.
- 5.4 The Council will send an initial acknowledgement of receipt of concern within 2 days and will then write to the person raising the concern within 7 -10 working days (i.e. initially the individual or representative with whom the report was lodged as set out in Sections 4.1 and 4.2):
- Acknowledging that the concern has been received
 - Indicating how it proposes to deal with the matter
 - Giving an indication of when a final response or update will be provided
 - Telling the person whether any initial enquiries have been made
 - Supplying the person with information on staff support mechanisms and
 - Telling the person whether further investigations will take place and, if not, why not.
- 5.5 Every effort will be made to resolve the matters raised as soon as possible, in the interests of the Council, the person raising the concern and the person(s) being investigated.

- 5.6 The amount of contact between the officers considering the issues and the person raising the concern will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, further information may be sought from the person raising the concern.
- 5.7 Where any meeting is arranged, staff have the right, if they so wish, to be accompanied by a trade union or professional association representative or a work colleague who is not involved in the area of work to which the concern relates.
- 5.8 The Council will take appropriate steps to minimise any difficulties, which a person may experience as a result of raising a concern and provide advice and support should they be required to give evidence, e.g. at a disciplinary hearing. Such support may include the ability to give evidence via video link.
- 5.9 The Council accepts that the person raising a concern needs to be assured that the matter has been properly addressed. Thus, subject to legal constraints, the person raising the concern will be kept informed as the investigation progresses unless they have requested otherwise. At the very least they should receive an update on the investigation by the date implied by the estimated response time given in section 5.4

6. HOW THE MATTER CAN BE TAKEN FURTHER

- 6.1 Any individual has the right and responsibility to refer a concern to the Police if they suspect a criminal act.
- 6.2 This policy is intended to provide an avenue to raise concerns within the Council. The Council hopes that those using this process will be satisfied with the way their concerns are treated and any investigations that may be carried out. However, if they are not satisfied and feel it right to take the matter outside the Council, the matter can be raised with:
- Protect on 020 3117 2520 or contact the [Protect Advice Line](#)
 - Relevant professional bodies or regulatory organisations
 - A solicitor.
- 6.3 In taking advice from sources outside the Council, a person must ensure that, so far as possible, it is raised without confidential information being divulged and would, other than in exceptional circumstances, be expected to have exhausted the internal routes available first.
- 6.4 If an individual wishes to complain to the Council about how the investigation of their concerns was carried out, they should address their complaint directly to the Head of Human Resources or the Chief Internal Auditor. The Head of Human Resources and Chief Internal Auditor will then notify the Chief Executive that a complaint has been made regarding a whistleblowing investigation, determine which service is best placed to deal with the complaint, and appoint an appropriate officer to deal with the complaint. In deciding who should deal with the complaint the following should be considered:
- Which officer and service conducted the whistleblowing investigation;
 - Which service has the most independence and objectivity in relation to the original investigation; and
 - The skills needed to deal with the complaint.

- 6.5 This is separate to the Council's corporate complaints procedure, which assumes that a complaint should first be dealt with by the relevant service area, as the service area is likely to have been involved in the investigation. The review of a complaint regarding a whistleblowing investigation will be reported to the Chief Executive, and as such is equivalent to the third and final stage of the corporate complaints procedure.

7. ROLES AND RESPONSIBILITIES

- 7.1 The responsibility for the operation of this policy rests with the Executive Directors to ensure all staff are fully aware of its provisions. The Chief Internal Auditor must be advised of all referrals so that an annual report to the Council's Audit & Accounts Committee can be compiled.
- 7.2 Investigations should be undertaken by appropriate officers with expertise and will be dependent upon the issue raised. Internal Audit and Human Resources will jointly ensure that investigations are swift and effective and undertaken by someone with relevant skills and experience. Internal Audit and Human Resources (HR) will act as the corporate services who maintain records of all referrals and subsequent investigations received by the Council.

Additionally:

- 7.3 Internal Audit will lead on all financial referrals, including those where there are significant financial implications to an allegation. The Audit team will ensure that concerns raised through the informal process are logged and trends identified.
- 7.4 Human Resources will lead on allegations regarding serious misconduct of Council employees. The HR team will advise and support employees involved in the investigation process, to ensure that such processes are fair and supportive to all those involved.
- 7.5 The Monitoring Officer will lead on allegations regarding misconduct of Councillors and any issues where there is alleged unlawfulness or criminality.
- 7.6 As the Monitoring Officer has a statutory obligation to take action to avoid the Council acting unlawfully, officers are required to inform the Monitoring Officer of any whistleblower report received. This will be treated with appropriate confidentiality in line with investigations.
- 7.7 Employees: In all contracts of employment there is an implied understanding of mutual trust and confidence between the employer and employee. All employees, therefore, have a responsibility to raise concerns about work and they may do so in the manner described in this policy.
- 7.8 Line managers: Must create an open and fair culture within their area of responsibility and ensure that staff concerns are listened to and action taken where necessary. Line managers are responsible for ensuring that there is a safe environment for staff to raise their concerns and that there is no retribution as a result of someone raising their concerns.
- 7.9 Audit & Accounts Committee: is responsible for assuring the Council that the risks across the Council are being identified and managed. It is therefore responsible for ensuring that this policy is robust and for ensuring that the principles within this policy are upheld.

8. HOW THE POLICY WILL BE MONITORED

- 8.1 The Council has a responsibility for registering the nature of all concerns raised and to record the outcome. The Council's Internal Audit Service will produce an annual report to the Audit and Accounts Committee, which will identify any patterns of concern and assess the effectiveness of the policy.
- 8.2 This policy will be publicised via the Council's Website and specifically:
- Every new employee will be advised to familiarise themselves with the policy when joining the Council;
 - Every contract will require the contractor to communicate the policy to their staff and adopt its provisions when working for the Council;
 - Every employee of a Limited Liability Partnership (LLP) owned by the council will be provided a copy of the policy when joining the LLP, together with training on the whistleblowing procedures of their organisation and the circumstances where each policy will apply;
 - All newly elected members shall be provided a copy of the policy.
- 8.3 A public leaflet will be produced and placed in the Council's public areas to promote the policy and invite feedback.
- 8.4 An annual survey will be undertaken by Internal Audit to gauge the awareness of the policy and individual whistleblowers will be asked more detailed questions about their perceptions of the policy in practice.

9. REVIEW

- 9.1 This procedure will be kept under review and any amendments will be subject to consultation with staff representatives. It will be reviewed by the Council's Audit and Accounts Committee on an annual basis.

Procedure for Contractors / Partners, including employees of subsidiaries

1. This procedure is for Contractors who want to raise a concern and once a concern is raised it will be treated in line with the main policy.
2. As a first step contractors should normally raise concerns with their manager, who will then inform the lead Council officer who is dealing with that particular contract. If contractors do not have a manager, they should raise their concerns direct with the lead Council officer. This depends on the seriousness and sensitivity of the issues involved and who is suspected of the malpractice. For example, if contractors believe that their manager or lead Council officer is involved, they should approach the LGSS Director of Law and Governance at the Council direct. Otherwise, the lead Council officer receiving notification of concerns under this policy will inform the LGSS Director of Law and Governance that a confidential report has been received and provide a copy. If the concern relates to financial irregularities or failures of financial controls the lead Council officer receiving the report will also immediately notify the Chief Internal Auditor.
3. Concerns may be raised verbally or in writing. Individuals who wish to make a written report are invited to use the following format:
 - The background and history of the concern (giving relevant dates if possible);
 - The reason why the individual is particularly concerned about the situation.
4. It should be noted that often the earlier a concern is expressed the easier it is to take appropriate action.
5. Advice and guidance on how specific matters of concern may be pursued can be obtained internally from the Internal Audit Service. Alternatively contractors may wish to get confidential advice from their trade union or professional association.
6. Contractors may wish to consider discussing their concerns with a colleague first and may find it easier to raise the matter if there are two (or more) of you who have had the same experience or concerns.
7. Contractors may invite their trade union or professional association representative or work colleague to be present during any meetings or interviews in connection with the concerns they have raised.

General Survey

- (1) Have you thought about using the Whistleblowing Policy in the last 12 months?
- (2) If yes, but you didn't make a referral, what prevented you?
- (3) On a scale of 1-10 (with 10 being perfect) how would you rate the policy in meeting the needs of someone who has concerns about the Council's services?
- (4) If you answered less than 10, what can we do to change so that you would score 10?

Specific Survey for those who have raised a concern

- (1) On a scale of 1-10 (with 10 being perfect) how good do you feel the Council's Whistleblowing arrangements are?
- (2) If you answered less than 10, what can we do to improve so that you would have scored a 10?
- (3) Were you able to obtain sufficient advice before making your referral?
- (4) Did you use normal management structures or the corporate officers?
- (5) Were your concerns properly addressed?
- (6) Were the implications of a referral (e.g. confidentiality and timescales) explained to you?
- (7) Were you provided with regular feedback (if you wanted it)?
- (8) If you asked for confidentiality was that effectively provided?
- (9) Do you feel you suffered harassment, victimisation or any other negative consequence from raising your concern?

INTERNAL AUDIT DRAFT ANNUAL REPORT 2019/20

To: Audit & Accounts Committee
Date: 30th October 2020
From: LGSS Chief Internal Auditor

Purpose: The Public Sector Internal Audit Standards require that the Chief Internal Auditor presents an annual report to the Authority's Audit & Accounts Committee. This is reflected in the terms of reference of the Authority's Audit & Accounts Committee.

The purpose is for Audit & Accounts Committee to consider the Annual Internal Audit Report for 2019–20 and the Chief Internal Auditor's opinion regarding the state of the Internal Control Framework within Cambridgeshire County Council.

Key issues: The Annual Internal Audit Report forms part of the evidence that supports the Authority's Annual Governance Statement 2019–20.

Recommendation: Audit & Accounts Committee is requested to approve the Annual Internal Audit Report.

| <i>Officer contact:</i> | |
|-------------------------|--|
| Name: | Duncan Wilkinson |
| Post: | Chief Internal Auditor |
| Email: | Duncan.wilkinson@cambridgeshire.gov.uk |
| Tel: | 01908 252089 |

INTERNAL AUDIT SERVICE

INTERNAL AUDIT ANNUAL REPORT 2019/20

DUNCAN WILKINSON, CHIEF INTERNAL AUDITOR

May 2020

Contents:

1. INTRODUCTION
 - 1.1 The Annual Reporting Process
2. CHIEF INTERNAL AUDITOR OPINION 2019 – 20
 - 2.1 Chief Internal Auditor Opinion
3. REVIEW OF INTERNAL CONTROL
 - 3.1 How Internal Control is Reviewed
 - 3.2 The Basis of Assurance
4. INTERNAL AUDIT IN 2019-20
 - 4.1 Overview and Key Findings
 - 4.2 Financial and Other Key Systems
 - 4.3 Compliance
 - 4.4 Risk-based Reviews
 - 4.5 Contracts Reviews
 - 4.6 Anti-Fraud and Corruption
 - 4.7 Information Governance and ICT Audit
 - 4.8 Grants and other Head of Audit Assurances
 - 4.9 Policies and Procedures
 - 4.10 Other Work
 - 4.11 Summary of Completed Reviews
5. INTERNAL AUDIT PERFORMANCE AND QUALITY ASSURANCE
 - 5.1 Delivery of the 2019–20 Internal Audit Plan
 - 5.2 Service Development
 - 5.3 Compliance with Public Sector Internal Audit Standards

1. INTRODUCTION

1.1 The Annual Reporting Process

- 1.1.1 The Public Sector Internal Audit Standards (PSIAS) (Performance Standard 2450) state that the Chief Audit Executive (CAE) must deliver an annual internal audit opinion and report that can be used by the organisation to inform its annual governance statement (AGS) that forms part of the Council's official accounts. Cambridgeshire County Council's (CCC) Chief Audit Executive is the LGSS Chief Internal Auditor.
- 1.1.2 The annual report is required to incorporate the opinion; a summary of the work that supports the opinion; and a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement plan.

2. CHIEF INTERNAL AUDITOR OPINION 2019/20

2.1 Chief Internal Auditor Opinion

- 2.1.1 The CAE annual opinion must be based on an objective assessment of the framework of governance, risk management and control and include an evaluation of the adequacy and effectiveness of controls in responding to risks within the organisation's governance, operations and information systems.
- 2.1.2 My opinion is derived from an assessment of the range of individual opinions arising from assignments contained within the risk-based Internal Audit Plan. This assessment has taken account of the relative materiality of these areas, and management's progress in addressing control weaknesses. It must be recognised that the COVID-19 Pandemic did affect a number of planned audit assignments later in the year however sufficient work had been completed to allow an evidence based opinion to be given.
- 2.1.3 PSIAS also requires the CAE to confirm that the Internal Audit service has operated with an adequate level of resource to deliver an annual audit opinion. Internal Audit operates independent of the organisation, as per the Internal Audit Strategy and Charter, and there have been no compromises of Internal Audit's independence in its operation this year. I confirm that the above was compliant with PSIAS requirements.

On the basis of the audit work undertaken during the 2019/20 financial year, an opinion of satisfactory assurance is awarded. This remains unchanged from 2018/19. This opinion is caveated as the key financial systems audit reviews of Payroll, Treasury Management, General Ledger, Bank Reconciliation and IT System controls were not completed in the financial year 2019/20 due to Covid-19 pressures.

It should be noted that no systems of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance.

3. REVIEW OF INTERNAL CONTROL

3.1 How Internal Control is Reviewed

- 3.1.1 In order to support the annual Internal Audit opinion on the internal control environment, each year Internal Audit develops a risk-based Audit Plan. This includes a comprehensive range of work to confirm that all assurances provided as part of the system of internal audit can be relied upon by stakeholders.
- 3.1.2 The changing public sector environment and emergence of new risks increasingly necessitates a flexible approach and re-evaluation of the Audit Plan throughout the year. In 2019, revisions to reflect the changing risk profile of the organisation were approved on an ongoing basis throughout the year by JMT and the Audit and Accounts Committee.
- 3.1.3 Each Internal Audit review has three key elements. Firstly, the control environment is reviewed by identifying the objectives of the system and then assessing the controls in place mitigating the risk of those objectives not being achieved. Completion of this work enables Internal Audit to give an assurance on the control environment.
- 3.1.4 However, controls are not always complied with, which will in itself increase risk, so the second part of an audit is to ascertain the extent to which the controls are being complied with in practice. This enables Internal Audit to give an opinion on the extent to which the control environment, designed to mitigate risk, is being complied with.
- 3.1.5 Finally, where there are significant control environment weaknesses or where key controls are not being complied with, further substantive testing is undertaken to ascertain the impact these control weaknesses are likely to have on the organisation's control environment as a whole.
- 3.1.6 Three assurance opinions are therefore given at the conclusion of each audit: control environment assurance, compliance assurance, and organisational impact. To ensure consistency in reporting, the following definitions of audit assurance are used:

| Control Environment Assurance | |
|-------------------------------|---|
| Level | Definitions |
| Substantial | There are minimal control weaknesses that present very low risk to the control environment. |
| Good | There are minor control weaknesses that present low risk to the control environment. |

| | |
|--------------|---|
| Satisfactory | There are some control weaknesses that present a medium risk to the control environment. |
| Limited | There are significant control weaknesses that present a high risk to the control environment. |
| No Assurance | There are fundamental control weaknesses that present an unacceptable level of risk to the control environment. |

| Compliance Assurance | |
|----------------------|---|
| Level | Definitions |
| Substantial | The control environment has substantially operated as intended although some minor errors have been detected. |
| Good | The control environment has largely operated as intended although some errors have been detected. |
| Satisfactory | The control environment has mainly operated as intended although errors have been detected. |
| Limited | The control environment has not operated as intended. Significant errors have been detected. |
| No Assurance | The control environment has fundamentally broken down and is open to significant error or abuse. |

- 3.1.7 Organisational impact will be reported as major, moderate or minor (as defined below). All reports with major organisation impacts are reported to JMT, along with the agreed action plan.

| Organisational Impact | |
|-----------------------|---|
| Level | Definitions |
| Major | The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole. |
| Moderate | The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole. |
| Minor | The weaknesses identified during the review have left the Council open to low risk. This could have a minor impact on the organisation as a whole. |

3.2 *The Basis of Assurance*

- 3.2.1 The findings and assurance levels provided by the reviews undertaken throughout 2019/20 by Internal Audit form the basis of the annual opinion on the adequacy and effectiveness of the control environment.
- 3.2.2 In 2019/20, the Audit Plan has been based on assurance blocks that each give an opinion on the key control environment elements, targeted towards in-year risks, rather than a more traditional cyclical approach that looks at each system

over a number of years. The Audit Plan reflects the environment in which the public sector audit operates, recognising that this has changed considerably over the past few years with more focus on, for example, transformation, contract management, safeguarding and achieving value for money.

4. INTERNAL AUDIT IN 2019/20

4.1 Overview and Key Findings

4.1.1 This section provides information on the audit reviews carried out in 2019-20.

4.1.2 For the reviews undertaken during 2019/20, no areas were identified where it was considered that, if the risks highlighted materialised, it would have a major impact on the organisation as a whole. This is an important indicator from the internal audit work and underpins the overall satisfactory assurance on the control environment.

4.1.3 In each instance where it has been identified that the control environment was not strong enough, or was not complied with sufficiently to prevent risks to the organisation, Internal Audit has issued recommendations to further improve the system of control and compliance. Where these recommendations are considered to have significant impact on the system of internal control, the implementation of actions is followed-up by Internal Audit and is reported to Audit and Accounts Committee on a quarterly basis. An overview of the implementation of actions in 2019-20 is summarised in Table 1, overleaf¹:

¹ Please note that the total reflects the number of recommendations required to be implemented within 2019-20, and therefore includes recommendations made in 2018-19.

Table 1: Implementation of Audit Recommendations 2019-20

| | Category 'Red' recommendations | Category 'Amber' recommendations | Total |
|---|-----------------------------------|-------------------------------------|-------|
| Agreed and implemented. | 1 | 64 | 65 |
| Agreed and due within the last 3 months, but not yet implemented. | 0 | 7 | 7 |
| Agreed and due over 3 months ago, but not yet implemented. | 0 | 12 | 12 |
| TOTAL | 1 | 83 | 84 |

4.1.4 2019/20 has seen an increase in recommendations, totalling 84 actions falling due for follow-up during the course of the year. This is an increase of 67% from the number of actions that became due for follow up in 2018/19, actions totalling 56.

4.1.5 Details of outstanding recommendations, with explanations and updates, are regularly reported to the Audit & Accounts Committee as part of the internal audit progress updates.

4.2 *Financial and Other Key Systems*

4.2.1 This is the 2019/20 suite of annual core systems reviews, undertaken to provide assurance to management and External Audit that expected controls are in place for key financial systems; that these controls are adequately designed and are routinely complied with in practice. The work is focused on the systems that have the highest financial risk; these are agreed in advance with External Audit and assist in providing assurance to External Audit that systems recording transactions within the 2019/20 financial year are free from material misstatement. These reviews also give an opinion as to the effectiveness of financial management procedures and the arrangements to ensure the integrity of accounts.

4.2.2 During 2019/20 the audits were again undertaken as joint reviews of Cambridgeshire County Council, Milton Keynes and Northamptonshire County Council LGSS systems. With the agreement of the Chief Finance Officer, the following audits scheduled to be completed by colleagues based at Milton Keynes and Northamptonshire were not completed but have been scheduled for completion in the 2020/21 financial year;

- Payroll
- Bank Reconciliation

- Treasury Management
- General Ledger
- IT General Controls

4.2.3 Planned reviews of the remaining key financial systems has provided sufficient evidence to conclude that their control systems are satisfactory and that these controls are increasingly working well in practice. However, there are some key areas where improvements have been recommended.

4.2.4 Table 2 below details the assurance levels of all key systems audits undertaken in 2019/20, compared to the assurance levels in 2018/19.

Table 2 – Key Financial Systems Audits 2019/20

| Key Financial Systems: | Audit Opinion 2019-2020 | | Audit Opinion 2018-19 | |
|------------------------|-------------------------|--------------|-----------------------|--------------|
| | Environment | Compliance | Environment | Compliance |
| Treasury Management | Not Completed | | Satisfactory | Good |
| Bank Reconciliation | Not Completed | | Substantial | Substantial |
| Purchase to Pay | Good | Satisfactory | Satisfactory | Satisfactory |
| Accounts Receivable | Good | Good | Satisfactory | Satisfactory |
| Debt Recovery | Satisfactory | Limited | Limited | Limited |
| Payroll | Not Completed | | Satisfactory | Satisfactory |
| Pensions | Substantial | Good | Substantial | Substantial |
| General Ledger | Not Completed | | Satisfactory | Satisfactory |
| IT General Controls | Not Completed | | Satisfactory | Satisfactory |

4.3 Compliance

4.3.1 Compliance work is fundamental, as it provides assurance across all Directorates and therefore has a significant influence on the Head of Internal Audit opinion on the control environment. The audit coverage for compliance is underpinned by an assessment of the Council's framework of controls (often directed by policies and procedures) and includes a focus on those core areas where a high level of compliance is necessary for the organisation to carry out its functions properly. The work involves compliance checks across the organisation to provide assurance on whether key policies and procedures are being complied with in practice. As a part of this work, the existing controls are challenged to ensure that they are modern, effective and proportionate.

4.3.2 As well as a range of contract reviews, discussed below at 4.5, the Plan for 2019/20 included coverage of compliance in the following areas:

- Compliance with Procurement;
- Compliance with Procurement Waivers for Procurement outside Contract Procedure Rules;
- Compliance with Consultancy Policy;
- Compliance with Fire Safety Checks;
- Compliance with the implementation of the General Data Protection Regulations;
- Compliance with Rental Income;
- Compliance with Direct Payments processes;
- Compliance with Home and Community Support Service Framework;
- Compliance with Safeguarding;
- Compliance with the Coroners Financial Management.

4.3.3 Where weaknesses have been identified, recommendations have been made to improve compliance and/or procedures and controls; all recommendations which are considered to be of medium or high impact on the control environment are followed up by Internal Audit to ensure they have been implemented.

4.4 Risk-Based Reviews

4.4.1 Risk-based reviews have been a key element of the assurance on the entire control environment of the authority in 2019/20. This assurance block includes reviews which have been targeted towards key areas of high risk, as identified through consultation with senior management, review of risk registers, and the Internal Audit risk assessment of the organisation. This block also incorporates on-going work on initiatives to promote value for money. Each audit we undertake includes consideration of value for money at its core.

4.4.2 Risk-based reviews have been successful in identifying value-for money recommendations and savings.

4.4.3 The outcomes of all risk-based reviews issued in 2019/20 can be seen at Appendix 1.

4.5 Contracts Reviews

4.5.1 In 2019/20, Internal Audit has provided reviews of a number of major contracts, including a review of the Contract Management Policy and Guidance, and the Highways Service Contract open book review, with the first stage of this work resulting in a significant repayment to the Council for the over recovery of costs.

4.6 Anti-Fraud and Corruption

4.6.1 The Counter Fraud Service is part of Internal Audit and is responsible for dealing with referrals received both from the general public and Council

officers, including those raised under the Whistleblowing Policy. This service operates within set standards and procedures to ensure confidentiality and enable all evidence and actions to be recorded to the levels accepted for criminal procedures.

4.6.2 Due to the volume of referrals and the wide range of issues raised, risk assessments are conducted in order to prioritise resource or transfer these to other appropriate bodies such as the Department for Work and Pensions (DWP). Some referrals are rejected if there is insufficient basis or evidence held to enable further action but are recorded on the case management system. As such, should further information subsequently be received from another source, for example, this intelligence will be available. When a referral is received and assessed as requiring investigation, actions will be undertaken to establish any error or fraud including establish the facts and evidence available and seeking a suitable resolution.

4.6.3 Between April and March 2020, 24 referrals have been received and processed by the Internal Audit Counter Fraud Service for CCC.

4.6.4 The list of the types of referrals received include:

- Staff corporate issues, including allegations of misconduct;
- Blue badges and parking matters; and
- Issues relating to personal budgets.

4.6.5 A summary of the cases

Table 2: CCC closed investigations between April 2019 and March 2020.

| Case type | Total number of cases closed | Outcomes | Savings / recovery |
|---------------------------|------------------------------|--|---|
| Allegations against staff | 9 | | £12,744.86 recoverable overpayment (actual) |
| Blue Badges | 11 | <p>This is work that is directly commissioned by the Blue Badge team.</p> <p>As a result of this pilot, one misuse warning letter was issued, three formal cautions were issued and two matters were successfully prosecuted. In the remaining cases there was inadequate evidence for</p> | <p>Conviction one; 20/02/20 under Fraud Act 2006. 12 months community order 120 hours unpaid work £375 costs victim surcharge £85.</p> <p>Conviction two; 04/03/20 under s115(1)(b)Road</p> |

| Case type | Total number of cases closed | Outcomes | Savings / recovery |
|------------------|------------------------------|--|---|
| | | formal action and advice was given. | Traffic Regulations Act 1984. £500 fine and order to pay £300 costs and victim surcharge £50. |
| Personal Budget | 2 | Both matters were investigated and advice was given to those involved, with no evidence of fraud identified. | Not applicable |
| Parking / travel | 2 | Both matters were investigated, one pass was withdrawn due to misuse and advice was given to those involved in the remaining case. | A concessionary bus pass has a Cabinet Office estimated saving of £24. |

Table 3: Open cases (as at 05 May 2020 there are 8 open enquiries)

| Case type | Total number of open investigations / detail |
|---------------------------|--|
| Blue Badge | Two cases with LGSS Law for ongoing criminal action which has been delayed due to c19 issues. |
| Allegations against staff | <i>Note – not active investigations by Counter Fraud</i> Six enquiries which are logged with Counter Fraud & Internal Audit and advice has been given, but the investigation is being led by the relevant service area (e.g. HR for allegations of bullying). |

- 4.6.6 Internal Audit's Counter Fraud Service record investigation outcomes and, where possible, record monetary values identified through fraud or error by way of recoverable overpayments or savings. Sometimes this is an actual recoverable overpayment, for instance where a member of staff has been overpaid salary and the overpayment has been calculated (referred to in table 1). Sometimes an estimated saving can be used to take into account a financial loss that has been prevented such as the Concessionary Travel Bus passes which are withdrawn due to misuse a representative figure of £24.00 is referred to by the Cabinet Office.
- 4.6.7 Cambridgeshire County Council takes part in the annual National Fraud Awareness campaign which highlights risk areas and types of fraud as well as how to report matters and policy guidance. The Counter Fraud team worked with the Communications Team in order to promote awareness across all LGSS clients during this national event.
- 4.6.8 The Whistleblowing Policy and Managers Guidance was revised and updated in January 2019. Updates included revision of some of the wording of the policy

and improvement to the policy and guidance itself. The annual staff survey was rolled out in December 2019. The results of this survey were positive with 95% staff indicating that they were aware of the policy and 98% confirmed they would feel confident in raising a serious concern (based on 42 responses). The response rate of officers responding to the survey was the same as the previous survey in 2018/19, which is also a positive sign that staff are seeking to engage with the policy.

- 4.6.9 CCC Progress Report National Fraud Initiative (NFI) 2018/19: The NFI compares different data sets provided nationally by local authorities and partner organisations. CCC social care data, for example, is compared with data from other local authorities to identify cases such as any individuals who are deceased or receiving services from more than one authority. This enables some errors to be highlighted, as well as potentially fraudulent transactions. Where a match is found it may mean that further investigation is required to establish any error or fraud and actions required.
- 4.6.10 The current exercise commenced in late 2018 when data was supplied for matching purposes by all relevant parties, including CCC. The matched output has been released during 2019. Further pilot matches with Her Majesty's Revenue and Customs (HMRC) were released in August 2019 - these matches included the first analysis of HMRC home ownership data matched with residential care home payments.

The list of data sets provided by this authority for matching purposes included:

- LGPS (Local Government Pension Scheme);
- Payroll;
- Residential care homes;
- Creditors;
- Blue badges; and
- Personal budgets.

The Internal Audit's Counter Fraud team investigate a number of the matches and also oversee and co-ordinate the exercise. The matched data is contained within a secure website portal and access is granted to selected officers from each relevant service so that they can examine their own particular output and evaluate each match for the likelihood of fraud or error.

- 4.6.11 The NFI has its own inbuilt risk assessment system used as a guideline to prioritise those matches which need attention. Together with match type explanations, these help officers determine the order for investigation when coupled together with the local knowledge of the Council's data systems and services. Each match type is subjected to a preliminary assessment by the Counter Fraud Team and the high rated risk matches are reviewed first. There are extremely large volumes of matches received and consequently the risk rating allocated by the NFI is essential in helping to prioritise the workload. It must also be noted these are data set matches and not fraud referrals and

therefore outcomes are likely to include errors and overpayments as well as mismatches. Errors may include overpayments and whilst these give rise to potential for recovery of monies, they are not evidence of fraud. A fraud is defined as a matter subject to criminal proceedings or disciplinary hearings.

- 4.6.12 An overview of the matches generated from the 2018 exercise is provided in Table 4.

Table 4: CCC matches

| Match type | Total number of matches | High risk matches | Medium risk matches |
|--------------------------------|-------------------------|-------------------|---------------------|
| Blue Badge Parking Permit | 754 | 480 | 268 |
| Concessionary Travel | 2 | 2 | - |
| Creditors | 1826 | 1674 | - |
| Deferred Pensions | 68 | - | 68 |
| HMRC | 33 | 33 | - |
| Payroll | 163 | 42 | 33 |
| Pensions | 410 | 214 | 44 |
| Personal Budget | 50 | 12 | 3 |
| Private Residential Care Homes | 100 | 35 | 65 |
| Procurement | 29 | - | - |
| Residential Parking Permit | 6 | 6 | - |
| Value Added Tax (VAT) | 6 | - | 6 |
| Totals | 3447 | 2498 | 487 |

- 4.6.13 Details of the number of matches processed to date by Counter Fraud and supported by service area contacts across the Council are provided in Table 5. Progress is dependent on priority needs and resource availability in the individual service areas but is subject to ongoing monitoring and review by the Counter Fraud team. Information from customers for example Pensions is requested from next of kin of the individuals concerned which understandably takes time to write out and respond to.

Table 5: Progress to date (1st May 2020)

| Match type | Number of high and medium risk matches | Progress to date on all matches (where checks have been completed and closed) | Outcomes to date |
|------------|--|---|------------------|
| | | | |

| | | | |
|--------------------------------|------|--|--|
| Blue Badge Parking Permit | 748 | 748 closed <i>100% of high/medium matches</i> | 257 badges have been cancelled giving a Cabinet Office estimated saving of £147,775. |
| Concessionary Travel | 2 | 2 closed <i>100% of high/medium matches and</i> | No errors or issues identified. All matches checked, including low risks, for data quality. |
| Creditors | 1674 | 1674 closed <i>100% of high/medium matches</i> | Samples were tested by the service area. A new internal system introduced in October 2018 had already successfully identified these errors so the matches were already being addressed. |
| Deferred Pensions | 68 | 68 closed <i>100% of high/medium matches</i> | 51 errors found where death was not known prior to NFI match being checked. These errors do give rise to any overpayment or financial loss. |
| HMRC | 33 | 33 closed <i>100% of high/medium matches</i> | No errors or overpayments identified. |
| Payroll | 75 | 22 closed <i>29% of high/medium matches</i> | 22 high risk matches have been closed, one case identified with £12,744.86 recoverable overpayment of salary paid for a period after the individual had left the organisation. Further investigation work is ongoing in this area to confirm remaining lower quality matches. |
| Pensions | 258 | 216 closed <i>84% of high/medium matches</i> | Awaiting updates from service area on 42 cases. Five errors have been processed and overpayments totalling £1,821.63 identified and being recovered to date. These errors are un-notified date of death and are ongoing due to the process taken by the service to contact next of kin and verification. |
| Personal Budget | 15 | 15 closed <i>100% of high/medium matches</i> | 5 errors identified which together amount to £6,346.67 recoverable overpayment. |
| Private Residential Care Homes | 100 | 100 closed <i>100% of high/medium matches</i> | No errors or overpayments identified. |

| | | | |
|-----------------------------|------|---|---|
| Residential Parking Permits | 6 | 6 closed <i>100% of high/medium matches</i> | No errors identified |
| VAT | 6 | 6 closed <i>100% of high/medium matches</i> | No errors or overpayments identified. |
| Total | 2985 | 2890 of the high/medium matches closed <i>97% of high/medium matches</i> | £20,913.16 overpayments identified and being recovered £147,775 in notional savings. |

4.6.14 The NFI protocol requires Councils to record outcomes from the matches and place a monetary value where possible to reflect any overpayment or savings arising from the correction of the records. Sometimes this is an actual monetary saving, for instance where a personal budget overpayment is calculated, and sometimes this can be an estimated saving for instance where a blue badge is cancelled the NFI apply a notional saving figure of £575 per badge.

4.7 *Information and Communications Technology (ICT) and Information Governance*

4.7.1 Two ICT audit reviews were undertaken in 19/20.

4.7.2 Cybersecurity and Public Sector Compliance (PSN) compliance (final report issued). The adequacy of system and compliance opinion for this audit were both *Satisfactory*.

- The objective of the audit was to give assurance on the Council's Cybersecurity arrangements. The benchmark used for the audit is the National Cyber Security Centres (NCSC) "*10 steps to Cyber Security*."
- Positive assurance was taken from the Council having a Public Sector Network (PSN) certificate in place. PSN is the means by which a local authority demonstrates to central government that its security arrangements, policies and controls are sufficiently rigorous for the local authority to interact with the PSN and those connected to it.
- Assurance was also provided by the personal data risk on the Corporate Risk Register. This includes mitigating controls relevant to Cyber security such as mandatory security training for all staff.
- The control weaknesses identified during the audit are being addressed through agreed actions.

4.7.3 IT Service Desk Review (Draft report issued). At draft report stage the adequacy of system and compliance opinion for this audit were both *Limited*. This was due to Service Desk performance not meeting Key Performance Indicators (KPI) targets at the time of audit. From our discussions with the new LGSS Head of IT in January 2020, we were informed of good progress

made after the reduced performance levels identified during the period assessed during this review.

4.8 Grants and Other Head of Audit Assurances

- 4.8.1 Internal Audit testing again confirmed that grants received by Cambridgeshire County Council requiring review and certification by Internal Audit have been spent in accordance with grant conditions, including the troubled families grant process.

4.9 Policies and Procedures

- 4.9.1 In 2019/20, Internal Audit has maintained a focus on review of key policies and procedures, to ensure that these are: up to date; fit for purpose; effectively communicated; routinely complied with across the organisation; monitored and routinely improved. This has included a revision of the Council's Whistleblowing Policy.
- 4.9.2 In addition to work which focuses specifically on individual Council policies and procedures, every risk-based audit review undertaken considers the current policies and procedures in the service area under review, and audit recommendations include suggested revisions or updates to policies as appropriate.

4.10 Other Work

- 4.10.1 Internal Audit continues to provide advice and guidance to officers on a wide range of issues, including the interpretation of Council policies and procedures, risks and controls within systems or processes, and ad-hoc guidance on queries relating to projects or transformation. Internal Audit aims to provide clear advice and risk-based recommendations with a view to reducing bureaucracy whilst maintaining a robust control environment. Where appropriate, we also refer queries or concerns on to specialist services such as Information Governance or IT Security.
- 4.10.2 Internal Audit also leads on co-ordinating risk management work across the organisation. In 2019/20 the team worked with the Risk Champions to complete the actions from the external risk management health check review by the Council's insurers, Zurich. The team has also delivered risk workshops for Place and Economy to produce a new Directorate Risk Register. Internal Audit undertook a review of Risk Management during 2019/20 and gave good assurance on the adequacy of the risk management system, as the Council has clear risk management policies and procedures and risk is managed appropriately across the majority of the Council. The audit also gave good assurance on compliance with those policies and procedures, particularly at a corporate risk level.

4.11 Summary of Completed Reviews

- 4.11.1 A summary of all audit reports issued in 2019/20 is attached at Appendix A.

5. INTERNAL AUDIT PERFORMANCE AND QUALITY ASSURANCE

5.1 *Delivery of the 2019/20 Internal Audit Plan*

5.1.1 The Cambridgeshire County Council Internal Audit Plan was agreed in March 2019, with the required resources approved at 1550 days based on each audit identified. This was later uplifted to 1750 days to recognise the work required of the team in contract audit.

5.1.2 In accordance with best practice, the Internal Audit Plan was re-assessed and updated in line with changing risks throughout the year. Changes to the Plan were approved by Joint Management Team (JMT) and the Audit and Accounts Committee (AAC) through regular progress reporting. The key performance measure for Internal Audit was approved as completion of the Audit Plan, which is reported to JMT and Audit Committee at least quarterly.

5.2 *Service Development*

5.2.1 Continuing Professional Development has been a major focus of the quality assurance programme in 2019/20, to ensure that staff have the skills to carry out their responsibilities with proficiency and deliver work of the required quality. Team meetings are used to deliver training and workshops to staff, and a system of post-audit assessments against the Chartered Institute of Public Finance and Accountancy (CIPFA) Excellent Internal Auditor standard is used to identify areas for development on an ongoing basis, in tandem with regular supervision of all staff.

5.3 *Compliance with Public Sector Internal Audit Standards*

5.3.1 The Internal Audit service has operated in compliance with Public Sector Internal Audit Standards throughout the year.

5.3.2 As required every 5 years an external assessment of Internal Audit's compliance with Public Sector Internal Audit Standards (PSIAS) was completed in 2016/17 with a follow up visit undertaken in May 2017, which confirmed service's compliance with the latest set of standards issued in April 2017. The service confirms it continues to adhere to these guidelines by reviewing annually. An external review will be completed in 2020/21 in accordance with PSIAS requirements.

APPENDIX A

CCC INTERNAL AUDIT

Summary of Completed Reviews 2019/20:

The table below summarises the Internal Audit reviews that were completed during the 2019/20 financial year, excluding counter fraud investigations which are itemised separately in section 4.6.

| Audit Title | Directorate | Compliance assurance | Systems assurance | Organisational impact |
|--|---------------|----------------------|-------------------|-----------------------|
| CROSS-CUTTING AND COUNCIL WIDE AUDIT | | | | |
| Business Continuity | Cross-Cutting | N/A | Satisfactory | Minor |
| Complaints Process | Cross-Cutting | N/A | Satisfactory | Minor |
| Procurement Compliance | Cross-Cutting | Satisfactory | N/A | Minor |
| Procurement Governance | Cross-Cutting | N/A | Good | Minor |
| Procurement Waivers for Procurement Outside Contract Procedure Rules | Cross-Cutting | Good | N/A | Minor |
| Income Management for Registration Offices | Cross-Cutting | N/A | Satisfactory | Minor |
| Manor Farm Tenancy Review | Cross-Cutting | In Progress | | |
| Consultancy Policy Compliance | Cross-Cutting | Good | N/A | Minor |
| Corporate Key Performance Indicators Framework | Cross-Cutting | N/A | Good | Minor |
| CHAPS Payments Review | Cross-Cutting | N/A | Good | Minor |
| Fire Safety Checks | Cross-Cutting | Limited | Limited | Minor |
| Ely Bypass Review | Cross-Cutting | Satisfactory | Limited | Minor |
| General Data Protection Regulations Implementation | Cross-Cutting | Good | Good | Moderate |
| Contract Management Policy and Guidance | Cross-Cutting | N/A | Limited | Minor |
| Annual Key Policies and Procedures Review | Cross-Cutting | N/A | Good | Minor |
| Regulation of Investigatory Powers Act Policy Compliance | Cross-Cutting | N/A | Good | Minor |
| County Farms Process & Practice | Cross-Cutting | In Progress | | |
| Rental Income | Cross-Cutting | Limited | Limited | Minor |
| Transformation Fund Benefits Realisation | Cross-Cutting | N/A | Satisfactory | Moderate |

| | | | | |
|---|---------------|---|--|--|
| Development of Project Assurance Framework | Cross-Cutting | Briefing note | | |
| Project Assurance of High Risk Projects | Cross-Cutting | Briefing note | | |
| Annual Whistleblowing Policy Report and Awareness | Cross-Cutting | Annual Report to Audit & Accounts Committee in June 2020. | | |

PEOPLE & COMMUNITIES DIRECTORATE

| | | | | |
|---|-----|--|--------------|----------|
| Contract Management - Cambridgeshire Lifestyle Services | P&C | N/A | Satisfactory | Minor |
| Direct Payments Compliance | P&C | Good | Good | Minor |
| Contract Management - Home and Community Support Service Framework | P&C | Good | Good | Minor |
| Troubled Families Grant 19-20 | P&C | Grant certifications provided in-year. | | |
| Contract Management – Supported Living Services for Adults with a Learning Disability | P&C | N/A | Satisfactory | Moderate |
| Provision of Section 17 Financial Assistance | P&C | Limited | Satisfactory | Minor |
| Annual Safeguarding Assurance | P&C | Good | Good | Minor |

ECONOMY, TRANSPORT & ENVIRONMENT DIRECTORATE

| | | | | |
|---|---------------|--|--------------|----------|
| Coroners Financial Management | P&E | Good | Good | Minor |
| This Land Limited | P&E | N/A | Satisfactory | Moderate |
| Contract Management - Eastern Highways Alliance | P&E | N/A | Satisfactory | Minor |
| Highways Contract Open Book Review 19-2020 | P&E | In Progress | | |
| Highways - Commercial Group | P&E | Commercial Group attendance to provide ongoing advice and support. | | |
| Waste PFI | Cross-Cutting | Ongoing advice and support to Waste PFI management processes | | |
| Local Transport Capital Block Funding | Cross-Cutting | Grant certification provided | | |
| Additional Highways Maintenance Grant | Cross-Cutting | Grant certification provided | | |
| Bus Services Operators Grant | Cross-Cutting | Grant certification provided | | |
| Pothole Action Fund | Cross-Cutting | Grant certification provided | | |
| Cycle City Phase II Grant | Cross-Cutting | Grant certification provided | | |
| Disabled Facilities Grant | Cross-Cutting | Grant certification provided | | |
| Safer Roads Funding | Cross-Cutting | Grant certification provided | | |
| Contract Management – Everyone Health | Cross-Cutting | Good | Good | Minor |

KEY FINANCIAL SYSTEMS

| | | | | |
|---------------------|---------------|--------------|------|-------|
| Accounts Receivable | Cross-Cutting | Good | Good | Minor |
| Purchase to Pay | Cross-Cutting | Satisfactory | Good | Minor |

| | | | | |
|--|---------------|---|--------------|----------|
| Payroll | Cross-Cutting | Not Completed | | |
| General Ledger | Cross-Cutting | Not Completed | | |
| Bank Reconciliation | Cross-Cutting | Not Completed | | |
| Treasury Management | Cross-Cutting | Not Completed | | |
| Debt Recovery | Cross-Cutting | Limited | Satisfactory | Moderate |
| Administration of Cambridgeshire Pension Fund | Cross-Cutting | Good | Substantial | Minor |
| Financial Systems IT General Controls | Cross-Cutting | Not Completed | | |
| GOVERNANCE & RISK MANAGEMENT | | | | |
| Risk Management & Risk Management | Cross-Cutting | Ongoing Risk Management Support | | |
| Annual Governance Statement-Code of Corporate Governance | Cross-Cutting | Annual Governance Statement/Code of Corporate Governance. | | |
| INFORMATION GOVERNANCE & IT AUDIT | | | | |
| Cyber Security and PSN Compliance | Cross-Cutting | Satisfactory | Satisfactory | Minor |
| IT Service Desk Review | Cross-Cutting | Limited | Limited | Minor |

AUDIT AND ACCOUNTS COMMITTEE FORWARD AGENDA PLAN

Note Group Leaders decided on 20th October to allow Committee to now make decisions on whether information reports would be included on future agendas. Please note this may change again as the Covid-19 crisis deepens if there is a need to again redeploy staff to emergency support areas

| MEETING DATE REPORT DEADLINES AND REPORT TITLES | | Frequency of report | Corporate/Service Director /external officer responsible | Report aut |
|--|------------------------------------|---|--|------------|
| 1. 10 A.M. FRIDAY 30 TH OCTOBER COMMITTEE DATE ORIGINALLY FOR ACCOUNTS SIGN OFF | | | | |
| Deadline for reports to be with Democratic Services: Mid-day Monday 19 th October 2020 | | | | |
| | | | | |
| ISA 1260 Pensions Fund annual Report and Accounts Report | Annual Report with the Accounts | Finance and Ernst Young External Auditor | Mark Hodgson | |
| Whistleblowing Report | Annual Report | Chief Internal Auditor | Duncan Wilkinson / Neil Hunter | |
| Internal Audit Annual Report t | Annual Report | Chief Internal Auditor | Duncan Wilkinson / Neil Hunter | |
| COMMITTEE DATE 2.00 P.M. TUESDAY 24 th November 2020 | | | | |
| Deadline for reports to be with Democratic Services: Mid-day Wednesday 11 th November 2020 | | | | |
| ISA 260 main Accounts Report Moved from the October meeting | Annual Report with the Accounts | Ernst Young External Auditor | Mark Hodgson | |
| Final Accounts (Moved from the October meeting) | | Head of Finance and | Tom Kelly / Ellie Tod | |

| | | | |
|--|---|--|--|
| | Annual Report | Deputy Section 151 Officer / Strategic Finance Manager for Corporate Finance | |
| Internal Audit Progress Report including update on the Audit plan and outstanding Audit Review recommendations | | | |
| | | | |
| Transformation Fund Monitoring Report Quarter 2 -- Committee to decide if included on agenda | Quarterly Update | Head of Transformation | Kelly Allen |
| Performance Report Quarter 1 Committee to decide if included on agenda | Quarterly | Head of Business Intelligence | Tom Barden |
| Resources Report Committee to decide if included on agenda | Each Cycle - would always be one that had already been through General Purposes Committee or was going the same day | Chief Finance Officer | Tom Kelly / Rebecca Barnes |
| Safer Recruitment in Schools Update Committee to decide if included on agenda | Tri-annual Termly | Senior Education Adviser | Diane Stygal |
| Agenda Plan | Each meeting | Chief Internal Auditor / Democratic Services / Chairman and Vice Chairman in a Chairman briefing | Duncan Wilkinson / Rob Sanderson / Cllr Shellens / Cllr Rogers |
| | | | |

COMMITTEE DATE 2.00 P.M. TUESDAY 26th January 2021

| | | | |
|--|---|--|----------------------------|
| Deadline for reports to be with Democratic Services: Mid-day Wednesday 13 th January 2021 | | | |
| Debt Management Six Monthly Progress Update | Every six months January and June unless there is a request for additional updates | Head of Revenue and Benefits | Robin Bates |
| Statement of Update Accounts Process – Action / Improvement Plan | Monitoring each meeting | Head of Finance and Deputy Section 151 Officer / Strategic Finance Manager - Corporate Finance | Tom Kelly, Ellie Tod |
| Performance Report Quarter 2 | Quarterly | Head of Business Intelligence | Tom Barden |
| Integrated Finance Monitoring Report | Each Cycle - would always be one that had already been through General Purposes Committee or was going the same day | Chief Finance Officer | Tom Kelly / Rebecca Barnes |
| Six Monthly Report in respect of Consultancy expenditure and compliance with the Policy | | Head of People HR/ Procurement | Martin Cox / Sarah Haig |
| | | | |
| Safer Recruitment in Schools Update | Tri-annual Termly | Senior Education Adviser | Diane Stygal |

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|---|---|--|---|
| Internal Audit Progress Report Including Progress of Implementation of Management Actions and Internal Audit Plan Update) | Each meeting other than the meeting when the IA Annual Audit Plan Report (usually March) is received or the special meeting to consider the draft accounts (June or July) | Head of Internal Audit | Neil Hunter / Mairead Claydon |
| Relevant officers to attend the Committee to be invited by Head of Internal Audit where management actions have gone beyond the next agreed target date | | | |
| Agenda Plan | Each meeting | Chief Internal Auditor / Democratic Services / Chairman and Vice Chairman in a Chairman briefing | Duncan Wilkinson / Ro Sanderson Cllr Shellens / Cllr Rogers |
| COMMITTEE DATE 2.00 P.M. TUESDAY 23 rd March 2021 | | | |
| Deadline for reports to be with Democratic Services: Mid-day Wednesday 10 th March 2021 | | | |
| Statement of Accounts Process – Action / Improvement Plan | Monitoring each meeting | Head of Finance and Deputy Section 151 Officer / Strategic Finance Manager - Corporate Finance | Tom Kelly, Ellie Tod |
| Whistle Blowing Annual Review | Annual | LGSS Head of Internal Audit / Audit and Risk Manager | Neil Hunter / Mairead Claydon |
| Integrated Finance Monitoring Report | Each Cycle - would always be one that had already been | Chief Finance Officer | Tom Kelly / Rebecca Barnes |

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|--|--|--|---|
| | through General Purposes Committee or was going the same day | | |
| Safer Recruitment in Schools Update | Tri-annual Termly | Senior Education Adviser | Diane Stygal |
| Transformation Fund Monitoring Report Quarter 3 | Quarterly Update | Head of Transformation | Kelly Allen |
| Internal Audit Progress Report Including Progress of Implementation of Management Actions and Internal Audit Plan Update) Relevant officers to attend the Committee to be invited by Head of Internal Audit where management actions have gone beyond the next agreed target date | Each meeting other than the meeting when the IA Annual Audit Plan Report (usually March) is received or the special meeting to consider the draft accounts (June or July) | LGSS Head of Internal Audit / Audit and Risk Manager | Neil Hunter / Mairead Claydon |
| Agenda Plan | Each meeting | Chief Internal Auditor / Democratic Services / Chairman and Vice Chairman in a Chairman briefing | Duncan Wilkinson / Ro Sanderson Cllr Shellens / Cllr Rogers |
| COMMITTEE DATE 2.00 P.M. TUESDAY 1 st JUNE 2021 | | | |
| Deadline for reports to be with Democratic Services: Mid-day Wednesday 19 th May 2021 | | | |
| Statement of Accounts Process – Action Plan Update | Monitoring each meeting | Head of Finance and Deputy Section 151 Officer | Tom Kelly / Ellie Tod |

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|---|---|---|---|
| | | | |
| Section 106 Update Report | Annual | Deputy Section 151 Officer | Tom Kelly |
| Performance Report Quarter 3 | Quarterly | Head of Business Intelligence | Tom Barden |
| Integrated Finance Monitoring Report | Each Cycle - would always be one that had already been through General Purposes Committee or was going the same day | Chief Finance Officer | Tom Kelly / Rebecca Barnes |
| | | | |
| Safer Recruitment in Schools Update | Tri-annual Termly | Senior Education Adviser | Diane Stygal |
| Internal Audit Progress Report (Including Progress of Implementation of Management Actions and Internal Audit Plan Update) Relevant officers to attend the Committee to be invited by Head of Internal Audit where management actions have gone beyond the next agreed target date | Each meeting other than the meeting when the IA Annual Audit Plan Report (March) is received or the special meeting to consider the draft accounts (June or July) | LGSS Head of Internal Audit / Audit and Risk Manager | Neil Hunter / Mairead Claydon |
| Agenda Plan | Each meeting | Chief Internal Auditor / Democratic Services / Chairman and Vice Chairman in a Chairman | Duncan Wilkinson / Ro Sanderson Cllr Shellens / Cllr Rogers |

| | | | |
|---|---|--|----------------------------------|
| | | briefing | |
| MEETING DATE REPORT DEADLINES AND REPORT TITLES | Frequency of report | Corporate/Service Director /external officer responsible | Report author |
| COMMITTEE DATE 2.00 P.M. TUESDAY 30 th JULY 2021 | | | |
| Deadline for reports to be with Democratic Services: | | | |
| Final Accounts | Annual | Head of Finance and Deputy Section 151 Officer | Tom Kelly Ellie Tod |
| Performance Report Quarter 4 | Quarterly | Head of Business Intelligence | Tom Barden |
| Transformation Fund Monitoring Report Quarter 4 | Quarterly Update | Interim Head of Transformation | Julia Turner |
| Integrated Finance Monitoring Report | Each Cycle - would always be one that had already been through General Purposes Committee or was going the same day | Chief Finance Officer | Tom Kelly |
| Internal Audit Progress Report Including Progress of Implementation of Management Actions and Internal Audit Plan Update) <i>Relevant officers to attend the Committee to be invited by Head of Internal Audit where management actions have gone beyond the next agreed target date</i> | Each meeting other than the meeting when the IA Annual Audit Plan Report (normally March) is received or the | Head of Internal Audit / Audit and Risk Manager | Neil Hunter / Mairead Claydon |

| | | | |
|---|---|--|-------------------------------|
| | special meeting to consider the draft accounts (June or July) | | |
| Agenda Plan | Each meeting | Chief Internal Auditor / Democratic Services / Chairman and Vice Chairman in a Chairman briefing | |
| Update Report in respect of Consultancy expenditure and compliance with the Policy | | HR/ Procurement | Martin Cox / Sarah Haig |
| | | | |
| COMMITTEE DATE 2.00 P.M. TUESDAY SEPTEMBER 2021 | | | |
| Deadline for reports to be with Democratic Services: | | | |
| | | | |
| Integrated Finance Monitoring Report | Each Cycle - would always be one that had already been through General Purposes Committee or was going the same day | Head of Finance | Tom Kelly / Rebecca Barnes |
| Transformation Fund Monitoring Report Quarter 1 | Quarterly | Interim Head of Transformation | Julia Turner |
| Internal Audit Progress Report Including Progress of Implementation of Management Actions and Internal Audit Plan Update) | Each meeting other than the meeting when the IA Annual Audit Plan Report (normally March) | Head of Internal Audit / Audit and Risk Manager | Neil Hunter / Mairead Claydon |
| Relevant officers to attend the Committee to be invited by Head of Internal Audit where management actions have gone beyond the | | | |

| | | | |
|---|---|--|-------------------------------|
| next agreed target date | is received or the special meeting to consider the draft accounts (June or July) | | |
| Agenda Plan | Each meeting | Chief Internal Auditor / Democratic Services / Chairman and Vice Chairman in a Chairman briefing | |
| | | | |
| COMMITTEE DATE 2.00 P.M. TUESDAY NOVEMBER 2021 | | | |
| Deadline for reports to be with Democratic Services: | | | |
| | | | |
| Safer Recruitment in Schools Update | Tri-annual Termly | Senior Education Adviser | Diane Stygal |
| Integrated Finance Monitoring Report | Each Cycle - would always be one that had already been through General Purposes Committee or was going the same day | Head of Finance | Tom Kelly / Rebecca Barnes |
| Internal Audit Progress Report Including Progress of Implementation of Management Actions and Internal Audit Plan Update) | Each meeting other than the meeting when the | Head of Internal Audit / Audit and Risk Manager | Neil Hunter / Mairead Claydon |

| | | | |
|--|--|--|-------------------------------|
| Relevant officers to attend the Committee to be invited by Head of Internal Audit where management actions have gone beyond the next agreed target date | IA Annual Audit Plan Report (previously in March) is received or the special meeting to consider the draft accounts (June or July) | | |
| Agenda Plan | Each meeting | Chief Internal Auditor / Democratic Services / Chairman and Vice Chairman in a Chairman briefing | |
| COMMITTEE DATE 2.00 P.M. TUESDAY JANUARY 2022 | | | |
| Deadline for reports to be with Democratic Services: | | | |
| Statement of Accounts Process – Action Plan Update | Monitoring each meeting | Head of Finance and Deputy Section 151 Officer | Tom Kelly |
| Update Report in respect of Consultancy expenditure and compliance with the Policy | | HR/ Procurement | Martin Cox / Sarah Haig |
| Safer Recruitment in Schools Update | Tri-annual Termly | Senior Education Adviser | Diane Stygal |
| Internal Audit Progress Report Including Progress of Implementation of Management Actions and Internal Audit Plan Update) Relevant officers to attend the Committee to be invited by Head of Internal Audit where management actions have gone beyond the next agreed target date | Each meeting other than the meeting when the IA Annual Audit Plan Report (Previously March) is received or the special meeting to consider the draft accounts (June or | Head of Internal Audit / Audit and Risk Manager | Neil Hunter / Mairead Claydon |

| | | | |
|--|--|--|----------------------------------|
| | July) | | |
| Agenda Plan | Each meeting | Chief Internal Auditor / Democratic Services / Chairman and Vice Chairman in a Chairman briefing | |
| COMMITTEE DATE 2.00 P.M. TUESDAY March 2022 | | | |
| Deadline for reports to be with Democratic Services: | | | |
| Statement of Accounts Process – Action Plan Update | Monitoring each meeting | Head of Finance and Deputy Section 151 Officer | Tom Kelly |
| External Audit Annual Plan | Annual | Ernst Young | Mark Hodgson |
| Integrated Finance Monitoring Report | Each Cycle - would always be one that had already been through General Purposes Committee or was going the same day | Head of Finance | Tom Kelly / Rebecca Barnes |
| Internal Audit Progress Report Including Progress of Implementation of Management Actions and Internal Audit Plan Update) Relevant officers to attend the Committee to be invited by Head of Internal Audit where management actions have gone beyond the next agreed target date | Each meeting other than the meeting when the IA Annual Audit Plan Report (previously in March) is received or the special meeting to consider the draft accounts (June or July) | Head of Internal Audit / Audit and Risk Manager | Neil Hunter / Mairead Claydon |

| | | | |
|--|--|--|----------------------------------|
| Agenda Plan | Each meeting | Chief Internal Auditor / Democratic Services / Chairman and Vice Chairman in a Chairman briefing | |
| COMMITTEE DATE 2.00 P.M. TUESDAY JUNE 2022 | | | |
| Deadline for reports to be with Democratic Services: | | | |
| Statement of Accounts Process – Action Plan Update | Monitoring each meeting | Head of Finance and Deputy Section 151 Officer | Ellie Tod / Michelle Parker |
| Section 106 Update Report | Annual | Deputy Section 151 Officer | |
| Performance Report Quarter 3 | Quarterly | Head of Business Intelligence | Tom Barden |
| Integrated Finance Monitoring Report | Each Cycle - would always be one that had already been through General Purposes Committee or was going the same day | Head of Finance | Tom Kelly / Rebecca Barnes |
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| Safer Recruitment in Schools Update | Tri-annual Termly | Senior Education Adviser | Diane Stygal |
| Internal Audit Progress Report Including Progress of Implementation of Management Actions and Internal Audit Plan Update) Relevant officers to attend the Committee to be invited by Head of Internal Audit where management actions have gone beyond the next agreed target date | Each meeting other than the meeting when the IA Annual Audit Plan Report (previously March) is received or the special meeting to | Head of Internal Audit / Audit and Risk Manager | Neil Hunter / Mairead Claydon |

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| | consider the draft accounts (June or July) | | |
| Agenda Plan | Each meeting | Chief Internal Auditor / Democratic Services / Chairman and Vice Chairman in a Chairman briefing | |

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| Annual Whistle Blowing Report | Annual Report | Head of Internal Audit / Audit and Risk Manager | Neil Hunter |
| Annual Governance Statement | Annual Report | Head of Internal Audit / Audit and Risk Manager | Neil Hunter |
| Internal Audit Annual Report | Annual Report | Head of Internal Audit / Audit and Risk Manager | Neil Hunter |

REPORTS TO BE PROGRAMMED AS CURRENTLY STILL THE SUBJECT OF ONGOING INVESTIGATIONS / ADDITIONAL WORK REQUIRED

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| BDO External Audit Final report on investigations into Objections to the 2016/17 and 17-18 Accounts | | Council's previous External Auditors - BDO | Lisa Clampin |
| <p>FACT, HACT and ESACT Recovery of Monies</p> <p>This is currently the subject of a Police investigation</p> <p>When the report eventually comes forward it may require a separate confidential appendix as it may contains business</p> | One-off Report | Chief Finance Officer / Service Director Highways and Finance | Chris Malyon |

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| sensitive information for the Council and other parties. This is being led by FACT and so until negotiations are concluded is still business sensitive in terms of providing updates for the Committee. | | | |
| County Farms Tenancy Audit | One off Report likely to be at the same meeting as the report below | Chief Internal Auditor Head of Internal Audit / Audit and Risk Manager | Duncan Wilkinson Neil Hunter / |
| Manor Farm Tenancy Investigation (May have a confidential appendix to be confirmed) This will require a separate meeting | One off investigation | Chief Internal Auditor Head of Internal Audit / Audit and Risk Manager | Duncan Wilkinson Neil Hunter |
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Update 21st October 2020