

PENSION FUND COMMITTEE



Friday, 09 October 2020

Democratic and Members' Services

Fiona McMillan

Monitoring Officer

09:30

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 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. Minutes and Action Log of the Pension Fund Committee held 23rd July 2020** **1 - 10**
- 3. Administration Performance Report** **11 - 22**
- 4. Pension Fund Annual Business Plan Update report 2020-21** **23 - 36**
- 5. Governance and Compliance Report** **37 - 84**
- 6. Age Discrimination Remedy in the LGPS (McCloud) and Cost Cap Mechanism (update)** **85 - 92**

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|------------|--|------------------|
| 7. | Update to Funding Strategy Statement | 93 - 98 |
| 8. | Cambridgeshire Pension Fund 2020-21 Communications Strategy | 99 - 122 |
| 9. | Pension Fund Annual Report and Statement of Accounts 2019-20 | 123 - 214 |
| 10. | Employer Admissions and Cessations Report | 215 - 222 |
| 11. | Exclusion of Press and Public
<i>To resolve that the press and public be excluded from the meeting on the grounds that the agenda contains exempt information under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, and that it would not be in the public interest for this information to be disclosed information relating to the financial or business affairs of any particular person (including the authority holding that information)</i> | |
| 12. | Strategic Asset Allocation – Multi Asset Credit
<ul style="list-style-type: none"> • Information relating to the financial or business affairs of any particular person (including the authority holding that information); | |
| 13. | ACCESS Asset Pooling Update
<ul style="list-style-type: none"> • Information relating to the financial or business affairs of any particular person (including the authority holding that information); | |

The Pension Fund Committee comprises the following members:

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

Councillor Terence Rogers (Chairman) Mr Lee Phanco Mr Matthew Pink Councillor Richard Robertson Councillor David Seaton and Mr John Walker Councillor Peter Downes Councillor Ian Gardener Councillor Anne Hay and Councillor Mike Shellens

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

MINUTES OF THE PENSION FUND COMMITTEE

Date: Thursday 23rd July 2020

Time: 10.00am – 12.45pm

Venue: *Meeting held remotely in accordance with The Local Authorities (Coronavirus) (Flexibility of Local Authority Meetings) (England) Regulations 2020*

Present: County Councillors P Downes, I Gardener (Vice-Chairman), A Hay, T Rogers (Chairman) and M Shellens (*via telephone*); Cambridge City Councillor R Robertson; Peterborough City Councillor D Seaton; Lee Phanco and John Walker

Officers: B Barlow, C Blose, D Cave, F Coates, P Gent (Mercer), D Green (Hymans Robertson), R McInroy (Hymans Robertson), M Oakensen, R Perry, P Tysoe, J Walton and M Whitby

Apologies: None

197. DECLARATIONS OF INTEREST

Councillor Robertson declared an interest as his wife was in receipt of a small pension.

198. PUBLIC MINUTES OF THE PENSION FUND COMMITTEE MEETING HELD 18TH JUNE 2020

The minutes of the Pension Fund Committee meeting held on 18th June 2020 were approved as a correct record.

It was confirmed that a full response had been sent Mr Potter, the member of the public who had raised a question at the last meeting.

199. PUBLIC QUESTIONS

There were no Public Questions.

200. PENSION FUND STATEMENT OF ACCOUNT

The Committee considered the draft Statement of Accounts of the Pension Fund for the 2019-20 financial year.

The following key points were noted:

- There was a £177.9M net decrease for the year, with the Fund's net assets falling to just above £3 billion. This was mainly due to the Covid-19 pandemic;
- Contributions had increased slightly from £124.5M to £126.5M reflecting the growth in the number of active members;

- Benefit payments had increased to £107.9M from £106.3M. The increase in pension payments reflected the growth in the number of pensioners during the year;
- Administration expenses appeared to increase significantly, but this was due to an adjustment made for previous years. The detail of this adjustment was explained following a Member question, as the accrual in the 2018-19 accounts had been understated, and this had been corrected in 2019-20: the real year on year comparison was in fact minimal. It was agreed that the detail for the three year period would be circulated. **ACTION: Officers to circulate three year costs to all Members;**
- Investment returns as at 31st March 2020 were a negative £174.1M. 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;
- Investment income decreased from £45.5M in 2018-19 to £34.4M in 2019-20, mainly from equities and pooled investments, and there had also been disinvestment in segregated equities. It was confirmed that in 2018-19 there had been a £10M dividend payment which skewed the figures for that year.

Turning to the Statement of Accounts, this highlighted the increase in contributions, transfers in (which were essentially a demand led action), increased benefits and a slight reduction in payments. Most of the reduction to returns on investment reflect the financial situation brought about by the Covid-19 pandemic and the active investment management decisions made by the Fund.

The main part of the Cambridgeshire Pension Fund Audit had been completed, and officers' view was that it had gone very well with no major issues, and this would be presented to the Pension Fund Committee at their next meeting.

A Member queried the likely level of investment income for 2020-21, and the impact of any reduction on the probability of becoming cash negative. Officers had contacted quite a few investment managers regarding likely impact on investment income, and they had all advised that they were estimating a 20-40% reduction in returns, and this would be reflected in future reports.

A Member observed that Councils were having to rationalise their operations in response to the Pandemic, but noted that surprisingly, the number of Council employees had increased by 1500, and he asked if there was a reason for this increase. Officers confirmed that whilst there was a long-term downward trend in the number of Council employees, initiatives such as auto-enrolment and the 50/50 scheme had resulted in a rise in the number of Council scheme members. It was also worth noting that the staff numbers presented were not FTEs (full-time equivalents), and there were more part-time workers than in the past, and some individuals were counted more than once in those numbers. Moreover, the perception of the scheme as a valuable benefit was much higher than it had been in the past. The Member

commented that it would be interesting to know how many Council employees were eligible, compared to actual take-up.

A Member asked the Head of Pensions if there was anything specific in the Pension Fund accounts that Members should be aware of. He responded that all the pertinent points were within the report, and that the most striking thing for him was the administration cost.

A Member asked how many employers were in scheme compared to last year. It was confirmed that this information would be in the Annual Report, which would also highlight relevant trends.

A Member noted the number of County Council employees had risen by 7%, and number of pensions had also risen; he commented that it would be useful to know how many Pension Members were employed by Councils as opposed to other types of organisations. Again, it was confirmed that this information would be included in the Annual Report, as the Statement of Accounts had to be in the format prescribed by CIPFA.

A Member asked how the number of employers had reduced by 60, which seemed to be a significant drop. It was confirmed that this was largely due to the establishment of Multi Academy Trusts, which were then technically a single employer, leading to the aggregation of the number of Academies.

It was resolved unanimously to:

- 1) Note the Statement of Accounts of the Pension Fund for the 2019-20 financial year.

201. GOVERNANCE AND COMPLIANCE REPORT

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

A consultation from MHCLG had been received on the McCloud case, given guidance on how to remedy the age discrimination inconsistencies. Twelve weeks had been given to respond to the consultation, which was largely technical. The proposed response would be circulated to the Committee for their views.

A Member asked how many pensioner records would need to be checked. Officers confirmed that they would need to look at a lot of member records, but it was unclear how many of these reviews could be conducted manually, and how many could be done via software. Hymans Robertson representatives advised that the Press were quoting the government Actuary's assessment of the potential impact being £70billion, but this related to the unfunded public sector schemes (e.g. Civil Service, NHS), and did not include local authorities. Other sources estimated that the impact on LGPS to be nearer £2.5billion, which Hymans Robertson thought was overstated, believing the likely impact to be closer to £500M across the 87 Local Authority Pension Funds. The main issue for the Fund was that

the impact would not be felt evenly across all employers, e.g. it was likely to have a minimal impact on Councils, but a more significant impact on employers such as Academies and Leisure Centres, with more active and younger membership. However, as the Fund's Actuary, Hymans Robertson would not be looking for contributions to be amended before the next valuation for most employers.

As a result of the McCloud consultation, MHCLG had announced that it would be restarting the Cost Cap Mechanism. The last time it was valued, costs of the scheme had been below the 19.5% +/-2% threshold. Restarting the Cost Cap Mechanism could result in benefits being readjusted to keep scheme costs in line with the relevant legislation. Potentially there were a lot of changes to the scheme over the next couple of years.

A Member asked if officers could deal with these changes within existing staffing resources. Officers responded that it was difficult to answer without knowing the exact scale of the issue – they were currently relying on software suppliers to some extent. High level analysis of potential numbers and scope had been carried out, and if everything was automated, it should require little additional resource, but it may be a significant issue for a short duration. Every Fund in the country was in the same position. A related issue was that some scheme members had been targeted by companies charging a fee on this issue. It was suggested that the Pension Fund issued guidance to all scheme members to advise that it was being done automatically, and officers agreed that this was a good idea. It was confirmed that any LGPS Member who had been effected would be notified individually.

With regard to deceased scheme members, it was confirmed that any scheme member who had left a spouse or partner may be entitled under the McCloud remedy. However, officers advised that they had not yet agreed an order for how scheme members and their dependents would be prioritised.

A Member queried a statement in the report that funding would be restricted for training trustees. Officers advised that Members could attend conferences and training events, the disclaimer related to many members attending the same event.

A Member asked about training: he had originally intended to retire as a Councillor, and therefore a Committee Member, in May 2020, but the elections had been deferred for a year. As he was due to leave, he had been taking a relaxed view on training. Officers suggested that the key thing was to ensure all Members had the required skills and experience to make decisions at Committee: an experienced Committee Member would clearly have the required knowledge.

A Member suggested that there should be a Covid-19 specific risk be added to Risk Log. It was confirmed that there was an entirely separate Covid-19 Risk Log which had been considered by the Committee in June. It was further noted that the Risk Log and Risk Register were separate documents. It was noted that the Risk Log was referenced under Risk 2 "economic conditions", which included a mitigation relating to Covid-19.

In terms of training, it was noted that the intention nationally was for conferences to resume on 1st October, unless there was a local lockdown, but that some industry bodies had indicated that they would not have physical conferences this year. In response to a Member question, it was confirmed that the review of training credits had been delayed due to Covid-19. The policy would be amended in light of the review and presented to a future meeting.

It was resolved unanimously to:

Note the report.

202. ADMINISTRATION PERFORMANCE REPORT

The Committee considered a report which set out a number of key areas of administration performance.

Arising from the report, Members noted:

- Key Performance Indicators: given that the report covered the lockdown period, the KPIs were quite impressive, with staff continuing to work at the same volume and pace as previously;
- Employee contributions: again, given that Lockdown was included in the period covered, the vast majority of schedules and payments had been received, which was pleasing;
- Breaches of the law: this detailed areas of administration which had not gone as they should. These were judged by officers to be “non material breaches”, but Members of the Board and Committee have the option to take a different view and report breaches to the Pensions Regulator. The breaches identified had been rectified subsequently;
- Internal Dispute Resolution Procedure: there was one ongoing case to note, which related to a scheme member who had opted to transfer to another pension scheme, but subsequently regretted that decision as the new scheme had not performed as well. The dispute related to their assertion that they had not been given sufficient information on the issues involved before transferring. It was clear that these type of claims, assisted by Claim companies who may get a high commission, were on the rise, with the Claim companies were proactively contacting former members. These disputes would normally expect to go before the Pensions Ombudsman for a final decision, having proceeded through the Internal Dispute Resolution Procedure first;
- Data Improvement Plan: this related to the processing of all the unprocessed leaver benefits in accordance with the member’s entitlement under the LGPS regulations. The timescale for this Plan had been extended;
- Contracted Out Liabilities rectification: this related to the correction of variances to pensions in payment as a result of any changes notified to the contracted-out earnings included within the pension. The delay in HMRC issuing the final data file has impacted

the completion of this activity, but the final file had now been received. More data would be available at the Autumn Committee meeting.

There was a query about the Red rating in the KPIs. It was confirmed that this related to failure to meet statutory targets only, and an explanation of the Red/Amber/Green ratings would be included in future reports. **Action required.**

It was resolved unanimously to:

Note the administration performance report.

203. EXCLUSION OF PRESS AND PUBLIC

It was resolved unanimously:

That under Section 100A of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business on the grounds it contains exempt information under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended (information which is likely to reveal information relating to the financial or business affairs of any particular person) and that it would not be in the public interest for this information to be disclosed.

204. COVID-19 AND FUNDING RISKS

The Committee considered a briefing paper and presentation from Fund's Actuary regarding funding impact and risk associated with the ongoing Covid-19 pandemic. Members were reminded that they had had a presentation from Mercer at the last meeting on the implications of Covid-19 on investment returns.

It was resolved unanimously to:

Note the report.

(Hymans Robertson representatives left the meeting)

205. ANNUAL REVIEW OF THE FUND'S INVESTMENT MANAGERS

The Committee considered a report reviewing the performance of the Fund's Investment Managers for the year ended 31st March 2020.

It was resolved unanimously:

Note the Annual Review of the Fund's Investment Managers.

206. INVESTMENT MANAGER FEE REVIEW

Members considered a report reviewing fees paid by the Fund to its Investment Managers.

It was resolved unanimously to note the review of the fees paid by the Fund to its investment managers.

Chairman

CAMBRIDGESHIRE PENSION FUND

Pension Fund Committee

Agenda Item: 2

Action log from previous meetings

This log captures the actions from the Pension Fund Committee of the 18th June and 23rd July 2020 together with any carried forward items from previous meetings and updates members on the progress on compliance in delivering the necessary actions.

This is the updated action log as at 25th September 2020.

Outstanding actions from 18th June 2020 meeting of the Pension Fund Committee

Item No.	Item	Action to be taken by	Issue	Action/Status
None				

Outstanding actions from 23rd July 2020 meeting of the Pension Fund Committee

Item No.	Item	Action to be taken by	Issue	Action/Status
200.	Pension Fund Statement of Accounts	Ben Barlow	Administration expenses appeared to increase significantly, but this was due to an adjustment made for previous years. The detail of this adjustment was explained following a Member question, as the accrual in the 2018-19 accounts had been understated, and this had been corrected in 2019-20: the real year on year comparison was in fact minimal. It was agreed that the detail for the three year period would be circulated.	Completed – circulated by Democratic Services.
201.	Administration Performance Report	Joanne Walton	There was a query about the Red rating in the KPIs. It was confirmed that this related to failure to meet statutory targets only, and an explanation of the Red/Amber/Green ratings would be included in future reports	Completed.

CAMBRIDGESHIRE PENSION FUND



Pension Fund Committee

9th October 2020

Report by: Head of Pensions

Subject:	Administration Performance Report
Purpose of the Report	To present the Administration Performance Report to the Pension Fund Committee
Recommendations	The Pension Fund Committee are asked to note the Administration Performance Report
Enquiries to:	Joanne Walton, Governance and Regulations Manager jwalton@northamptonshire.gov.uk

1. Background

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

2. Variances against the forecast of investments and administration expenses

- 2.1 The tables in **appendix 1** provide an update of the Fund account, investment and administration income and expenditure against the cash flow projection outlined in the Annual Business Plan as agreed by the Pension Fund Committee in June 2020.

3. Key Performance Indicators – LGSS Pensions

- 3.1 The Pension Fund Committee has previously agreed a set of key performance indicators (KPIs) to assess the performance of LGSS Pensions.
- 3.2 Full KPI details for the period 1st June 2020 to 31st August 2020 can be found in **appendix 2**.

4. Receipt of Employee and Employer Contributions

- 4.1 Employers in the Fund have a statutory obligation to arrange for the correct deduction of employee and employer contributions and to ensure payment reaches the Pension Fund by the 19th of the month following the month of deduction. Providing an associated monthly statement/schedule in a format acceptable to the Administering Authority.
- 4.2 The table in **appendix 3** shows the percentage of employers in the Cambridgeshire Pension Fund who paid their employee and employer contributions and/or submitted their schedules on time or late for the period 1st August 2019 to 31st July 2020.

- 4.3 Details of late paying employers for May, June and July 2020 can be found in the **private and confidential appendix (appendix 4)** of the report.

5. Breaches of the Law

- 5.1 There are many and various laws relating to the Local Government Pension Scheme, with various individuals, including the Pension Fund Board, having a statutory duty to report material breaches of the law to the Regulator. The Cambridgeshire Pension Fund maintains a record of both material breaches that are reported to the Pensions Regulator as well as breaches that are deemed not to be of material significance and so are not reported to the Pensions Regulator.
- 5.2 For the period 1st June to 31st August 2020, the following breaches occurred:

Type of Breach	Detail of Breach	Course of action
Material Breaches	None	None
Non Material Breaches	Non-issue of entitlement letters for 11 members when leaving the scheme on 31 st March 2017 as part of a protracted TUPE transfer.	Letters have now been sent to the members.
	2 refund of pension contribution payments were claimed by and paid to members outside of the statutory 5-year period.	No further action at this stage, it is likely that the legislation surrounding this will be amended to remove the 5 year requirement.

6. Internal Dispute Resolution Procedure

- 6.1 Members, prospective members, and beneficiaries may not always agree with pension decisions that are made, or may be unhappy that decisions have not been made, by either an administering authority or a scheme employer. The Internal Dispute Resolution Procedure (IDRP) is the route by which they may raise their concerns and challenge such decisions.
- 6.2 In the period 1st June to 31st August 2020 the following activity occurred:

Nature of dispute	Stage 1 (The Head of Pensions)	Stage 2 (Cambridgeshire County Council Monitoring Officer)
Delay in payment of refund of contributions and amount refunded (received 4 June 2020)	Not upheld (6 July 2020)	N/A

7 Data improvement activity update

7.1 Resolution of unprocessed leaver records

Purpose of activity: To process all the unprocessed leaver benefits in accordance with the member's entitlement under the LGPS regulations.

Original timescale for action: 01/04/2020 – 31/03/2021

Update: As at 31 August 2020 cases have only reduced slightly, to 9,469. This, however, hides the positive progress made in minimising the impact of the 2020/21 year end, when the Fund is notified of missing leavers, the inefficiencies and competing pressures resulting from the coronavirus pandemic, and the fact that Aon have only commenced processing tranche 2 of the backlog in August 2020, again due to the pandemic.

Category	Total
Baseline (April 2020)	9,636
August 2020	9,469

7.2 Contracted-out liabilities rectification

Purpose of activity: To correct any variances to pensions in payment as a result of any changes notified to the contracted-out earnings included within the pension.

Timescale for action: Amendments to pensions were scheduled to be made in March 2020.

Update: The delay in HMRC issuing the final data file has impacted the completion of this activity. The final file of data has now been received and ITM Limited are currently undertaking a further piece of work to ensure that correct information is used when the rectification of member's records is undertaken, due to HMRC's data containing errors. Rectification of member records should commence in the autumn of 2020.

8. Relevant Pension Fund Objectives

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

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

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

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

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

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

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

9. Risk Management

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

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

Risk No.	Risk	Residual risk rating
6	Information may not be provided to stakeholders as required.	Green
8	Those charged with governance are unable to fulfil their responsibilities effectively	Green
17	Failure to provide relevant information to the Pension Fund Committee/Pension Board to enable informed decision making	Green

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

10. Communication Implications

Direct communications	The Fund publishes performance against the key performance indicators in the regular reports to the Pension Fund Committee and Pension Fund Board and in the Fund's Annual Report.
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11. Finance & Resources Implications

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

12. Legal Implications

12.1 Not applicable

13. Consultation with Key Advisers

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

14. Alternative Options Considered

14.1 Not applicable

15. Background Papers

15.1 Not applicable

16. Appendices

- 16.1 Appendix 1 Variances against the forecast of investments and administration expenses
- 16.2 Appendix 2 Key Performance Indicators – LGSS Pensions
- 16.3 Appendix 3 Receipt of Employee and Employer Contributions
- 16.4 Appendix 4 Late payments of employee and employer contributions (private and confidential)

Checklist of Key Approvals

Is this decision included in the Business Plan? No

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

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

Has this report been cleared by Section 151 Officer? Sarah Heywood – 24th September 2020

Has this report been cleared by Head of Pensions? Mark Whitby – 15th September 2020

Has the Chairman of the Pension Committee been consulted? Councillor Rogers – 24th September 2020

Has this report been cleared by Legal Services? Fiona McMillan – 18th September 2020

Appendix 1 – LGSS Pensions Administration Report

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

Fund Account	2020-21 Estimate	2020-21 Forecast	Variance	Comments
	£000	£000	£000	
Contributions	130,000	130,000	-	
Transfers in from other pension funds	5,200	5,200	-	
Total income	135,200	135,200	-	
Benefits payable	(114,000)	(114,000)	-	
Payments to and on account of leavers	(10,200)	(10,200)	-	
Total Payments	(124,200)	(124,200)	-	
	11,000	11,000	-	
Management Expenses	(5,149)	(5,220)	71	See analysis below.
Total income less expenditure	5,851	5,780	71	
Investment income	40,000	28,000	12,000	30% income decline. Average estimated by investment managers.
Taxes on income	-	-	-	
Profit and (losses) on disposal of investments and changes in the market value of investments	69,000	69,000	-	
Net return on investments	109,000	97,000	12,000	
Net increase/(decrease) in the net assets available for benefits during the year	114,851	102,780	12,071	

Management Expenses	2020-21 Estimate	2020-21 Forecast	Variance	Comments
	£000	£000	£000	
Total Administration Expenses	-2,644	-2,729	85	See below.
Total Governance Expenses	-784	-770	-14	
Total Investment Invoiced Expenses	-1,721	-1,721	-	
Total Management Expenses	-5,149	-5,220	71	

Administration Expenses Analysis	2020-21 Estimate	2020-21 Forecast	Variance	Comments
	£000	£000	£000	
Staff Related	-1,423	-1,509	86	Vacancy factor lower than forecast due to COVID-19 plus the addition of one Pension Officer within Service. There has been a reduction in agency cost and staff training costs.
Altair System and payroll system	-336	-349	13	Additional internal software licensing costs
Data Improvement Projects	-313	-327	14	Additional software licensing costs for third party project activity
Communications	-71	-69	-2	
Other Non-Pay and Income	-16	-10	-26	Income currently higher than expenditure
County Council Overhead Recovery	-485	-485	-	
Total Administration Expenses	-2,644	-2,729	85	

Appendix 2 - Key Performance Indicators – LGSS Pensions June, July and August 2020

Function/Task	Indicator	Target	Completed	Within Target	Over Target	% Within Target	RAG	Comments
Notify leavers of deferred benefit entitlement	Notify leavers of deferred benefit entitlements or concurrent amalgamation within 15 working days of receiving all relevant information.	90%	June: 237 July: 285 August: 188	220 262 176	17 23 12	93 92 94	Green Green Green	SLA target met SLA target met SLA target met
Payment of retirement benefits from active employment	Notify employees retiring from active membership of benefits award, from date payable or date of receiving all necessary information if later within 5 working days.	95%	June: 37 July: 37 August: 32	36 37 32	1 0 0	97 100 100	Green Green Green	SLA target met SLA target met SLA target met
Payment of pension benefits from deferred membership status	Notify members retiring from deferred membership status of benefits award, from date payable or date of receiving all necessary information if later within 10 working days.	90%	June: 42 July: 34 August: 44	41 32 42	1 2 2	98 94 95	Green Green Green	SLA target met SLA target met SLA target met
Award dependant benefits – Statutory	Issue award within 5 working days of receiving all necessary information.	95%	June: 34 July: 34 August: 20	34 33 20	0 1 0	100 97 100	Green Green Green	SLA target met SLA target met SLA target met
Provide a maximum of one estimate of benefits to employees per year on request – Statutory	Estimate in agreed format provided within 10 working days from receipt of all information.	90%	June: 36 June: 33 August: 38	33 33 30	3 0 8	92 100 79	Green Green Amber	SLA target met SLA target met SLA target not met*
Provide transfer-in quote to scheme member – Statutory	Letter issued within 10 working days of receipt of all appropriate information.	95%	June: 68 July: 58 August: 33	67 56 33	1 2 0	99 97 100	Green Green Green	SLA target met SLA target met SLA target met
Payment of transfer out – Statutory	Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	90%	June: 4 July: 9 August: 2	4 9 2	0 0 0	100 100 100	Green Green Green	SLA target met SLA target met SLA target met

*Provide a maximum of one estimate of benefits to employees per year on request - A weekly report did not pull through all outstanding estimate checking; this report is now being thoroughly checked to ensure that it shows all outstanding estimate checking going forward.

- Green: Equal to or above Service Level Agreement (SLA) target.
- Amber: If there is a statutory target - below SLA target, but all within statutory target.
If there is no statutory target - below SLA target, but number completed within target is within 10% of the SLA target.
- Red: If there is a statutory target - below SLA target and not within statutory target.
If there is no statutory target - below SLA target and number completed within target is not within 10% of the SLA target.

Appendix 3 - Receipt of Employee and Employer Contributions

Month/Year	% of Employers Paid on Time	% of Employers Paid Late	% of Employers that Submitted Schedule on Time	% of Employers that Submitted Schedule Late
August 2019	98.3	1.7	99.6	0.4
September 2019	100	0	98.3	1.7
October 2019	100	0	96.9	3.1
November 2019	99.8	0.2	100	0
December 2019	97.1	2.9	97.1	2.9
January 2020	98.7	1.3	98.7	1.3
February 2020	96.6	3.4	96.7	3.3
March 2020	99.8	0.2	100	0
April 2020	99.6	0.4	99.3	0.7
May 2020	100	0	100	0
June 2020	99.5	0.5	99.3	0.7
July 2020	99.3	0.7	100	0
Average for period	99.0	1.0	98.8	1.2

Pension Fund Committee

Date: 9th October 2020

Report by: Head of Pensions

Subject:	Pension Fund Annual Business Plan Update report 2020/21
Purpose of the Report	To present the Business Plan Update for the period 1 st April to 31 st August 2020.
Recommendations	The Pension Fund Committee is asked to note the Business Plan Update to 31 st August 2020.
Enquiries to:	Mark Whitby, Head of LGSS Pensions mwhitby@northamptonshire.gov.uk

1. Background

- 1.1 Good governance requires that updates to the pre-agreed Annual Business Plan and Medium-Term Strategy are provided to the Committee on a regular basis. This update highlights the progress made on the key activities for the period up to the end of 2020/21 financial year.
- 1.2 A full list of the key fund activities for the 2020/21 financial year can be found in appendix 1 of this report.

2. Key Pension Fund Activities

2.1 Service Delivery (SD)

Reference	Key action/task	2020/21				Medium term	
		Q1	Q2	Q3	Q4	2021/22	2022/23
SD1	Undertake a review of the Business Continuity Plan	✓	✓	✓			
SD2	Undertake an analysis of the risks faced by the Fund as a result of cyber-crime and out in place appropriate mitigations		✓	✓	✓		
SD4	Extension of existing pensions administration and payroll software	✓	✓				

2.1.1 SD1 - Undertake a review of the Business Continuity Plan

Action: The Business Continuity Plan (BCP) covering the Fund's governance and administration is now due for a full review. This review will help ensure appropriate arrangements are being put in place to facilitate the seamless transition of shared service administration from Northamptonshire County Council to one of the two new Northamptonshire Unitary authorities and incorporate any learning points from the Coronavirus pandemic.

Update: Officers have been regularly reviewing the BCP ensuring staff contact information is up to date. Officers have contacted Aquila Heywood (the supplier of the administration and payroll platform) and Northamptonshire County Council (NCC) IT Services to obtain documented evidence of these organisations BCPs and disaster recovery processes to ensure that the continuity of service with minimal interruption.

Key milestones	Due for Completion	Status
Investigate current business continuity arrangements with key partners	June to July 2020	Amber – awaiting further information from NCC IT Services and Aquila Heywood (requested September 2020)
Update Business Continuity Plan	August 2020	Amber – delayed as above.
Scrutiny of Business Continuity arrangements by Local Pension Board	November 2020	Future activity
Update Pension Fund Committee on Business Continuity arrangements	December 2020	Future activity

2.1.2 SD2 - Undertake an analysis of the risks faced by the Fund as a result of cyber-crime and out in place appropriate mitigations

Action: Cyber-crime is posing increasingly sophisticated threats to the administration of the Fund. At the same time the Fund is trying to implement its digital strategy in an effective, efficient and equitable manner. This activity is therefore to analyse the risks to the Fund in the digital space and implement any appropriate actions arising from that analysis.

Update: This activity is running behind schedule due to the impacts of the pandemic. The Employer Services and Systems Manager attended a Cyber Security and risk management webinar held by legal firm Burgess Salmon on 16 July 2020, with other events being cancelled. Due to pressures on local IT support, it has also not been possible to consult with IT services over current arrangements within NCC's networks.

Aquila Heywood has provided a report detailing the results of a cyber-security review carried out in February 2020. This included a review by independent consultants who concluded that Aquila Heywood's security controls are "well secured" and "good standards" have been "well implemented". In relation to the application suite, the independent consultants were unable to bypass security controls and noted that the applications support strong encryption.

Key milestones	Due for completion	Status
Obtain specialist advice in connection with cyber-crime	July 2020	Amber – rescheduled to between Sept and Dec 2020
Investigate current security and other measures designed to mitigate cyber-crime	July – September 2020	Amber – rescheduled to between Sept and Dec 2020
Develop action plan	October to January 2021	Future activity
Implement action plan	From February 2021	Future activity

2.1.3 SD4 - Extension of existing pensions administration and payroll software

Action: The Fund currently uses Heywood Ltd's Altair as its pensions administration and payroll software. The contract with Heywood Ltd is due to expire on 30 September 2021 and includes the option of a fixed 3-year extension. A framework has been launched by the National LGPS Framework for pensions administration and payroll software that operates from April 2020 to April 2024. The framework has 3 suppliers on it – Heywood Ltd, Civica UK Ltd, and Equiniti and contracts are for 7 years plus a maximum of 3 years.

Update: Complete. At the Pension Fund Committee meeting held in June 2020 it was agreed that the existing contract with Heywood would be extended by 3 years to end on 30 September 2024 with a competitive procurement process scheduled for at least 18 months in advance of this date. Heywood have confirmed their formal agreement to the extension and related i-Connect and hosting contracts have been made co-terminus.

Key milestones	Due for Completion	Status
Extend existing Aquila Heywood Ltd contract	June to August 20	Green – completed
Undertake competitive procurement process using the National LGPS Framework	April 2023 to September 2023	Future activity
Project to transition to new supplier (if new supplier successful)	October 2023 to September 2024	Future activity

2.2 Governance and compliance (GC)

Reference	Key action/task	2020/21				Medium term	
		Q1	Q2	Q3	Q4	2021/22	2022/23
GC1	Complete the Guaranteed Minimum Pension Rectification	✓	✓	✓	✓	✓	

2.2.1 GC1 Complete the Guaranteed Minimum Pension Rectification

Action: Following the end of contracting-out on 6 April 2016 it has been necessary for all pension schemes to reconcile their scheme members' contracted out liability against that recorded by HMRC. The Fund outsourced the majority of the reconciliation and rectification exercise to ITM Limited. The reconciliation stage of this completed in 2019/20 however following the delay in HMRC issuing the final file of data, the rectification stage has not been able to fully commence.

Update: The delay in HMRC issuing the final data file has impacted the completion of this activity. The final file of data has now been received and ITM Limited are currently undertaking a further piece of work to ensure that correct information is used when the rectification of member's records is undertaken, due to HMRC's data containing errors. Rectification of member records should commence in the autumn of 2020.

Key milestones	Due for Completion	Status
Receipt of final data file from HMRC	June 2020	Amber - data supplied by HMRC in July 20
ITM Limited to supply data on which member records require rectification	September 2020	Green – on target
Produce project plan to rectify records	October 2020	Future activity
Implement project plan	November 2020 to December 2021	Future activity

2.3 Communications, Systems and Employer Management (CSEM)

Reference	Key action/task	2020/21				Medium term	
		Q1	Q2	Q3	Q4	2021/22	2022/23
CSEM1	Undertake a digital strategy review	✓	✓	✓	✓		
CSEM4	Implement multiple investment strategies	✓	✓	✓	✓	✓	

2.3.1 CSEM1 – Undertake a digital strategy review

Action: The Fund is committed to delivering a service where communication is digital by default to provide an excellent customer experience for all stakeholders and to ensure that technology is used appropriately to create a high quality, efficient and modern pensions service. The review will be carried out over a 3-year period and will focus on the use of digital services across a range of work streams including member experience, communications, data collection and data processing. This will begin with a review of the current use of digital solutions and identify where digital solutions will be beneficial. A plan will then be developed, identifying priorities and setting out a schedule for introducing further digital improvements.

Update: Over 94% of employers now submit their data monthly via the new i-Connect portal as the project nears completion. Shaw Trust have completed their accessibility audit of the LGSS Pensions websites and the accessibility statements have been updated and published. Scoping work continues to help populate the digital processing plan and employers are now inputting their contribution returns directly on to an online form on the website, whilst members can now upload documents securely to their online pension account.

Key milestones	Due for Completion	Status
Complete roll out of monthly employer data collection	2020/21	Green - on target
Undertake website accessibility review	April to October 2020	Green - completed
Formulate digital processing plan	June to December 2020	Green - on target
Investigate the feasibility of using e-forms	April to December 2020	Green - completed

2.3.2 CSEM4 – Implement multiple investment strategies

Action: With an increasing number and variety of scheme employers participating in the Fund it is prudent to consider whether greater flexibility is required to meet the different funding requirements of these scheme employers, who may have different investment risk appetites and whose scheme membership may have vastly differing levels of maturity. This project will look to create a small number of “investment buckets” into which different categories of scheme employer could be allocated.

Update: A half day workshop was held by the Fund’s actuarial advisors for officers on 15 September to discuss appropriate options for employer categorisation, structure of the different investment buckets and asset allocations within those buckets and the next steps required to complete the implementation process. Follow up meetings will be held to complete the implementation.

Key milestones	Due for Completion	Status
Work with the Fund’s advisors to assess possible appropriate options	June to September 2020	Green –on target
Present report to the Pension Fund Committee on recommended options and seek approval to consult with employers	October 2020	Amber – rescheduled to December 2020
Publish proposed options for consultation with employers	November to December 2020	Future activity
Agree appropriate strategy for each employer	January to March 2021	Future activity
Implement multiple investment strategies	2021/22	Future activity

2.4 Operations (OPS)

Reference	Key action/task	2020/21				Medium term	
		Q1	Q2	Q3	Q4	2021/22	2022/23
OPS1	Resolution of undecided leavers	✓	✓	✓	✓		
OPS2	Scope and conduct potential liability reduction exercises	✓	✓	✓	✓	✓	✓

2.4.1 OPS1 – Resolution of undecided leavers

Action: The Fund has a number of unprocessed leaver records where a member has left a period of pensionable employment, is not entitled to immediate payment of pension benefits, but is entitled to either a refund of contributions, aggregation with another period of pensionable membership and/or a deferred pension award. The number of these cases has historically grown primarily due to 1) scheme employers not notifying the Fund that members of the scheme have left their employment or 2) scheme employers providing late monthly reporting.

As at April 2020 the number of unprocessed leavers had reduced from 11,082 to 9,636 inclusive of BAU volumes. The target for 2020-21 is to reduce the number of unprocessed leavers to approximately 5,000 cases by the end of the year and then down to BAU volumes during 2021-22.

Update: As at 31 August 2020 cases have only reduced slightly, to 9,469. This, however, hides the positive progress made in minimising the impact of the 2020/21 year end, when the Fund is notified of missing leavers, the inefficiencies and competing pressures resulting from the coronavirus pandemic, and the fact that Aon have only commenced processing tranche 2 of the backlog in August 2020, again due to the pandemic.

Key milestones	Due for Completion	Status
Baseline backlog cases for reporting purposes	April 2020	Green - completed
Aon clearance of approximately 1,300	By March 2021	Amber – started processing late
Internal clearance of cases to reduce volumes to 5,000 cases	By March 2021	Amber – clearance slower than expected
Internal clearance of cases to reduce volumes to circa 3,000 (including contingency for any not processed in 2020-21)	2021/22	Future activity

2.4.2 OPS2 – Scope and conduct potential liability reduction exercises

Action: The Fund has an increasing number of records belonging to members that are due a refund of pension contributions (due to having insufficient membership within the LGPS to be awarded a pension entitlement and with the member not having claimed a refund) and also a large number of pensions in payment of a very low value that could be fully commuted into a one-off payment, extinguishing the Fund from any future liability.

It has become increasingly common for pension schemes to look at ways of reducing the number of such records, communicating with these members in order to assess their eligibility and desire to receive payment of the refund or fully commute their benefits.

Update: The fund has formulated a plan for processing refund cases through the Operations team. The plan created has highlighted the cases which will need to be focused on and a timeline as to when these will be processed. The number of cases identified through the scoping phase of the project, as of May 2020, highlighted 6,910 cases to be reviewed. The cases will be grouped into 2 year periods and allocated to an officer to review the refund cases and either calculate and issue the award, or chase up a lack of response where an award was previously issued. Work on processing the cases highlighted has already commenced beginning in July 2020 and further figures to show progress will be communicated at the next meeting.

Key milestones	Due for Completion	Status
Scope exercise (refunds)	May 2020	Green - completed
Formulate project plan (refunds)	June 2020	Green - completed
Conduct exercise (refunds)	Thru to end of 2021/22	Green – on target
Scope exercise, formulate project plan and conduct exercise (small commutable pensions)	2022/23	Future activity

2.5 Investments and fund accountancy (INV)

2.5.1 INV1 – Implement strategic allocation to fixed income

Action: This continues the work undertaken in 2019/20 looking at Multi Asset Credit managers, reviewing both managers in the asset pool and alternative best in class managers, with a view to recommending an allocation(s) for Pension Fund Committee approval and subsequent implementation. Due to the pandemic flexible dates have been suggested.

Update: In July 2020 the ISC approved the selection of 2 Multi Asset Credit (MAC) funds following presentations by 5 Investment firms on 26 June 2020, the Fund's allocation to be divided equally between the 2 MAC funds. Subscriptions to the new funds were completed on 2 September 2020. At the meeting of the ISC on 3 September 2020, it was agreed to recommend an increase in the strategic allocation to MAC from 7% to 10% to be ratified by the Pension Fund Committee in October 2020.

Key milestones	Due for Completion	Status
Agree scope and allocation(s)	July to September 2020	Green - complete subject to additional strategic allocation
Undertake manager selection	November 2020 to February 2021	Green – complete
Implementation	March 2021 to June 2021	Green - complete subject to additional strategic allocation

2.5.2 INV3 - Continue development of the asset pool

Action: The ACCESS asset pool development is a long-term project. 2020/21 will see the Fund's final liquid assets transfer into the pool as the remaining tranches of sub-funds are established in the asset pool. In parallel, ACCESS is developing a pool level solution for investing in illiquid assets, a continuation of the project that commenced during 2019/20, which is expected to continue throughout 2020/21 and beyond. Finally, officers are supporting the launch of an Emerging Markets equities sub-fund.

Update: The roll-out of ACCESS sub-funds has been delayed due to resources of some ACCESS member funds being diverted to support COVID19 critical services. The liquid sub-fund programme continues to progress but at a slower pace than originally planned. The launches of Fixed Income sub-funds have hit a number of technical issues for which solutions have not been identified and therefore the time frame for completion is uncertain.

Key milestones	Due for Completion	Status
Liquid Assets – Complete remaining tranches as they arise	June 2020	Amber – delayed due to COVID support
Liquid Assets – Support the establishment of an Emerging Markets equities sub fund	March 2021	Future activity
Illiquid Assets – Continue to support the illiquid assets pooling solution	2020/21 to 2021/22	Future activity

2.5.3 INV4 - Tender for an independent investment advisor

Action: In September 2019 the Investment Sub-Committee resolved to procure an independent investment advisor for the Fund. The procurement commenced in quarter 4 of 2019/20, however due to COVID19 the award of contract date remains uncertain until face-to-face interviews can be undertaken

Update: Ten parties submitted responses to the Request for Tender (RFQ) of which seven met the benchmark requirement and were admitted to the second stage interviews which were held during September. The successful party will be introduced at the November Investment Sub Committee.

Key milestones	Due for Completion	Status
Launch tender	June 2020	Green – complete
Complete tender	September 2020	Green – complete

2.5.4 INV5- Reviews the Fund's Responsible Investment Policy

Action: Following significant developments in stakeholder expectation with regards to Responsible Investment (RI), the Fund will undertake training on current issues and best practice and reassess the RI beliefs of the current Pension Fund Committee and Pension Fund Board. This will inform the development of the Fund's RI Policy and subsequent incorporation of this Policy into the Fund's Investment Strategy. The amended Investment Strategy will then be subject to consultation with stakeholders.

Due to the coronavirus pandemic the training will be provided remotely via suitable media applications to maintain momentum with regard to this initiative.

Concurrently the Fund will obtain an RI report to commence the journey to better understand where the Fund benchmarks across a spectrum of ESG and Carbon foot printing, the key aspects of which will be presented in the July training event.

Update: Further to the Responsible Investment (RI) information day on 15th July 2020 attendees from the Committee and Local Pension Board completed a survey of RI beliefs from which a RI beliefs statement has been drafted and presented to the September meeting of ISC. The statement and eventual RI policy will be incorporated in the Fund's Investment Strategy Statement when reissued during 2021.

Key milestones	Due for Completion	Status
Production of ESG and Carbon foot-printing benchmarking report	May 2020	Green – complete
Deliver responsible Investment Training (Information Day)	July 2020	Green – complete
Undertake Responsible Investment beliefs survey	July 2020	Green – complete
Develop Responsible Investment Policy	August to December 2020	Green – on target
Incorporate Responsible Investment Policy into Investment Strategy	March 2021	Future activity
Consultation on revised Investment Strategy	April 2021 to June 2021	Future activity

2.5.5 INV7 - Re-tender collaboratively with ACCESS partners to procure a global custody services provider

Action: The Pension Fund Committee approved in principle the collective procurement of a global custodian, alongside ACCESS partners, in time to transition the Fund's custody arrangements to the chosen provider (if not the existing provider) before the expiry of the Fund's extended contract with Northern Trust. Delivery of this activity is firstly, dependent upon collaboration with fellow LGPS funds in the creation of a procurement framework and secondly with ACCESS partners in calling off the new framework. Note the Fund has extended its existing global custody arrangements until 30th September 2021.

Update: Officers have worked with the wider LGPS Frameworks community, which has been supported by Mercer, to develop a specification for the procurement, which has included market engagement sessions with potential suppliers to refine requirements

Key milestones	Due for Completion	Status
Work with other LGPS funds to create a framework	April 20 to January 21	Green - ongoing
Work with ACCESS partners to call off a common custodian	December 2020 to June 2021	Future activity
Complete transition to the new Custodian (if required)	July 2021 to September 2021	Future activity

3. Relevant Fund objectives

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

4. Risk Management

- 4.1 The Pension Fund Committee approves the Annual Business Plan and Medium-Term Strategy every March for the upcoming year. The plan highlights the key activities of the Fund and the progress of these activities are reported through the Business Plan Update reports provided to the Pension Fund Committee and Pension Fund Board at every meeting.
- 4.2 The risks associated with failing to monitor progress against the Business Plan have been captured in the Fund's risk register as detailed below:

Risk No.	Risk	Residual risk rating
8	Those charged with the governance are unable to fulfil their responsibilities effectively	Green
14	Failure to administer the scheme in line with regulations and guidance	Green
16	Pension Fund objectives not defined and agreed	Green

- 4.3 A full version of the Fund risk register can be found at the following link – [Pension Fund Risk Register Hyperlink](#)

5. Communication Implications

Direct Communications	The Business Plan Update will be presented to the Pension Fund Committee at each meeting.
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6. Finance & Resources Implications

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

7. Legal Implications

- 7.1 Not applicable

8. Consultation with Key Advisers

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

9. Alternative Options Considered

- 9.1 Not applicable

10. Background Papers

- 10.1 Annual Business Plan and Medium Term Strategy 2020/21 – [Annual Business Plan and Medium Term Strategy Hyperlink](#)

11. Appendices

- 11.1 Appendix 1 – Full list of Key Fund Activities for the 2020/21 financial year.

Checklist of Key Approvals

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

Will further decisions be required? If so, please outline the timetable here Not applicable.

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

Has this report been cleared by the Head of Pensions? Mark Whitby – 14th September 2020

Has this report been cleared by the Section 151 Officer / Director of Finance? Sarah Heywood – 24th September 2020

Has the Chairman of the Pension Fund Board been consulted? Councillor Rogers – 24th September 2020

Has this report been cleared by Legal Services? Fiona McMillan – 18th September 2020

Appendix 1 – Full list of Key Fund Activities for the 2020/21 financial year.

Service delivery

Reference	Key action/task	2020/21				Medium term	
		Q1	Q2	Q3	Q4	2021/22	2022/23
SD1	Undertake a review of the Business Continuity Plan	✓	✓	✓			
SD2	Undertake an analysis of the risks faced by the Fund as a result of cyber-crime and put in place appropriate mitigations		✓	✓	✓		
SD3	Retender/extend contract for actuarial, benefits and governance consultancy services					✓	
SD4	Extension of pensions administration and payroll software	Completed					
SD5	Re-tender/extend contract for mortality screening and address tracing services			✓			

Governance and Compliance

Reference	Key action/task	2020/21				Medium term	
		Q1	Q2	Q3	Q4	2021/22	2022/23
GC1	Complete the Guaranteed Minimum Pension rectification	✓	✓	✓	✓	✓	
GC2	Obtain Pensions Administration Standards Association (PASA) accreditation						✓
GC3	Conduct market testing and procure a supplier of independent data auditing services				✓	✓	

Communications, Systems and Employer Management

Reference	Key action/task	2020/21				Medium term	
		Q1	Q2	Q3	Q4	2021/22	2022/23
CSEM1	Undertake a digital strategy review	✓	✓	✓	✓		
CSEM2	Scope requirements for data collection in respect of the LGPS Transitional Protections			✓	✓		
CSEM3	Prepare for the 2022 Valuation of the Pension Fund					✓	✓
CSEM4	Implement multiple investment strategies	✓	✓	✓	✓	✓	

Operations

Reference	Key action/task	2020/21				Medium term	
		Q1	Q2	Q3	Q4	2021/22	2022/23
OPS1	Resolution of unprocessed leaver records	✓	✓	✓	✓		
OPS2	Scope and conduct potential liability reduction exercises	✓	✓	✓	✓	✓	✓

Investments

Reference	Key action/task	2020/21				Medium term	
		Q1	Q2	Q3	Q4	2021/22	2022/23
INV1	Implement strategic allocation to Fixed Income	✓	✓	✓	✓	✓	
INV2	Re-tender for investment consultancy services			✓	✓	✓	
INV3	Continue development of the asset pool	✓	✓	✓	✓	✓	✓
INV4	Tender for an independent investment adviser	✓	✓				
INV5	Review the Fund's Responsible Investment Policy	✓	✓	✓	✓	✓	
INV6	Review the Real Estate strategy				✓	✓	
INV7	Re-tender collaboratively with ACCESS partners to procure a global custody services provider	✓	✓	✓	✓	✓	

Cambridgeshire Pension Fund



Pension Fund Committee

9th October 2020

Report by: Head of Pensions

Subject:	Governance and Compliance Report
Purpose of the Report	To provide the Pension Fund Committee with information on: 1) The activities of the Scheme Advisory Board (section 2) 2) Legislative updates (section 3) 3) Government consultations affecting the LGPS (section 4) 4) Skills and knowledge opportunities (section 5 and appendix 3).
Recommendations	That the Pension Fund Committee notes the content of the report.
Enquiries to:	Jo Walton – Governance and Regulations Manager, LGSS Pensions E-mail: jwalton@northamptonshire.gov.uk

1. Background

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

2. The Scheme Advisory Board

2.1 Good Governance Review

- 2.1.1 Following the delivery of the phase 2 report in 2019 of which the detail was presented at the Information Day held at Wyboston Lakes on 6th March 2020, the Scheme Advisory Board have requested that Hymans Robertson work on more detailed implementation proposals with the working group focussing on the areas of the LGPS Senior Officer role, service delivery key performance indicators and the independent governance review process.

- 2.1.2 It was anticipated that by the end of September 2020 three key deliverables would be agreed with the working group as follows:

- A report setting out implementation advice for the proposals in phase 2.
- A sample version of what a Fund's new governance compliance statement might look like.
- A sample independent governance review report that would aid in the development of procurement proposals in respect of the independence governance review process.

- 2.1.3 The timetable thereafter will depend on the capacity within the Ministry of Housing Communities and Local Government (MHCLG) and other LGPS stakeholders to progress to implementation of the proposals and to consult on the formal guidance.

3. Legislation update

3.1 Goodwin vs the Department of Education

- 3.1.1 Following the Walker vs Innospec Supreme Court ruling the government recently decided that surviving male same-sex and female same-sex spouses and civil partners of public service pension scheme members will receive benefits equivalent to those received by widows of opposite sex marriages.
- 3.1.2 A newer case earlier this year (Goodwin vs DoE) highlighted that these changes may lead to direct sexual orientation discrimination within the Teachers' Pension Scheme, where male survivors of female scheme members will now be entitled to a lower survivor benefit than a comparable same sex survivor.
- 3.1.3 The government has concluded that changes are required to the Teachers' Pension Scheme and other public service pension schemes to address this discrimination. A consultation on the required changes to the regulations is expected very shortly. All members affected back to 5th December 2005 will need to be contacted and notified of the changes once the regulations are amended.

3.2 LGPS Amendment Regulations

- 3.2.1 On 26th August 2020 MHCLG published its latest partial response to the May 2019 consultation 'Changes to the local valuation cycle and management of employer risk'. The accompanying amendment regulations have also been made and came into force on 23rd September 2020. The new regulations provide more flexibility for Funds to manage risk in 3 key areas:
- Inter-valuation reviews of employer contributions
 - Spreading of exit debts
 - Deferred Debt Agreements
- 3.2.2 The regulations require Fund to have policies in place around these new powers and MHCLG intends to develop guidance in collaboration with the Scheme Advisory Board and CIPFA. Amendments to the Cambridgeshire Pension Fund policies will be presented to the Pension Fund Committee at a future meeting.

4. Consultations

4.1 Public Sector Exit Payment Cap

- 4.1.1 The government first announced plans to cap exit payments in the public sector in 2015. On 10 April 2019 HM Treasury launched a consultation on the draft regulations, guidance and Directions to implement the cap. HM Treasury published its response to the consultation on 21 July 2020. The regulations have now been published and will be followed by updated guidance and the HM Treasury Directions. The cap will apply to all the public service employers as detailed on the schedule alongside the regulations.

- 4.1.2 The exit payment cap is set at a total of £95,000 with no provision for this amount to be index linked. Exit payments must include redundancy payments (including statutory redundancy, severance payments, pension strain costs which arise when a LGPS pension is paid unreduced before a member's normal pension age and other such payments made as a consequence of termination of employment).
- 4.1.3 The amount of an individual's statutory redundancy payment cannot be reduced. If the cap is exceeded by other elements of the total exit payment package, those other elements must be reduced to achieve an exit payment of £95,000 or less.
- 4.1.4 It is the intention for the exit payment cap to be in force by the end of the 2020 calendar year.
- 4.1.5 There are circumstances when the cap must or may be relaxed by a minister or the authority. However, this is likely to be only subject to consent by HM Treasury even if it is passed by full Council. Employers are required to record and publish information about any decisions made to relax the cap.
- 4.1.6 An individual that receives an exit payment must inform any other public body that employs them about that payment. An employer must ensure that any exit payment does not exceed the cap (unless permitted by the relaxation Directions) and, where a non-compliant payment is made, recover any overpayment subject to a value for money assessment.
- 4.1.7 The government's response to the consultation can be found in **appendix 1**.

4.2 Reforming Local Government Exit Pay

- 4.2.1 On 7 September 2020, the Ministry of Housing, Communities and Local Government (MHCLG) released a consultation on the proposals on reforming local government exit pay. The consultation specifically affects individuals who are eligible to be members of the LGPS (in England). The consultation closes on 9 November 2020.
- 4.2.2 The consultation has 3 main proposals on which views are being sought:
 - 1. A maximum tariff for the calculation of exit payments of 3 weeks' pay per year of service.
 - 2. A ceiling of 15 months/66 weeks that can be paid as redundancy compensation payment.
 - 3. A maximum salary of £80,000 on which a redundancy compensation payment can be based, to be reviewed annually using an appropriate mechanism (such as the consumer price index).
- 4.2.3 The consultation proposes introducing an element of choice into the current arrangements. At present employees may have no option but to take immediate payment of their pension on redundancy. MHCLG have recognised that in current times individuals have good reasons for wanting to work longer but also recognise that for those who have carried out demanding work throughout their adult lives should have the security of a reliable income with a suitable enhancement.
- 4.2.4 MHCLG are proposing that for members of the LGPS who are at least 55 when made redundant the benefits and associated strain cost due from the employer should be limited as follows:

- The strain cost cannot exceed the overall cap contained in the exit payment regulations (£95k)
- Strain cost will be further reduced by the value of any statutory redundancy payment required (which the employee will still receive as a cash payment)
- A further reduction would be made to reflect any voluntary payments made to cover a grant of additional pension (regulation 31 of the LGPS Regulations 2013)
- Any reduction in the strain cost due to the above limitations may be made up by the employee from their own resources
- The member will receive an actuarially adjusted pension benefit in line with revised strain cost under these provisions.

4.2.5 Upon request for clarification of the proposals detailed in 4.2.4 MHCLG confirmed that their intention was that any member retiring on redundancy grounds from an English council/academy with unreduced LGPS benefits will receive no discretionary redundancy payment and will have to pay the fund a sum equal to their statutory redundancy payment. To all intents and purposes the individual will receive no redundancy pay. This is the case regardless of pay and the value of the redundancy package.

4.2.6 The options available for members in such cases would be to choose which one of the elements they want to give up (that are currently all provided in full):

- Give up any entitlement to a discretionary redundancy payment and discretionary additional lump sum payment, and pay a sum equivalent to their statutory redundancy payment to the pension fund if they want full pension paid immediately,
- Give up any entitlement to a discretionary redundancy payment and discretionary additional lump sum payment plus some pension (ie it is partially reduced) if they want it paid immediately and to also retain the statutory redundancy payment,
- Give up immediate payment of pension (ie have full pension deferred to normal pension age) and also retain the statutory redundancy payment and any entitlement to a discretionary redundancy payment and discretionary additional lump sum payment available under their employer's policy in relation to the reformed compensation arrangements,
- Give up immediate payment of pension with no early payment reduction, but take immediate payment of pension with full early payment reductions (ie as if they had retired voluntarily thus not triggering any strain cost for the employer) and also retain the statutory redundancy payment and any entitlement to a discretionary redundancy payment and discretionary additional lump sum payment available under their employer's policy in relation to the reformed compensation arrangements.

4.2.7 The above proposals have surprised the LGPS community and as such the LGPS Scheme Advisory Board is currently working to achieve further clarity from MHCLG.

4.2.8 Officers will be monitoring developments closely with a view to responding to the consultation by the closing date of the 9 November. The consultation response on behalf of the administering authority, will be shared with the Chairman and Vice-Chairman prior to submission and then shared with the members of the Pension Fund Committee thereafter.

4.2.9 The full consultation response can be found in **appendix 2**.

4.3 McCloud

- 4.3.1 A 12-week consultation on the proposed changes to the LGPS regulations as a result of the age discrimination remedy resulting from McCloud commenced in July with a closing date of 8 October 2020.
- 4.3.2 Officers have submitted a response to this consultation as approved by the Chairman and Vice Chairman of the Pension Fund Committee. The response on behalf of the administering authority was circulated to members of the Pension Fund Committee by email shortly before this meeting, alongside the government consultation document.
- 4.3.3 A more detailed report on the detail of the proposals within the consultation and an analysis of the resources required to deliver the appropriate outcomes to scheme members is to be presented at this meeting.

5. LGPS National Knowledge Assessment

- 5.1 In February 2020 Hymans Robertson launched their LGPS National Knowledge Assessment (NKA) following their LGPS National Confidence Assessment published in 2018. The NKA looks at the knowledge levels of both Pension Fund Committee and Local Pension Board members, individually and collectively.
- 5.2 Approximately 225 Pension Committee and Local Pension Board members across 20 administering authorities participated in the assessment which was based on the 8 areas of knowledge identified in the CIPFA Skills and Knowledge Framework. The findings, published in August 2020, are as follows:

Knowledge area	Knowledge % (as determined through a series of questions with multiple choice answers)%
Financial markets and product knowledge	83%
Committee role and pensions legislation	71%
Pensions governance	69%
Investment performance and risk management	68%
Pensions accounting and audit standards	68%
Procurement and relationship management	67%
Pensions administration	59%
Actuarial methods, standards and practices	53%

- 5.3 Further findings are detailed in the full report found at the following link and will be incorporated into the Fund's revised skills and knowledge strategy and plan to be presented to the Pension Fund Committee at a future meeting.

[Hymans National Knowledge Assessment Report](#)

- 5.4 The Scheme Advisory Board will also be using these findings in the development of proposals of the Good Governance Review.

6. Skills and knowledge opportunities – training events

- 6.1 Section 248A of The Pensions Act 2004 as incorporated within The Pensions Regulator's Code of Practice (Governance and administration of public service pension schemes) requires all members of the Pension Fund Committee to maintain the necessary skills and knowledge to undertake their role effectively.
- 6.2 In order to facilitate the acquisition of skills and knowledge for members of the Pension Fund Committee **appendix 3** lists the main events that are deemed useful and appropriate.
- 6.3 Requests to attend events will be facilitated by the Governance Team. It may be necessary to restrict numbers of attendees on some courses through reasons of cost.
- 6.4 It should be noted that the schedule of events in appendix 3 details only the events that are known to be taking place during the pandemic and are virtual/online events only. As soon confirmation is received that face-to-face events are able to be held an amended schedule of events will be issued.

7. Relevant Pension Fund Objectives

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

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

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

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

8. Risk Management

- 8.1 The Pension Fund Committee are required to have the appropriate skills and knowledge to effectively carry out their duties. This report ensures that the Pension Fund Committee is up to date with:
- New or amending legislation affecting the LGPS;
 - Relevant activities of the LGPS Scheme Advisory Board and the Pensions Regulator that concern the governance of the (LGPS) on a national and local basis; and
 - Skills and knowledge opportunities.
- 8.2 The risks associated with the Pension Fund Committee not having the required level of knowledge and understanding have been captured in the Fund's risk register as detailed below.

Risk No	Risk	Residual risk rating
7	Those charged with governance of the Fund and Scheme are unable to fulfil their responsibilities effectively.	Green
13	Failure to administer the scheme in line with regulations and guidance.	Green
16	Failure to provide relevant information to the Pension Fund Committee/Pension Board to enable informed decision making.	Green

- 8.3 The Fund's risk register can be found on the LGSS Pensions website at the following link:
[Pension Fund Risk Register hyperlink](#)

9. Finance & Resources Implications

- 9.1 There are no financial or resource implications connected to the contents of this report is for information only.

10. Communication Implications

Training	All staff involved in the administration of the LGPS are aware of the new legislation and the impact on the calculation and payment of benefits from the scheme.
Employers	All relevant items are communicated to scheme employers via website updates.

11. Legal Implications

- 11.1 There are no legal implications connected to the contents of this report as this report is for information only.

12. Consultation with Key Advisers

- 12.1 There has been no requirement to consult with advisers over the content of this report.

13. Alternative Options Considered

- 13.1 There are no alternative options to be considered.

14. Background Papers

- 14.1 Not applicable.

15. Appendices

- 15.1 Appendix 1 - Government consultation response on the public sector exit cap (July 2020)
- 15.2 Appendix 2 – Government consultation on public sector exit pay reforms (September 2020)
- 15.3 Appendix 3 – Schedule of virtual training events.

Checklist of Key Approvals

Has this report been cleared by Section 151 Officer? Sarah Heywood – 24th September 2020

Has this report been cleared by Head of Pensions? Mark Whitby – 15th September 2020

Has the Chairman of the Pension Fund Committee been consulted? Councillor Rogers – 24th September 2020

Has this report been cleared by Legal Services? Fiona McMillan – 18th September 2020

Public sector exit payments: Response to the consultation

21 July 2020

Public sector exit payments: Response to the consultation



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Chapter 1

Introduction

- 1.1 The government published a consultation on 10 April 2019 seeking views on regulations implementing a £95,000 cap on exit payments in the public sector. The consultation closed on 3 July 2019.
- 1.2 The consultation received around 600 responses.
- 1.3 These responses highlighted complexities different bodies and workforces may experience in applying the regulations. We are extremely grateful for all responses received and the government will continue to refer to them whilst finalising the regulations.
- 1.4 The draft documents that were consulted on including: regulations, guidance document, consultation document and directions, can be found [here](#).
- 1.5 Based on responses to the consultation, the government will make revisions to the regulations and guidance, as explained below. The final versions of these documents will be published at a later date.
- 1.6 The government will take forward these proposals through secondary legislation in the form of affirmative regulations. The final regulations will include details on when the cap will come into force.

Chapter 2

Summary of policy

- 2.1 The Small Business, Enterprise and Employment Act 2015 ('the 2015 Act') as amended by the Enterprise Act 2016 ('the 2016 Act') provides the power for HM Treasury to make regulations implementing a £95,000 cap on exit payments in the public sector.
- 2.2 The cap of £95,000 will apply to the aggregate sum of payments made in consequence of termination of employment. The relevant payments in scope remain the same as in the regulations published on 10 April 2019.
- 2.3 The cap also applies where two or more relevant public sector exits occur in respect of the same person within any period of 28 consecutive days. The total amount of all exit payments made to that person must not exceed £95,000.
- 2.4 Following consultation, the government has decided to no longer implement the cap in two stages and will instead capture the whole public sector as soon as possible, with few exceptions. The final schedule listing all public sector bodies the cap will apply to is contained within the regulations.
- 2.5 The Scottish Government introduced a £95,000 cap on exit payments made by devolved bodies in September 2019 by updating the Scottish Public Finance Manual.
- 2.6 The guidance and directions published at consultation set out circumstances and the process for when the mandatory waiver must be used to relax the cap, and the discretionary waiver can be used. Any relaxation outside of the circumstances outlined in the directions can only be done with HM Treasury consent. Updated versions of these documents will be published alongside the final regulations.
- 2.7 The power to relax the cap may be exercised by a Minister of the Crown, unless the regulations provide for that power to be exercised by another person.
- 2.8 Updated regulations and guidance documents will be published alongside the regulations coming into force.
- 2.9 The government remains committed to ensuring exit payments can be recovered when high-paid public servants move between jobs and will take forward further regulations in due course.

Chapter 3

Consultation response

- 3.1 This document forms the government response to the consultation on the regulations to implement the public sector exit payment cap.
- 3.2 Section 1 of this chapter reviews responses to consultation questions 1, 2 and 3, focusing on public sector organisations within scope of the exit payment cap.
- 3.3 Section 2 of this chapter reviews responses commenting on payments in scope of the cap.
- 3.4 Section 3 of this chapter reviews responses to consultation questions 4, 5 and 6, focusing on the guidance and the waiver process.
- 3.5 Section 4 of this chapter reviews responses to consultation questions 7 and 8, regarding the impact of the cap.
- 3.6 Section 5 of this chapter details other drafting changes made during and as a result of the consultation process.

Section 1: Bodies in scope

Summary of responses

- 3.7 The majority of respondents agreed that draft schedule 1 accurately captured the public sector bodies and office holders intended.
- 3.8 A significant amount of responses did not agree with the staged approach and believed the cap should apply to the whole of the public sector immediately. Some respondents also subsequently disagreed with the proposed exemptions for the Armed Forces, the Secret Intelligence Service, the Security Service, and Government Communications Headquarters.
- 3.9 Other responses requested additional exemptions for particular bodies for other reasons, including the government's typical role in overseeing the organisation and the contractual nature of the relationship between the individuals and the employer.
- 3.10 Some responses expressed concern that a newly created public sector body will not be in scope until it has been added to the schedule.

Government response

- 3.11 Following consultation, the government has decided to no longer proceed with a staged approach. The cap will now apply across all of the public sector when implemented. This approach will ensure that the cap applies where intended to ensure value for money as soon as feasible.

- 3.12 The final schedule listing all public sector bodies the cap will apply to will be published at a later date ahead of the regulations coming into force.
- 3.13 The Armed Forces, the Secret Intelligence Service, the Security Service, and Government Communications Headquarters will continue to be exempted due to the unique natures of the careers of their staff and the core role of compensation and resettlement packages within remuneration arrangements. The government expects that these bodies will ensure they are making value for money exit payments that are fair to the taxpayer.
- 3.14 The Royal Bank of Scotland Group plc, NRAM Limited, and Bradford & Bingley will be excluded from the scope of the regulations. Government intervened in these firms to protect financial and economic stability, with policy being to return them to the private sector when it represents value for money to do so and market conditions allow. Excluding these firms is deemed to be proportionate to ensure Government can exit its temporary ownership of these companies in a way that represents value for money.
- 3.15 The power to make regulations implementing a cap is provided in the 2015 Act as amended by the 2016 Act and as a result the cap will take precedence over existing contractual agreements where they are less stringent than the exit payment cap regulations.
- 3.16 The schedule will be kept under review to assess whether any further bodies should be added, including as a result of Machinery of Government changes. It is our expectation that government departments will inform HM Treasury of any new bodies which should be in scope of the cap, and if any bodies listed on the schedule cease to exist.

Section 2: Payments in scope

Summary of responses

- 3.17 Respondents generally did not comment on the overall list of exit payments in scope.
- 3.18 A significant amount of responses, however, expressed concern over the inclusion of employer funded early access to pensions (pension top-up payments) within scope of the exit payment cap and how this could affect long serving lower earning employees. Some also argued that this would be discriminatory towards older workers.
- 3.19 Respondents welcomed the exemption for specific payments connected to the Firefighters Pension Scheme.
- 3.20 Some responses requested clarity on the order in which payments should be capped.

Government response

- 3.21 The government believes it is right to include all payments related to exit within scope of the cap. The option of employer-funded early retirement is

often the most costly element of an exit payment and is ultimately funded by the taxpayer so it is right that it is included.

- 3.22 The government has expressed its expectation that pension schemes, employment contracts, and compensation schemes will be amended to reflect the introduction of the cap. The exit payment cap legislation will allow relevant employers and authorities to pay the pension scheme member an equivalent sum if the pension scheme has not been amended to reflect the introduction of the cap. Any further changes should be taken forward by the relevant scheme and sponsoring department.
- 3.23 The government has reviewed payments exempt from the cap and believes it is fair and consistent to also exempt payments made in respect of injury to feelings.
- 3.24 The order in which payments made in respect of an exit are to be capped has not been prescribed with the exception relating to multiple exit payments made by an employer which includes a statutory redundancy payment. This allows employers and employees discretion and flexibility based on individual circumstances. Individuals are entitled to receive their full statutory redundancy sum and our expectation is that, in the majority of cases, employers would cap the contractual redundancy lump-sum in excess of the statutory entitlement to allow for the full pension top up and statutory redundancy to be paid.

Section 3: Waiver

Summary of responses

- 3.25 Respondents were typically welcoming of the inclusion of a discretionary waiver but questioned how the overall waiver system would work in practice. This was particularly the case for local authorities, where the power to waive the cap is delegated to full council, who raised concerns over how long the process would take.
- 3.26 Respondents confirmed the guidance was clear on how to apply the waiver in the case of whistleblowers. Many responses highlighted that the mandatory waiver for discrimination and whistleblowing claims should also be extended to health and safety related detriment and unfair dismissal claims.
- 3.27 Respondents that commented on the mandatory waiver for workers transferred under TUPE were welcoming of this being included within scope of the relaxation criteria.

Government response

- 3.28 The waiver process is designed to ensure that the cap can be relaxed in exceptional circumstances where it is necessary or desirable. The government is committed to making the process for considering waivers efficient in order to not cause any unnecessary delays for public sector employers and

employees, whilst ensuring that cases receive sufficient and appropriate scrutiny.

- 3.29 The waiver process has been designed to ensure there is accountability for the way the waiver is being used at all stages, therefore it's appropriate that uses of the waiver receive ministerial clearance. If needed, further guidance may be provided by the sponsoring department or employer.
- 3.30 The government will provide policy direction in the published guidance document, however, employers should consult legal advisors on specific cases, including with regards to the mandatory TUPE waiver, once the cap comes into force.
- 3.31 The government agrees that the mandatory waiver should be extended to include health and safety related detriment and unfair dismissal claims and will update the directions to reflect this.
- 3.32 The mandatory waiver provisions in the directions made under the regulations will also be extended to employees of UK Asset Resolution (UKAR) if necessary in due course. The waiver will cover any payment on account of dismissal by reason of redundancy. Other exit related payments to UKAR employees, such as payment in lieu of notice, will remain in scope of the cap. This is on the basis that UKAR may need to make redundancy payments in the future as part of its activities to wind down the government's holdings in NRAM Limited and Bradford & Bingley. The guidance and directions will be updated when required to reflect this.

Section 4: Impacts

Summary of responses

- 3.33 Responses raised concern that the government had not published an equalities impact assessment since the previous consultation in 2016.
- 3.34 A significant amount of responses raised concerns that there was no provision to uprate the £95,000 figure over time. They flagged that this would lead to more lower earning employees being captured. Many suggested index linking the cap with the rate of inflation.

Government response

- 3.35 An impact assessment was conducted ahead of the passage of the primary legislation and published along with the consultation on the primary legislation. An updated assessment has been conducted based on the final regulations amended in line with this consultation response. This updated impact assessment will be published with the final guidance alongside the regulations coming into force.
- 3.36 The primary legislation allows the government to change the level of the cap through further secondary legislation. Whilst we do not propose to change the level of the cap at this stage, the level of the cap will be kept under review in order to allow for a flexible approach to make decisions on the level of the cap with reference to full contextual factors.

Section 5: Regulations

- 3.37 The government will publish updated regulations and guidance documents alongside the regulations coming into force. These documents will take into account the detailed responses provided by stakeholders as part of the consultation process.
- 3.38 Respondents highlighted discrepancies between the draft regulations and draft guidance which have been amended to ensure clarity.
- 3.39 We have adjusted the guidance to clarify that the only part of any payment in lieu of notice that will be capped is the amount that exceeds a quarter of the individuals' salary.

Annex A

List of respondents

The following organisations submitted responses to the consultation:

Arun District Council	East Staffordshire Borough Council
Aylesbury Vale District Council	East Sussex County Council
Barnsley Metropolitan Borough Council	Eastbourne Borough Council
Basildon Borough Council	Erewash Borough Council
Bedford Borough Council	Exeter City Council
Birmingham City Council	Flintshire County Council
Blackburn with Darwen Borough Council	Forest of Dean District Council
Blaenau Gwent County Borough Council	Gateshead Council
Bracknell Forest Council	Gedling Borough Council
Brent Council	Gloucester City Council
Bridgend County Borough Council	Greater London Authority
Bristol City Council	Guilford Borough Council
Broxtowe Borough Council	Gwynedd Council
Buckinghamshire County Council	Hampshire County Council
Bury Council	Hartlepool Borough Council
Cambridge City Council	Huntingdonshire District Council
Cambridgeshire County Council	Kent County Council
Canterbury City Council	Kettering Borough Council
Carmarthenshire County Council	Lancashire County Council
Chelmsford City Council	Leeds City Council
Cheltenham Borough Council	Lincolnshire County Council
Cheshire East Council	London Borough of Camden
Cheshire West and Chester Council	London Borough of Enfield
Chiltern and South Bucks District Councils	London Borough of Hackney
City of Lincoln Council	London Borough of Hammersmith and Fulham
City of Wolverhampton Council	London Borough of Havering
Colchester Borough Council	London Borough of Tower Hamlets
Cornwall Council	Manchester City Council
Costessey Town Council	Melton Borough Council
Cotswold District Council	Middlesbrough Council
Crawley Borough Council	Milton Keynes Council
Cumbria County Council	Monmouthshire County Council
Darlington Borough Council	Neath Port Talbot County Borough Council
Daventry District Council	Newcastle City Council
Derby City Council	Newport Pagnell Town Council
Derbyshire County Council	North East Lincolnshire Council
Devon County Council	North Kesteven District Council
East Midlands Councils	North Lincolnshire Council
East Riding of Yorkshire Council	North Tyneside Council
	North Yorkshire County Council
	Northamptonshire County Council

Oldham Council
 Oxfordshire County Council
 Peterborough City Council
 Plymouth City Council
 Portsmouth City Council
 Redcar and Cleveland Borough Council
 Rhondda Cynon Taf Council
 Ribble Valley Borough Council
 Rotherham Metropolitan Borough Council
 Royal Borough of Kensington and Chelsea
 Royal Borough of Windsor and Maidenhead
 Rushcliffe Borough Council
 Rushmoor Borough Council
 Salford City Council
 Sefton Council
 Selby District Council
 Sevenoaks District Council
 Shropshire Council
 South Hams District Council
 South Somerset District Council
 South Tyneside Council
 St Albans City and District Council
 Liverpool City Council
 Staffordshire County Council
 Stockton-on-Tees Borough Council
 Suffolk County Council
 Sunderland City Council
 Surrey County Council
 Swansea Council
 Teignbridge District Council
 Thanet District Council
 West Devon Borough Council
 West Oxfordshire District Council
 West Suffolk Council
 West Sussex County Council
 Westminster City Council
 Worcester City Council
 Worcestershire County Council
 Wyre Borough Council
 Wyre Forest District Council

 Association of Local Authority Chief Executives and Senior Managers
 Association of School and College Leaders
 British Dental Association
 British Medical Association
 Chartered Society of Physiotherapy
 FDA
 Federation of Clinical Scientists

Fire Brigades Union
 GMB
 GMB – Dudley branch
 GMB – Halton branch
 GMB - Merthyr Tydfil County Borough branch
 GMB – North West Ambulance branch
 GMB - Rhondda Cynon Taff branch
 GMB – Sefton branch
 GMB – West Yorkshire Police branch
 GMB – Yorkshire and North Derbyshire branch
 Managers in Partnership
 National Association of Head Teachers
 National Education Union
 Prospect
 Prospect – Magnox Ltd branch
 Public and Commercial Services Union
 Royal College of Nursing
 The National Association of Schoolmasters Union of Women Teachers
 Trades Union Congress
 Transport Salaried Staffs' Association
 UNISON
 UNISON - Cambridge City & South
 UNISON – Gateshead branch
 UNISON – Haringey branch
 UNISON – Harrogate branch
 UNISON – Knowsley branch
 UNISON – Solihull branch
 UNISON – Worcestershire branch

 Chief Police Officers Staff Association
 Civil Nuclear Constabulary branch of the Police Superintendents Association
 Gwent Police
 Hampshire Constabulary
 Lancashire Constabulary
 Leicestershire & Northamptonshire Police
 Metropolitan Police Service
 National Police Chiefs' Council
 Nottinghamshire Police & Crime Commissioner
 Office of the Police and Crime Commissioner for Hampshire
 Police Advisory Board for England and Wales
 Police and Crime Commissioner for Dyfed-Powys Dafydd Llywelyn
 Police and Crime Commissioners
 Treasurers' Society

Police Federation of England and Wales
 Police Superintendents' Association
 South Wales Police
 West Yorkshire Police

All Wales Workforce and OD Directors Peer Group
 NHS Employers
 Nursing and Midwifery Council
 York Teaching Hospital NHS Foundation Trust

Anthony Collins Solicitors
 Association of Pension Lawyers
 Barnett Waddingham LLP
 Birmingham Law Society
 Employment Lawyers Association
 Eversheds Sutherland LLP
 Hymans Robertson
 Lawyers in Local Government

Bedfordshire Fire and Rescue Service
 Cambridgeshire Fire and Rescue Service
 East Sussex Fire and Rescue Authority
 Essex Fire and Rescue Service
 Fire Officers Association
 Firefighters (England) Pension Scheme Advisory Board
 Hampshire Fire and Rescue Authority
 Hereford & Worcester Fire and Rescue Service
 Kent and Medway Fire and Rescue Authority
 Lancashire Fire & Rescue Service
 London Fire Commissioner
 National Fire Chiefs Council
 North Wales Fire and Rescue Service
 Nottinghamshire Fire and Rescue Service
 Royal Berkshire Fire Authority
 Shropshire Fire and Rescue Service
 Staffordshire Fire and Rescue Service
 Suffolk Fire and Rescue Service
 West Midlands Fire Service

Avon Pension Fund
 Bedfordshire Pension Fund
 Buckinghamshire County Council Pension Fund
 Cambridgeshire Pension Fund
 Cheshire Pension Fund
 Clwyd Pension Fund

Cornwall Pension Fund
 Cumbria Local Government Pension Scheme Pension Committee
 Dorset County Pension Fund
 Essex Pension Fund
 Greater Manchester Pension Fund
 Gwynedd Pension Fund
 Hampshire Pension Fund
 Lincolnshire Pension Fund
 Local Government Pension Scheme Advisory Board
 London Borough of Hackney Pension Fund
 Merseyside Pension Fund
 Northamptonshire Pension Fund
 Royal County of Berkshire Pension Fund
 Shropshire County Pension Fund
 Suffolk Pension Fund
 The City & County of Swansea Pension Fund
 The Pensions Regulator
 Tyne and Wear Pension Fund
 West Midlands Pension Fund
 Wiltshire Pension Fund

Children and Family Court Advisory and Support Service
 Civil Nuclear Constabulary
 Department for Work and Pensions
 HM Prison and Probation Service
 National Gallery
 Network Rail Limited
 Post Office Limited
 TaxPayers' Alliance
 Transport for London
 Valuation Tribunal Service

Auditor General for Wales
 Cavendish Learning Trust
 Cornwall College
 District Councils Network
 East of England Local Government Association
 Heads of Human Resources Network for London Councils
 Local Government Association
 North West Employers
 North West Employers – Greater Manchester authorities
 Publica Group Limited
 Society of District Council Treasurers
 Society of London Treasurers
 Solace

Solace Wales
South East Employers
South West Councils
St Leger Homes of Doncaster Ltd
The Gateshead Housing Company
Welsh Local Government Association

West Midlands Employers
Yorkshire & Humber Employers
Association
Yorkshire Dales National Park
Authority



Ministry of Housing,
Communities &
Local Government

Reforming local government exit pay

A consultation on the reform of exit payments in local government



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September 2020

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1. Scope of the consultation

A consultation paper issued by the Ministry of Housing, Department for Communities and Local Government, on behalf of the Secretary of State.

Topic of this consultation:	As part of a wider programme of cross-public sector action on exit payment terms, this consultation paper sets out the government's proposals for reforming local government exit payment.
Scope of this consultation:	The Ministry of Housing, Communities and Local Government is consulting on proposals to reform exit payment terms for local government workers, and specifically those who are eligible to be members of the local government pension scheme
Geographical scope:	The reforms would apply to those areas which are the responsibility of the UK government. It would be for the Scottish government, Welsh government and Northern Ireland Executive to determine if and how they wanted to take forward similar arrangements in relation to devolved bodies and workforces.
Impact Assessment:	The government believes, to a large extent, any impact on protected groups as a result of these reforms would simply be a natural consequence of the composition of the local government workforce and does not believe that there would necessarily be disproportionate impacts on particular groups aside from this. However, following this consultation, an impact assessment will be produced to examine whether this is the case; the government will carefully consider its policy in the light of that assessment.

Basic Information

Topic of this consultation:	This consultation is open to everyone. We particularly seek the views of local government, Trade Unions and other workforce representatives.
Body responsible for consultation:	The Local Government Strategy and Improvement team in the Ministry of Housing, Communities and Local Government is responsible for conducting the consultation.
Duration :	The consultation will last for 9 weeks from 7 September 2020. All responses should be received by no later than 9 November 2020.
Enquiries and responses:	<p>During the consultation, if you have any enquiries, please contact: LGExitPay@communities.gov.uk</p> <p><u>How to respond</u></p> <p>Responses can be submitted online at:</p>

	<p>https://forms.office.com/Pages/ResponsePage.aspx?id=EGg0v32c3kOociSi7zmVqDX2xIA9hPhJv2EHTx_8-ZUQTdZUKlxOFBJTjU2RjFEQzY4WIIHSUoyNy4u</p> <p>or sent by email to: LGExitPay@communities.gov.uk with the subject heading 'Consultation on Exit Payment Cap'.</p> <p>Due to current restrictions on office access, responses sent by post may have a delay in reaching our team. By post, please address your response to:</p> <p>Exit Pay Consultation Local Government Workforce and Pay Team, Ministry for Housing, Communities and Local Government 2nd Floor, Fry Building 2 Marsham Street London SW1P 4DF</p> <p>When responding please say if you are a business, individual or representative body. In the case of representative bodies, please provide information on the number and nature of people you represent.</p>
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2. Introduction

2.1 Redundancy provision and exit payments play an important role in enabling employers to reform and reorganise. They support employees during the transition to other employment or retirement following the loss of employment. However public sector arrangements vary significantly, including in the benefits provided for people with similar pay and length of service. Also, such provisions can often be out of line with practice in the wider economy.

2.2 The government announced in the Spending Review and Autumn Statement 2015 that it will continue to modernise the terms and conditions of public sector workers, by taking forward targeted reforms in areas where the public sector has more generous rights than most of the private sector. As part of this, the government committed to consulting on further cross public sector action on exit payment terms, to reduce the costs to the taxpayer of redundancy payments and ensure greater consistency between workforces. The government is therefore consulting on options to make public sector exit compensation terms fairer, more modern and more consistent.

2.3 Taking forward exit payment reform proposals

The Spending Review 2015 announced the government's intention to consult on cross-public sector action on exit payment terms, to reduce the costs of redundancy pay-outs and ensure greater consistency between workforces. This consultation, launched in February 2016, set out that the government would consider three key principles to underpin reform: fairness; modernity and flexibility; and greater consistency. It set out a package of proposed maximum levels for the calculation of different elements of exit packages to apply across the public sector, subject to negotiation at workforce level.

2.4 In September 2016, the government published a response to this initial consultation. Around 350 responses were received, from trade unions; public sector employers and employer organisations; and public sector workers and others responding in an individual capacity. The initial consultation document and the government's response can be accessed via this link: www.gov.uk/government/consultations/further-consultation-on-limiting-public-sector-exit-payments

2.5 The current system for local government redundancy compensation payments

Local government lump-sum redundancy arrangements vary considerably between employers. However, they must operate within a framework set by regulations. Those regulations are the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 ("the 2006 Regulations")¹. These regulations provide that the total maximum lump-sum pay-out is 104 weeks' (24 months') pay, although most local authorities currently provide for less than this.

¹ Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 SI/ 2914 <http://www.legislation.gov.uk/ukSI/2006/2914/made>

2.6 The current system for local government early access to pensions

Under Regulation 30(7) of the Local Government Pension Scheme Regulations 2013² employees aged 55 or more who are members of the Local Government Pension Scheme (LGPS) are currently entitled to immediate access to unreduced pension where:

- The member is dismissed from an employment on redundancy or business efficiency grounds, or
- The employment is terminated by mutual consent on business efficiency grounds.

An employer participating in LGPS which provides early unreduced payment of pension benefits has to make additional payments to the relevant pension fund to make up the resulting shortfall in the pension funding. This is because provision for early exits is not included in their standard employer contributions. This extra payment is also known as the pension strain cost³.

The purpose of this consultation

2.7 This consultation is **not** seeking views or representations on the government's position regarding exit pay reform. The framework for reform has been produced following extensive consultation led by HM Treasury. Instead, this consultation is seeking information on:

- The effect/s that the proposals for reform outlined below will have on the regulations which currently govern exit payments (including both redundancy compensation pay and early access to pensions) in local government.
- The impact that the proposals for reform outlined in paragraph 3.4 will have on the local government workforce. Consultation responses will inform a full impact assessment, including equalities considerations which will be issued alongside the regulations when these are laid before Parliament.

² The Local Government Pension Scheme Regulations 2013
<http://www.legislation.gov.uk/ukxi/2013/2356/regulation/30/made>

³ The precise arrangement by which strain cost is paid varies between funds. Some funds ask for payment on a case by case basis, others may have allowed for a certain number of exits in setting the regular contribution level. In those cases, if experience differs from what is assumed then this is taken into account when that employers contributions are next adjusted.

3. Reforms to public sector exit payments

3.1 The government believes that it is an important principle that exit arrangements are determined at workforce level. However, given that exit arrangements in all workforces are ultimately funded by the taxpayer, it is clearly appropriate for the government to ensure that these provide value for money.

3.2 However, the government legislated for a cap of £95,000 for all exit payments in the public sector in the Small Business Enterprise and Employment Act 2015 (later amended by the Enterprise Act 2016). The 2015 Act sets out the duty to implement the cap through secondary legislation and HMT carried out a consultation on a Public Sector Exit Payment Cap in 2019 which proposed introducing a cap of £95,000 on the total value of exit payments across the Public Sector (although with some exceptions under consideration). That consultation was completed and regulations for this were laid on 21 July 2020.

The response to the consultation is available here:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/902087/Public_sector_exit_payments_Consultation_response.pdf

3.3 The government believes that an approach of individual sector workforce negotiations within an overarching framework strikes the right balance in ensuring fairness to the individual and the taxpayer and ensuring that there is greater consistency between schemes while recognising the differences between workforces. This consultation therefore contains proposals to implement the measures specifically for the local government workforce.

3.4 The overarching framework was set out in the Government Response published in February 2016⁴. The key elements can be summarised as:

- A maximum of three weeks' pay per year of service;
- A maximum of 15 months on the amount of a redundancy payment;
- A maximum salary of £80,000 on which an exit payment can be based;
- Limiting publicly funded pension top-ups;
- A £95k cap on the total of all forms of compensation, including redundancy payments, pension top-ups, compromise agreements and special severance payments.

⁴ <https://www.gov.uk/government/consultations/further-consultation-on-limiting-public-sector-exit-payments>

4. Proposals for reforms to exit payments in local government

4.1 The government has asked those government departments responsible for the main public sector workforces to negotiate and agree reforms directly with each sector. MHCLG is therefore leading on local government workforce reform⁵.

4.2 Total exit payments will be capped at £95,000 in line with HMT's proposed reforms.

4.3 Following preliminary discussions with local government sector representatives, MHCLG's proposals to reform redundancy payments in local government are as follows:

- a) A maximum tariff for calculating exit payments of three weeks' pay per year of service. Employers could apply tariff rates below these limits.
- b) A ceiling of 15 months (66 weeks) on the maximum number of months' or weeks salary that can be paid as a redundancy compensation payment. Employers will have discretion to apply lower limits, as they do at present under 2006 Regulations.
- c) A maximum salary of £80,000 on which a redundancy compensation payment can be based, to be reviewed on an annual basis using an appropriate mechanism, for example: CPI (Consumer Prices Index).

Question 1:

Are there any groups of local government employees that would be more adversely affected than others by our proposed action on employer funded early access to pension?

If so, please provide data/evidence to back up your views.

How would you mitigate the impact on these employees?

Question 2:

What is the most appropriate mechanism or index when considering how the maximum salary might be reviewed on an annual basis?

Question 3:

Are there any groups of local government employees that would be more adversely affected than others by our proposed ceiling of 15 months or 66 weeks as the maximum number of months' or weeks salary that can be paid as a redundancy payment?

If so, please provide data / evidence to back up your views.

How would you mitigate the impact on these employees?

⁵ These proposals will cover all employers which participate in the LGPS and are named in Schedule x of the draft Exit Payment Regulations, which are due to be made under s153A of the Small Business, Enterprise and Employment Act 2015.

Question 4:

Are there any groups of local government employees that would be more adversely affected than others by our proposal to put in place a maximum salary of £80,000 on which an exit payment can be based?

If so, please provide data / evidence to back up your views.

How would you mitigate the impact on these employees?

4.4 Most importantly we wish to introduce an element of choice into the current arrangements. At present, employees may have no option but to take immediate payment of their pension on being made redundant. That means that they cannot accrue further benefits (in that employment) and it sends a signal that their working life is over. In the modern world of work, people have good reasons for wanting to work longer and someone made redundant in their late 50's may still look forward to a satisfying career for many years to come. However, we recognise that for those who have done demanding work throughout their adult lives, they should have the security of a reliable income with a suitable enhancement.

4.5 We therefore propose that for members of the LGPS who are at least 55 years old when made redundant, the benefits and the associated strain cost due from the employer should be limited as follows:

- The strain cost cannot exceed the overall cap contained in the Exit Payment Regulations (£95k)
- Strain cost will be further reduced by the value of any Statutory Redundancy Payment required to be paid (which the employee will still receive as a cash payment)
- A further reduction would be made to reflect any voluntary payments made to cover grant of additional pension under regulation 31 of the LGPS Regulations 2013
- Any reduction in the strain cost due to the above limitations may be made up by the worker from his own resources
- The member will receive an actuarially adjusted pension benefit in line with the revised strain cost under these provisions.

4.6 Where the employer pays any amount of strain cost in respect of an employee's exit, an employer may not grant an employee any discretionary redundancy payment. However, in the rare cases where the discretionary payment would have had a higher value than the strain cost the member will be entitled to take the pension enhancement delivered by the strain cost due under paragraph 4.5 plus a cash payment equal to the difference between the strain cost and discretionary redundancy payment.

4.7 However, the member can choose to forgo the pension enhancement due under paragraph 4.5 and instead receive an actuarially reduced pension (using standard early retirement factors) and take the discretionary redundancy payment to which they would be entitled under their employer's redundancy scheme, subject to it being consistent with the proposals at paragraph 4.3 above.

4.8 We are also proposing to grant employees a further option which would be to defer their pension benefits (as accrued, with no enhancement and not coming into immediate payment) and to receive the discretionary redundancy payment under their

employer's redundancy scheme, subject to it being consistent with the proposals at paragraph 4.3 above.

4.9 As the effect of these provisions and the cap established by the Exit Pay Regulations will be the same for all pension funds in England, we believe that it would be appropriate to have a consistent approach taken to the calculation of strain costs between funds. Hence the Secretary of State has asked the Government Actuary's Department to provide actuarial guidance on this for funds to follow. We will consult on this actuarial guidance in due course.

Relaxation of the cap

4.10 There will be some circumstances where it is necessary or desirable to relax the overall cap on benefits set out in the Exit Payment Regulations (£95k). Therefore, the regulations allow for discretionary relaxation of the cap in exceptional circumstances, including where imposing the cap would cause genuine hardship.

4.11 The full council of a local authority has a delegated power to relax the cap in relation to local government bodies for which it has responsibility. The London Assembly has the power to relax in respect of exit payments made by the Greater London Authority.

4.12 The power to relax must be exercised in accordance with the mandatory directions in section 5 of the HMT statutory guidance to the Exit Payment Regulations. In line with that guidance, all requests by LGPS scheme employers to relax the cap must be approved by the appropriate Minister of the sponsoring department. For local councils that will the Secretary of State for Housing, Communities and Local Government.

4.13 There may be circumstances in which our Minister cannot approve a business case for relaxation in accordance with the mandatory directions but believes the cap should be relaxed on a discretionary basis. In these circumstances, MHCLG Ministers will require agreement from HMT Ministers to approve the relaxation.

Question 5:

Do you agree with these proposals? If not, how else can the Government's policy objectives on exit pay be delivered for local government workers?

Question 6:

Do you agree that the further option identified at paragraph 4.8 should be offered?

Question 7:

Are there any groups of local government employees that would be more adversely affected than others by our proposals?

If so, please provide data/ evidence to back up your views.

How would you mitigate the impact on these employees?

5. Impact analysis

5.1 Economic and fiscal impacts

Analysis of economic impact is being carried out for MHCLG by the Government Actuary Department. We will consult on this separately in due course.

5.2 Social impacts – including distributional and equalities

The Office for National Statistics (ONS) Labour Force Survey evidence suggests that the public sector has a significantly greater proportion of women and older workers than the workforce population as a whole, as well as slightly greater proportions of those with other protected characteristics, including disability. However, within this there are significant variations between different workforces.

5.3 MHCLG will produce a full impact assessment, including equalities considerations, and the government will carefully consider these impacts in making decisions on the appropriateness or otherwise of proposed reforms in each workforce. We are seeking more information to feed into the equalities assessment via this consultation document.

5.4 The government believes, to a large extent, that any impact on protected groups as a result of these reforms would simply be a natural consequence of the composition of these workforces and does not believe that there would necessarily be disproportionate impacts on particular groups aside from this.

5.5 Environmental impacts

This policy is assumed to have no tangible environmental impacts.

5.6 Costs and benefits – direct and indirect

The policy would produce a benefit to employers in terms of reductions in redundancy compensation payments which would contribute more widely to the public finances. The potential effects include: the reduction in redundancy compensation to affected employees (which the government believes is justified on grounds of fairness and affordability), and administrative costs to employers of implementing the necessary changes to their redundancy compensation arrangements.

5.7 Regulatory impact

This policy primarily affects the public sector and so is not expected to increase regulation on private business in the wider economy. Depending on final decisions on the scope of the Exit Payment Regulations, the policy may also have an impact on bodies employing staff previously from the public sector who are subject to Transfer of Undertakings (Protection of Employment) (TUPE) rules. These impacts cannot be quantified at this stage.

Question 8:

From a local government perspective, are there any impacts not covered at Section 5 (Impact Analysis) which you would highlight in relation to the proposals and/or process above?

5.8 Employees receiving pay and pension concurrently

To provide greater transparency in local authorities and give local taxpayers the information they need to hold authorities to account about how they spend their money, each local authority is required to have its own policy on the abatement of pension benefits when people in receipt of a local government pension are re-employed in local government.

5.9 Clearly, the purpose of a pension is to provide an income in retirement. Therefore, local authorities should use their pay policy statements, which they are required by the Localism Act 2011 to prepare and publish annually, to explain their policies toward the reward of chief officers who were previously employed by the authority and who, on ceasing to be employed, were in receipt of a severance payment from that authority. Public bodies should seek to:

- Safeguard public expenditure, by restricting the total remuneration made from public funds for those who have not genuinely retired from a public service career;
- Avoid accusations of favouritism or even corruption if public servants, senior managers and Board Members were allowed to receive both pay and pension from public funds whilst remaining in public service, particularly if they remain in the same job, and;
- Ensure value for money is achieved and that public funding targeted through expenditure and tax relief at long-term retirement provision is focussed on retirement or preparation for retirement, rather than being used during part of an employee's working life.

Question 9:

Are these transparency arrangements suitably robust? If not, how could the current arrangements be improved?

5.10 This should include any local policy towards ex-employees later engaged as chief officers under a contract for services. Public authorities - which include local authorities - will be aware of their obligations, namely that if they plan to offer a temporary job to someone who works through their own intermediary (this is often their own company) they will need to decide whether the off-payroll working rules (known as IR35) apply. These off-payroll working rules are in place to make sure that where an individual would have been an employee if they were providing their services directly, they pay broadly the same tax and National Insurance contributions (NICs) as an employee.

5.11 Similarly, authorities should include their policies toward the reward of chief officers who are also in receipt of a pension under the Local Government Pension Scheme. These policies should take account of their agreed approach on abatement of pensions.

Question 10

Would any transitional arrangements be useful in helping to smooth the introduction of these arrangements?

Question 11

Is there any other information specific to the proposals set out in this consultation which is not covered above which may be relevant to these reforms?

6. Next Steps

6.1 Individual government departments are now working to negotiate, agree reforms and then implement them with specific public sector workforces. For reference, HMT's consultation on reforming exit payments in the public sector as a whole can be found at: <https://www.gov.uk/government/consultations/consultation-on-a-public-sector-exit-payment-cap/consultation-on-a-public-sector-exit-payment-cap>. MHCLG is therefore leading on local government exit pay reform.

6.2 Where applicable, implementation will be through changes to secondary regulations. The government will reserve the ability to set a reform framework in future primary legislation depending on progress in implementing the reforms.

6.3 The government would ensure any reforms do not breach the provisions of the Public Service Pensions Act 2013. Employees would remain entitled to pensions they have accrued during their employment and there would be no change to the age at which 'normal' retirement is available under existing scheme terms.

6.4 The government will carefully consider impacts around equalities and the economic and fiscal landscape as well as the practical implications of implementing any reforms.

In undertaking this consultation, we ask for general information and views on these proposed reforms and the draft regulations.

Question 12

Would you recommend anything else to be addressed as part of this consultation?

7. Consultation Questions

1. Are there any groups of local government employees that would be more adversely affected than others by our proposed action on employer funded early access to pension?
 - If so, please provide data/evidence to back up your views?
 - How would you mitigate the impact on these employees?
2. What is the most appropriate mechanism or index when considering how the maximum salary might be reviewed on an annual basis?
3. Are there any groups of local government employees that would be more adversely affected than others by our proposed ceiling of 15 months or 66 weeks as the maximum number of months' or weeks salary that can be paid as a redundancy payment?
 - If so, please provide data/evidence to back up your views?
 - How would you mitigate the impact on these employees?
4. Are there any groups of local government employees that would be more adversely affected than others by our proposal to put in place a maximum salary of £80,000 on which an exit payment can be based?
 - If so, please provide data/evidence to back up your views?
 - How would you mitigate the impact on these employees?
5. Do you agree with these proposals? If not, how else can the Government's policy objectives on exit pay be delivered for local government workers?
6. Do you agree that the further option identified at paragraph 4.8 should be offered?
7. Are there any groups of local government employees that would be more adversely affected than others by our proposals?
8. From a local government perspective, are there any impacts not covered at Section 5 (Impact Analysis), which you would highlight in relation to the proposals and/or process above?
9. Are these transparency arrangements suitably robust? If not, how could the current arrangements be improved?
10. Would any transitional arrangements be useful in helping to smooth the introduction of these arrangements?
11. Is there any other information specific to the proposals set out in this consultation, which is not covered above which may be relevant to these reforms?
12. Would you recommend anything else to be addressed as part of this consultation?

Annex A - Personal data

The data protection legislation is changing and a new Data Protection Act will be published in May 2018. It will give you greater powers to protect your own privacy, and place greater responsibility on those processing your data for any purpose. The following is to explain your rights and give you the information you will be entitled to under the new Act. Note that this section only refers to your personal data (your name address and anything that could be used to identify you personally) not the content of your response to the consultation.

The identity of the data controller and contact details of our Data Protection Officer

The Ministry of Housing, Communities and Local Government (MHCLG) is the data controller. The Data Protection Officer can be contacted at dataprotection@communities.gsi.gov.uk

Why we are collecting the data

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

Legal basis for processing the data

Part 2 of the draft Data Protection Bill (subject to change before it becomes an Act) states that as a government department, MHCLG may process personal data is necessary for the effective performance of a task carried out in the public interest i.e. a consultation.

With whom we will be sharing the data

We will not be sharing personal data outside of the MHCLG.

For how long we will keep the personal data, or criteria used to determine the retention period.

Your personal data will be deleted in accordance with our records retention and deletion policy which can be found on our website.

<https://www.gov.uk/government/publications/departmental-records-retention-and-disposals-policy>

Your rights, e.g. access, rectification, erasure

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right:

- a. to see what data we have about you
- b. to ask us to stop using your data, but keep it on record

- c. to have all or some of your data deleted or corrected
- d. to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at <https://ico.org.uk/>, or telephone 0303 123 1113.

MHCLG will not send your personal data overseas.

However, you may wish to be aware that Survey Monkey stores all data on its servers in the USA. Survey Monkey are certified under the EU-US Privacy Shield Programme which we consider to be adequate to protect the type of personal data we need from you to respond to this consultation. More information can be found on their website at https://help.surveymonkey.com/articles/en_US/kb/I-am-in-Europe-How-do-SurveyMonkey-s-privacy-practices-comply-with-laws-in-the-EU

This data will not be used for any automated decision making.

Annex B - About this consultation

This consultation document and consultation process have been planned to adhere to the Consultation Principles issued by the Cabinet Office.

Representative groups are asked to give a summary of the people and organisations they represent, and where relevant who else they have consulted in reaching their conclusions when they respond.

Information provided in response to this consultation may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA) and the Environmental Information Regulations 2004.

If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals with, amongst other things, obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Ministry.

Individual responses will not be acknowledged unless specifically requested.

Your opinions are valuable to us. Thank you for taking the time to read this document and respond.

Are you satisfied that this consultation has followed the Consultation Principles? If not or you have any other observations about how we can improve the process please contact us via the [complaints procedure](#).

Appendix 3

Cambridgeshire Pension Fund - Online and virtual training events

Date	Event Description	Audience	Knowledge Credits
28 September – 1 October 2020	Virtual - LGPS Local Pension Board Autumn Seminar (CIPFA and Barnett Waddingham LLP) The latest LGPS and governance information updates, training on specific topics and opportunities for discussion and networking.	Local Pension Board Members	1
2 October 2020	Virtual - LGPS Local Pension Board Autumn Seminar (CIPFA and Barnett Waddingham LLP) The latest LGPS and governance information updates, training on specific topics and opportunities for discussion and networking.	Officers	1
12 – 16 October 2020	Virtual - Pensions and Lifetime Saving Association (PLSA) Annual Conference Multiple sessions covering all aspects of pensions administration, governance and investment across all types of UK pension schemes. Further information can be found here: Annual Conference Hyperlink	Pension Fund Committee and Local Pension Board Members Officers	0.5 credits per session up to a maximum of 4
10 February 2020	LGSS Pensions Information Day Method of delivery to be confirmed. Agenda to be confirmed.	Pension Fund Committee and Local Pension Board Members Officers	To be confirmed
17 – 21 May 2021	Virtual – Pensions and Lifetime Savings Association (PLSA) Local Authority Conference Dedicated to the LGPS. Key note speakers, specialist sessions and online exhibition. Further information will be updated at the following link: Local Authority Conference Hyperlink Bookings open from December 2020	Pension Fund Committee and Local Pension Board Members Officers	0.5 credits per session up to a maximum of 4

Cambridgeshire Pension Fund



Pension Fund Committee

9th October 2020

Report by: Head of Pensions

Subject:	Age Discrimination Remedy in the LGPS (McCloud) and Cost Cap Mechanism (update)
Purpose of the Report	To provide the Pension Fund Committee 1) the background to and an update on the age discrimination remedy in the LGPS as a result of the legal case brought by McCloud; and 2) an update on the paused cost control mechanism
Recommendations	That the Pension Fund Committee notes the content of the report.
Enquiries to:	Jo Walton – Governance and Regulations Manager, LGSS Pensions E-mail: jwalton@northamptonshire.gov.uk

1. Background

- 1.1 The McCloud case concerns the transitional protections given to scheme members of the Judges and Firefighters' Pension Scheme, who in 2012 were within 10 years of their normal retirement age. The protections were introduced as part of the public service pension schemes reform.
- 1.2 On 20th December 2018 the Court of Appeal found that these protections were unlawful on the grounds of age discrimination and couldn't be justified. The Supreme Court denied the government permission to appeal on 27th June 2019.
- 1.3 On 15th July 2019 a statement from the Chief Secretary to the Treasury confirmed that as protections were applied to all members within 10 years of retirement in all other public service pension schemes (such as the LGPS) that the principals of the outcome would apply to all public service pension schemes.
- 1.4 In the LGPS the protection compares the benefits payable under current rules with benefits that would have been paid if the scheme had not changed in 2014 and pays the higher.
- 1.5 Members who have been discriminated against would need to be offered appropriate remedies to ensure they are placed in an equivalent position to the protected members. Such remedies would need to ensure that the benefits of unprotected members would need to be raised rather than the benefits of protected members being reduced.

2. McCloud remedy – MHCLG consultation

- 2.1 On 16 July 2020 MHCLG published a consultation on the proposed remedies for the LGPS to remove age discrimination.
- 2.2 The consultation proposes that:
 - 2.2.1 Qualifying members would be protected by the application of a revised underpin.
 - 2.2.2 Qualifying members are those that were active in the 2008 scheme on 31 March 2012 and accrued benefits in the 2014 scheme without a disqualifying break of more than 5 years.
 - 2.2.3 Qualifying members who have already left the scheme will have the revised underpin applied retrospectively.
 - 2.2.4 Unlike the current underpin qualifying members do not have to have an entitlement to an immediate benefit when they leave the scheme.
 - 2.2.5 Members must meet the qualifying criteria in a single membership for underpin protection to apply (where a member has had a break in service or a period of concurrent employment, they must aggregate their benefits for the underpin to apply).
 - 2.2.6 Members who have previously chosen not to aggregate scheme employments will be given a further 12 months to reverse that decision.
 - 2.2.7 The revised underpin will take into account early/late retirement adjustments and apply to death in service and survivor benefits.
 - 2.2.8 The revised underpin will be a two-stage process with an initial check done at the 'underpin date' (the earlier of leaving the scheme, reaching normal pension age or death). The second check will be applied at the 'underpin crystallisation date' (when the member takes their benefits). At this point the revised underpin will, should it apply, increase the benefits payable to the member.
 - 2.2.9 Revised underpin protection will cease in respect of membership after 31 March 2022, however final salary protection will continue after that date in respect of membership before that date.
 - 2.2.10 Annual Benefit Statements should contain information on the potential impact of the revised underpin but only in respect of membership or benefits accrued to the earliest of date of leaving, the end of the scheme year or 2008 normal pension age.
 - 2.2.11 Officers have submitted a response to this consultation as approved by the Chairman and Vice Chairman of the Pension Fund Committee. The response on behalf of the administering authority was circulated to members of the Pension Fund Committee by email shortly before this meeting, alongside the government consultation document.

3. Potential impact on Cambridgeshire Pension Fund

- 3.1 Aon, the Fund's benefits and governance consultant were commissioned to undertake a high level initial analysis of the likely impact on scheme members as a result of the likely remedy (prior to the release of the consultation).
- 3.2 The analysis shows that the following amount of members will be impacted by the remedy in some way:

Type of record	Total in scheme	Total requiring remedy
Active member	27,000	8,000
Deferred member	29,500	4,500
Pensioner member	17,500	2,500
Other types of member (deceased, transferred out)		2,500
Total	74,000	17,500 24% of scheme membership

- 3.3 The following table shows a breakdown of which scheme employer these members belong to:

Scheme Employer	McCloud members (to the nearest 500)
Cambridgeshire County Council	3,000
Peterborough City Council	1,000
Cambridgeshire Chief Constable	1,000
Other employers (of which there are in excess of 250)	12,500
Total	17,500

- 3.4 The administrative impact of applying the remedy to what is expected to be a minimum of 17,500 scheme members in the Cambridgeshire Pension Fund is a concern shared by all administering authorities and recognised by the Scheme Advisory Board.
- 3.5 The first and most pressing concern is to establish whether accurate data is held for scheme members in terms of hours of employment and service breaks in order to accurately calculate the underpins. This information needs to be held correctly for the period 1 April 2014 up to 31 March 2022 for members who were active in the scheme from 31 March 2012.
- 3.6 The Cambridgeshire Pension Fund is in a fortunate position of having not stopped collecting and recording this information when it was no essential to be recorded when the LGPS changed from a final salary to a CARE scheme on 1 April 2014. However, with the reliance on scheme employers to report changes in hours of employment and service breaks it cannot be guaranteed that the data held is completely correct for every member. It is also no longer possible, under a CARE scheme, to be able to judge if a change in hours or a break in service has not been notified.
- 3.7 At the time of writing this report, officers are planning the necessary communications and methods of verifying and where necessary collecting additional data from scheme employers so that the data is in place in good time for when rectification of members benefits is due.
- 3.8 Besides the verification and collection of data, there are many other aspects that need to be considered to undertake this significant exercise. These aspects have been detailed in **appendix 1** and cover governance, member communication and employer engagement, staff training, administration system requirements, ongoing administration and specialist areas.
- 3.9 As detailed in appendix 1 and as per the Business Plan, the Pension Fund Committee will continue to be updated as to the progress of these matters.

4. Cost control mechanism

- 4.1 The Independent Public Services Pensions Commission recommended in 2011 that the new public service pension schemes should include an employer cost control mechanism to protect the taxpayer from unforeseen increases in scheme costs. The government accepted this and made provisions for such a mechanism in the Public Service Pension Schemes Act 2013. The final mechanism both protects the taxpayer from increased costs and also maintains the value of pensions to members when costs fall.
- 4.2 Preliminary valuations of new schemes established 'employer cost caps' in each public service scheme expressed as a percentage of pay. The cost of the scheme would then at future valuations be compared to the employer cost cap. This process measures changes in the value of the scheme to members. Only member costs (costs that affect the value of the scheme to members) are therefore taken into account.
- 4.3 Treasury regulations specify that there will be a 2% margin point above ('ceiling') and below ('floor') the employer cost cap. Where the cost of the scheme has gone beyond those margins, pension benefits or member contributions must be adjusted to bring costs back to the target. In the LGPS the cost cap was set at 19.5% of which 13.5% of pay represents the employer cost and 6.5% of pay is the scheme member cost.
- 4.4 The cost of the schemes was expected to be calculated for the first time following the 2016 valuations. In fact, the Scheme Advisory Board who have their own cost cap mechanism for the LGPS (based on different attributes to that of HM Treasury) did calculate that the cost of the scheme had fallen below the 'floor' meaning that the scheme benefits needed to be redesigned to bring the cost back up to 19.5%.
- 4.5 However, following the Court of Appeal's judgement in the McCloud case the government announced a pause to the cost control element of the 2016 valuations in January 2019. The pause was necessary due to the uncertainty around member benefits arising from the court judgements making it impossible to assess the value of the schemes to members with any certainty.
- 4.6 Now that government has been working to address the unlawful discrimination identified by the courts and a remedy has reached consultation stage there is less uncertainty as to the value of the schemes to members so the cost control mechanism pause has been lifted. The government is now preparing to complete the cost control element of the 2016 valuations and HM Treasury plan for the process to be completed next year. Employer contributions will not be changed before the next valuation process in 2022.
- 4.7 As addressing the discrimination identified in the McCloud case involves increasing the value of scheme to members, the costs associated with this therefore fall into the 'member cost' category and so will be included in the cost control element of the valuation process.
- 4.8 The Pension Fund Committee will continue to be updated with information on the cost control mechanism through the Governance and Compliance report.

5. Relevant Pension Fund Objectives

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

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

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

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

6. Risk Management

6.1 The Pension Fund Committee are required to have the appropriate skills and knowledge to effectively carry out their duties. This report ensures that the Pension Fund Committee is up to date with:

- New or amending legislation affecting the LGPS;
- Relevant activities of the LGPS Scheme Advisory Board and the Pensions Regulator that concern the governance of the (LGPS) on a national and local basis; and
- Skills and knowledge opportunities.

6.2 The risks associated with the Pension Fund Committee not having the required level of knowledge and understanding have been captured in the Fund's risk register as detailed below.

Risk No	Risk	Residual risk rating
8	Those charged with governance of the Fund and Scheme are unable to fulfil their responsibilities effectively.	Green
14	Failure to administer the scheme in line with regulations and guidance.	Green
17	Failure to provide relevant information to the Pension Fund Committee/Pension Board to enable informed decision making.	Green

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

7. Finance & Resources Implications

7.1 There are no financial or resource implications connected to the contents of this report is for information only.

8. Communication Implications

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

9. Legal Implications

- 9.1 There are no legal implications connected to the contents of this report as this report is for information only.

10. Consultation with Key Advisers

- 10.1 There has been no requirement to consult with advisers over the content of this report.

11. Alternative Options Considered

- 11.1 There are no alternative options to be considered.

12. Background Papers

- 12.1 Not applicable.

13. Appendices

- 13.1 Appendix 1 - McCloud remedy implementation plan considerations and dependencies

Checklist of Key Approvals

Has this report been cleared by Section 151 Officer? Sarah Heywood – 24/09/2020

Has this report been cleared by Head of Pensions? Mark Whitby – 15/09/2020

Has the Chairman of the Pension Committee been consulted? Councillor Rogers – 24/09/2020

Has this report been cleared by Legal Services? Fiona McMillan – 18/09/2020

Appendix 1

McCloud remedy implementation plan considerations and dependencies

Area	Considerations	Dependent factors
Governance	<ul style="list-style-type: none"> Establish a project group to oversee all aspects of the activity. Will any external project support be required? Ongoing and regular reporting to the Pension Fund Committee and Local Pension Board. 	<ul style="list-style-type: none"> Timing of establishment of project group will depend on how quickly LGPS regulations are amended and associated guidance is received. There will also be inevitable conflicts with other ongoing priorities.
Data collection	<ul style="list-style-type: none"> Need to identify member records with data not supplied from the scheme employer (such as breaks in service and hour changes). An approach will need to be decided on such as asking scheme employers to provide any missing information against the data already held by the administering authority. Will the administering authority be expected to make decisions on the accuracy of information supplied or not supplied? The Scheme Advisory Board have devised a universal data capture spreadsheet for employers to populate. Will the administering authority accept data in a different format? 	<ul style="list-style-type: none"> Employers will need to provide this information back to 1 April 2014 up to 31 March 2022 for members who were active members of the scheme on 31 March 2012. Some employers may no longer exist. Some employers may have destroyed data in accordance with their data retention policies. Depending on the amount of record amendments required, there may be insufficient capacity to upload the data, particularly if it supplied in different formats and is of poor quality.
Member communication and employer engagement	<ul style="list-style-type: none"> Scheme employers and scheme members need to be kept suitably engaged and informed of timescales and any actions that they are required to take. A communication plan will be required taking into account statutory disclosure requirements. Communications with scheme members needs to be as clear and as simple as possible to ensure the relevant messages are understood, including the message that scheme members do not need to engage a claims company in order to receive rectification of their benefits. 	<ul style="list-style-type: none"> Requires employers to recognise their responsibilities. Employers will need to be suitably engaged to provide the information required from them. Any data not provided or incorrectly provided will ultimately be at a cost to the scheme employer in potentially overstated liabilities. It is expected that the Local Government Pensions Committee and the Scheme Advisory Board will assist with the design of employer and member regulations. The timing of the issuance of final regulations and guidance will be important in ensuring these communications are sent at the appropriate time.
Staff training	<ul style="list-style-type: none"> Sufficient time will need to be allocated to training staff, taking time away from existing workloads. 	<ul style="list-style-type: none"> Timing of training will be dependent on the timely issuance of final regulations and any guidance and an understanding of the pensions administration system's capabilities. Ability to recruit suitably skilled additional staff if required. It is likely that skilled and experienced staff will be deployed to McCloud rectification

Area	Considerations	Dependent factors
		activities and new staff will need to be trained to deliver business as usual activities.
Administration system requirements	<ul style="list-style-type: none"> • Will the software system be updated in time to be able to identify with certainty the scheme members requiring rectification? • Will the software be able to accurately calculate amendments to individual's entitlement? • Will the software be able to support bulk calculations? • Will there be sufficient time and resources for testing automated calculations? 	<ul style="list-style-type: none"> • It is understood that LGPS software suppliers are currently actively engaging with MHCLG and the Scheme Advisory Board to sufficiently prepare for the system changes that will be required. Should the issuance of the final regulations and guidance be very late this may impact how effectively the necessary software changes can be implanted and how much time there will be for testing. • If automated and bulk calculations are not available, manual or individual automated calculations will be required significantly increasing the length of time to process cases.
Ongoing administration	<ul style="list-style-type: none"> • What is the priority order for rectification? • Processes and workflow maps will to be designed to deal with the rectification and will be different for each category of membership. 	<ul style="list-style-type: none"> • Guidance from MHCLG or the Scheme Advisory Board will be required to ensure cases are dealt with consistently across all administering authorities.
Specialist areas	<ul style="list-style-type: none"> • The following areas are likely to require manual intervention to ensure that any rectification is carried out correctly and will need to be undertaken by skilled and experienced staff. <ul style="list-style-type: none"> ○ Annual allowance – may need to revisit pension input amounts from April 2014 and the final pay from 2014. ○ Lifetime allowance – revisit members who have crystallised benefits since April 2014. ○ Pension Sharing on Divorce – may need to revisit cases where the divorce took place and there is service after April 2014. ○ Transfers out – may need to be revisited where there is service is after April 2014. 	<ul style="list-style-type: none"> • Guidance from MHCLG or the Scheme Advisory Board will be required to ensure cases are dealt with consistently across all administering authorities.

MHCLG – Ministry of Housing, Local Government and Communities.

CAMBRIDGESHIRE PENSION FUND



Pension Fund Committee

Date: 9th October 2020

Report by: Head of Pensions

Subject:	Update to Funding Strategy Statement
Purpose of the Report	To seek approval of amendments to the Funding Strategy Statement. To seek approval to update the Administering Authority Discretions document to reflect the new policy.
Recommendations	That the Pension Fund Committee approve the amendments to the Funding Strategy Statement. That the Pension Fund Committee approve the updating of the Administering Authority Discretions document to reflect the new policy.
Enquiries to:	Name – Cory Blose – Employer Services and Systems Manager Tel – 07990560829 E-mail – cblose@northamptonshire.gov.uk

1. Background

- 1.1 The Funding Strategy Statement was previously approved, by the Pension Fund Committee as part of the valuation process. Since publication, there has been an amendment to the Local Government Pension Scheme Regulations 2013 affecting cessations from the Fund, requiring further revision to the strategy statement.
- 1.2 The most recent amendments give administering authorities some discretion when determining whether or not an exit credit is payable and, if so, the value of that exit credit. Following the amendment, regulation 64 paragraph 2ZC states the following:

In exercising its discretion to determine the amount of any exit credit the administering authority must have regard to the following factors

a) the extent to which there is an excess of assets in the fund relating to that employer over the liabilities specified in paragraph (2)(a);

b) the proportion of this excess of assets which has arisen because of the value of the employer's contributions;

c) any representations to the administering authority made by the exiting employer and, where that employer participates in the scheme by virtue of an admission agreement, any body listed in paragraphs (8)(a) to (d)(iii) of Part 3 to Schedule 2 to these Regulations; and

d) any other relevant factors.

- 1.3 At the June meeting of the Pension Fund Committee, approval was given update the Funding Strategy Statement in consultation with the Fund's legal and actuarial advisors and to then release the statement for consultation with Scheme employers.
- 1.4 The consultation was opened on 10 August and ran for 28 days, closing on 7 September. No responses were received.
- 1.5 The administering authority discretions will need to be updated to reflect these changes.

2. Update to Funding Strategy Statement

- 2.1 The Funding Strategy Statement has been updated to include a specific policy regarding exit credits. This is an entirely new policy that replaces the previous policy completely.
- 2.2 The following policy statement, will be added to Note J, starting on page 20 of the Funding Strategy Statement. The current version, for comparison, can be found on the Fund's website: <https://pensions.northamptonshire.gov.uk/governance/key-documents/cambridgeshire/>
- 2.3 *Exit Credit Policy*

In making a determination as to the value of any exit credit payable, the Administering Authority will consider: (a) the extent of any surplus, (b) the proportion of surplus arising as a result of the exiting employer's employer contributions; (c) in the case of an Admission Body that is an exiting employer, any representations made by the Admission Body (and any other parties notified, as set out above) which may include information as to any risk sharing agreements in place, any guarantor arrangements, any specific agreement between scheme employers, and any such other representations relevant in the specific case and (d) any other relevant factors, which may include, for example, factors such as:

- 1. whether the Admission Body participates in the Fund via the "fixed contribution rate" (or pass through) (as set out under "Note (i) (New Transferee Admission Bodies)");*
- 2. any admission terms/Pooling arrangements (as set out under "Note (i) (New Transferee Admission Bodies)/contractual or risk sharing agreements which deal with the ownership of exit credits/cessation surpluses (and the dates such agreements were entered into);*

3. *the approach/factors considered when setting contribution rates payable by the Admission Body during its participation in the Fund (including which party was responsible for funding risks and/or any forms of employer assistance/support in place);*
4. *whether the admission agreement ends early and, if so, the reasons for the early termination;*
5. *whether a scheme employer or resolution body becomes an exiting employer due to a reorganisation, merger or take-over;*
6. *whether an Admission Body /scheme employer/or resolution body leaves on a gilts exit basis;*
7. *any contributions due or monies owed to the Fund that remain unpaid by the Admission Body at the cessation date; and*
8. *whether the admission body had entered the fund prior to the original exit credit regulations start date of 14 May 2018.*

Any representations to be made by the Admission Body (and any other parties notified as set out above) - together with copies of any documents provided for the Fund to consider - must be provided to the Fund as soon as reasonably practicable and in any event within one month of the Administering Authority's notification of its intention to make a determination (as set out above).

The determination will be made jointly by the Head of Pensions and Section 151 Officer in accordance with the LGPS Regulations 2013, in conjunction with advice from the Fund's Actuary, taking the above into consideration. Legal advice will be sought where necessary. The determination will set out the value of any exit credit payable and the factors considered in reaching this determination, and will advise the exiting employer of the amount due to be paid (if any).

Where it is determined that an exit credit is payable, the Administering Authority will make the payment to the exiting employer within six months of the exit date where possible. A longer time may be agreed between the Administering Authority and the exiting employer where necessary. For example, if the exiting employer does not provide all the relevant information to the Administering Authority within one month of the cessation date or such other period as specified by the Administering Authority, the Administering Authority will not be able to guarantee payment within six months of the cessation date.

3. Administering Authority Discretion Document

- 3.1 Under regulation 64 (2ZAB) of the Regulations, the Administering Authority now has the discretion to determine the amount of an exit credit, taking into account the factors specified in regulation 64 (2ZC), listed under paragraph 1.2 of this report. The administering authority discretions document must be updated to include this new discretion. Officers propose the following update:

Regulation No.	Description of Discretion	Administering Authority Policy
R 64(2ZB) Determination over value of exit payment	Determine the amount of an exit credit, which may be zero, when an employer becomes an exiting employer in the Fund with a funding surplus	Delegated jointly to the Head of Pensions and Section 151 Officer, and to be agreed in co-operations with the Fund Actuary. See separate Funding Strategy Statement. [Link to be included when published]

4. Recommendations

- 4.1 Officers recommend that the Pension Fund Committee approve the amendments to the Funding Strategy Statement as set out in section 2 of this report.
- 4.2 Officers recommend that the Pension Fund Committee approve associated changes to the Administering authority's discretion document as set out in section 3 of this report.

5. Relevant Pension Fund Objectives

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance. (*Objective no 1*)

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

Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. (*Objective no 5*)

Seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund. (*Objective no 15*)

6. Finance and Resources Implications

- 6.1 None

7. Risk Management

- 7.1 The Funding Strategy Statement sets out the policies that will apply to employers during and/or following certain events.
- 7.2 The amendments being made are required in order to ensure that the Funding Strategy Statement reflects current legislation and ensure that the Administering Authority acts fairly and equitably when exercising its discretion over the payment exit credits.
- 7.3 There are risks associated with making or not making this decision have been captured below.
- 7.4 In order to mitigate this risks, officers have sought advice from the Fund's legal and actuarial advisors and consulted with employers before seeking Committee approval of the final draft.

Risk No	Risk	Residual risk rating
5	Fund assets are not sufficient to meet the obligations and liabilities	Amber
6	Information may not be provided to stakeholders as required	Green
8	Those charged with governance are unable to fulfil their responsibilities effectively	Green
14	Failure to administer the scheme in line with regulations and guidance	Green
20	Failure to act appropriately upon expert advice and/or risk of poor advice	Green

- 7.5 A full version of the Fund risk register can be found at the following link – [Pension Fund Risk Register Hyperlink](#)

8. Communication Implications

Direct Communications	A communication will be issued to inform employers that the amended Funding Strategy Statement has been approved by the Pension Fund Committee and published on the Fund's website.
Website	The Funding Strategy Statement will be published on the Fund's website

9. Legal Implications

- 9.1 No immediate legal implications

10. Consultation with Key Advisers

- 10.1 Consultation with the Scheme Actuary and the Fund's legal advisors was undertaken when drafting the new policy.

11. Alternative Options Considered

11.1 None

Checklist of Key Approvals

Is this decision included in the Business Plan? Not applicable

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

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

Has this report been cleared by Section 151 Officer? Sarah Heywood – 24/09/2020

Has this report been cleared by Head of Pensions? Mark Whitby – 17/9/20

Has the Chairman of the Pension Committee been consulted? Councillor Rogers – 24/09/2020

Has this report been cleared by Legal Services? Fiona McMillan – 18/09/2020

Pension Fund Committee

9th October 2020

Report by: Head of Pensions

Subject:	Cambridgeshire Pension Fund - 2020-21 Communications Strategy
Purpose of the report	To present the Cambridgeshire Pension Fund Communications Strategy for 2020-21
Recommendations	The Committee is asked to approve the Communications Strategy
Enquiries to:	Cory Blose – Employer Services and Systems Manager cblose@northamptonshire.gov.uk

1. Background

- 1.1 The Local Government Pension Scheme Regulations 2013 requires the Pension Fund to prepare, maintain and publish a written statement setting out its policy concerning communications with members and scheme employers.

61. (1) An administering authority must prepare, maintain and publish a written statement setting out its policy concerning communications with:

- (a) members;*
- (b) representatives of members;*
- (c) prospective members; and*
- (d) scheme employers.*

(2) In particular the statement must set out its policy on:

- (a) the provision of information and publicity about the scheme to members, representatives of members and scheme employers;*
- (b) the format, frequency and method of distributing such information or publicity; and*
- (c) the promotion of the Scheme to prospective members and their employers.*

(3) The statement must be revised and published by the administering authority following a material change in their policy on any of the matters referred to in paragraph (2).

- 1.2 The Communications Strategy forms part of that policy as required by regulation 61 above.

- 1.3 The Communications Strategy has been reviewed and updated and the Committee is asked to approve the Strategy. The main changes are summarised in the following section of this report and the draft document has been included as **appendix 1**.

1.4 The Communications Plan for 2020-21 has also been included as **appendix 2** for information. So far this year, along with the usual newsletters, surveys, guides and web updates, the following communications have been delivered:

- COVID-19 FAQs, webinar and dedicated web pages.
- Valuation results, new contribution rates, and new online process for submitting returns (email, news articles, and user guide).
- Employer training/communications on:
 - Year end activities
 - Employer responsibilities
 - Calculating pensionable pay
 - Discretions policy
 - i-Connect and monthly submissions
 - Types and outsourcing
- More engaging new starter communications.
- New employer database and contact refresh.
- Annual benefit statement communications and online pension account promotion.
- Employer consultation on:
 - Changes to the statutory underpin
 - Funding Strategy Statement
- Generating interest for Local Pension Board vacancy.

2. Summary of changes

2.1 The Communications Strategy has been updated with some minor changes to ensure that current membership figures, Fund objectives, stakeholders and date references are up to date.

2.2 The Fund's Digital Communication Strategy, which was approved by the Pensions Committee on 14th January 2020, has also been incorporated.

2.3 The table below highlights the key changes to the strategy:

Section	Change	Detail
2	Final paragraph of regulatory framework is new	Funds need to write to members informing them of their intention to move to digital communications and offer them the option to opt out.
2	Disclosure updated with a digital example	Using secure portals to exchange data with third parties. Highlights where to find our full privacy notice.
2	Equality expanded to cover accessibility	Provides examples of how we provide communications in different formats and details how our website is accessible.
2	New section added on digital communications	Details the rationale and benefits of moving towards digital communications.

Section	Change	Detail
2	New column added to table under 'Implementation of communication key objectives'	Shows the ways in which we're implementing our communication objectives digitally.
2	Three new subheadings have been added under 'Methods of communication and key messages for stakeholders'	This has been expanded to provide details on how we're using electronic notifications, skype and secure web portals as part of our communications strategy.

3. Relevant Pension Fund objectives

Promote the scheme as a valuable benefit. *(Objective no 12)*

Deliver consistent Plain English communications to stakeholders. *(Objective no 13)*

Provide scheme members with up to date information about the scheme so they can make informed decisions about their benefits. *(Objective no 14)*

4. Finance & resources implications

4.1 There are no direct finance and resource implications of approving this strategy, however, the communication activities themselves will have costs and resource application which will depend entirely on the final specification of each communication activity. Any project related costs associated with delivering these activities have been built into the business plan and ongoing communication costs are picked up in the administration budget.

4.2 A move towards electronic communications should save costs in the long run.

5. Risk management

5.1 The Fund is required by legislation to prepare, maintain and publish a written statement setting out its policy concerning communications with members and scheme employers.

5.2 The risks associated with not having a communications strategy have been captured in the Fund's risk register as detailed below.

Risk No	Risk mitigated	Residual risk
6	Information may not be provided to stakeholders as required.	Green
14	Failure to administer the scheme in line with regulations and guidance	Green

5.3 The full risk register can be found at the following link:

[Pension Fund Risk Register Hyperlink](#)

6. Communication implications

Direct communications	Not applicable
Website	The approved communications strategy will be published on our website
Internal communications	The approved communications strategy will be distributed internally to officers.

7. Legal implications

7.1 Not applicable

8 Consultation with key advisers

8.1 Consultation with the funds advisers was not required for this report.

9. Alternative options considered

9.1 Not applicable

10. Background papers

10.1 The Digital Communications Strategy was shared with the committee on the 12 December 2019.

11. Appendices

11.1 Appendix 1 – Cambridgeshire Pension Fund – 2020-21 Communications Strategy.

11.2 Appendix 2 – Cambridgeshire Pension Fund – 2020-21 Communications Plan.

Checklist of Key Approvals

Is this decision included in the Business Plan?

Will further decisions be required? If so, please outline the timetable here

Is this report proposing an amendment to the budget and/or policy framework?

Has this report been cleared by Section 151 Officer? Sarah Heywood – 24/09/2020

Has this report been cleared by Head of Pensions? Mark Whitby – 16/09/2020

Has the Chairman of the Pension Fund Committee been consulted? Councillor Rogers – 24/09/2020

Has this report been cleared by Legal Services? Fiona McMillan – 18/09/2020

Cambridgeshire Pension Fund

Communications Strategy

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1. Introduction

This is the communications strategy for the Cambridgeshire Local Government Pension Fund managed by Cambridgeshire County Council (the administering authority). The administration of the fund is carried out by the LGSS Pensions Service.

The fund has around 178 employers with contributing members and a total membership of over 75,000 scheme members. These members are split into the following categories and with the following approximate numbers of members in each category:

Category	Cambridgeshire Pension Fund
Active scheme members	28,976
Deferred scheme members	27,659
Pensioner members	18,775

This document outlines our strategic approach to communications and is effective from 1 April 2020. It also provides detail of how we're moving towards more digital based communications and how we plan to use technology to enhance our service and reduce costs where appropriate.

2. Communication strategy

Regulatory framework

This document has been produced in accordance with regulation 61 of the Local Government Pension Scheme regulations 2013. The regulation requires administering authorities to:

- Prepare, maintain and publish a written statement setting out their policy concerning communications with:
 - scheme members (active, deferred, retired and dependant)
 - representatives of scheme members
 - prospective scheme members
 - scheme employers
- Set out their policy on:
 - the provision of information and publicity about the scheme
 - the format, frequency and method of distributing such information or publicity
 - the promotion of the scheme to prospective scheme members and their employers.
- Keep the statement under review and make such revisions as are appropriate following a material change in the policy on any of the matters included. If revisions are made, a revised statement must be published.

The regulations also state that, before ceasing postal communications, funds are required to write to members by post on multiple occasions informing them of their intention to move to digital communications as standard and offering them the option of opting out of receiving digital communications.

Key objectives

The communications of Cambridgeshire Pension Fund will be delivered in line with the following objectives as outlined in our business plan:

- Objective 12. Promote the scheme as a valuable benefit
- Objective 13. Deliver consistent plain English communications to stakeholders
- Objective 14. Provide scheme members with up to date information about the scheme so they can make informed decisions about their benefits.

Measurements are in place to determine if these objectives are being met – see ‘Implementation of Communication Key Objectives’.

It also helps to deliver these further objectives:

- Objective 2. Manage the fund in a fair and equitable manner, having regard to what is in the best interest of the Fund’s stakeholders, particularly the scheme members and employers.
- Objective 10. Administer the fund in a professional and efficient manner, utilising technological solutions and collaboration.

Stakeholders of the fund

There are several categories of stakeholder as detailed below:

- Active scheme members
- Prospective scheme members
- Deferred scheme members
- Retired and dependant scheme members
- Scheme employers
- Fund staff
- Pension fund committee
- Cambridgeshire tax payers
- Members of the public
- Scheme advisory board
- Local pension board
- External bodies:
 - Trades Unions
 - Her Majesty’s Revenue & Customs (HMRC)
 - Ministry of Housing, Communities and Local Government (MHCLG)
 - The Pensions Regulator (TPR)
 - National Fraud Initiative (NFI)
 - Audit Commission
 - HM Treasury
 - Department of Work and Pensions (DWP)

Brand identity

The fund recognises that our visual identification is one of our most powerful assets. It tells people who we are and influences how they remember and relate to us. Our branding increases our reputation whilst uniting us visually. When branding our communications, it is important that:

- We have an individual fund identity that is distinct from the County Council/LGSS identities.
- The look and feel of a communication should be identical where possible, but with separate fund branding – e.g. newsletters should be identical where possible but would clearly display separate fund branding on the front cover and only refer to the relevant fund throughout the text.
- If it is unreasonable to produce different materials (e.g. cost difference, logistical challenges, etc) a joint brand is to be considered.
- The pension fund board will be required to sign off high-level branding decisions.
- The brand will need to be adaptable to other funds that may become part of LGSS in the future.

Confidentiality

The fund is registered under the Data Protection Act 1998 as part of Cambridgeshire County Council. Information will be shared between Cambridgeshire County Council and Northamptonshire County Council for the purposes of pensions' administration. Information regarding scheme members and organisations is treated with respect by all our staff.

Disclosure

The Fund may, if it chooses, pass certain details to a third party, if the third party is carrying out an administrative function of the Fund, for example, the Fund's notification providers. When exchanging data with third parties we use secure portals. Our full privacy notice is published on our website:

- pensions.cambridgeshire.gov.uk

by clicking on Governance and then Key Documents.

Cyber security

We take the security of personal information very seriously. Most pension records are held electronically, and many pension scheme members can now access their own pension records online. The Data Protection Act 2018, along with guidance from The Pensions Regulator, sets out rules that pension funds must follow to make sure that they have good cyber security (protection for computers and communications networks).

We work closely with our suppliers to make sure the systems that hold personal information are protected. We have procedures in place to check that processes and people are kept up to date. We also regularly and thoroughly test systems to make sure that they stay secure and that the risk of a security incident is reduced. We make sure that our suppliers have certificates which prove they meet the expected cyber-security standards and that the certificates are kept up to date.

Equality and Accessibility

We are committed to ensuring our communications are accessible to everyone. We give all members the option to opt out of electronic communications or to receive them in the best format for them eg braille, audio CD, alternative languages or other reasonable adjustments. We also make sure that our communications are easy to understand through use of Plain English accreditation and readability scores.

A scheme member can opt out of electronic communications, at any time, by informing us in writing or by email that they wish to do so.

In addition; for web based communications:

- Our website navigation works in a consistent way throughout our website.
- We use a standard web font to make it easy to read.

- Any images we use also include a text description to explain what they are, unless they're only descriptive.
- We never use colour as the only way to convey information.
- We write our links so that they make sense when screen readers analyse them.

Freedom of information

This communications strategy identifies the classes of information that the fund publishes or intends to publish in compliance with the Freedom of Information Act. Anyone has a right under the Freedom of Information Act to request any information held by the fund which is not already made available. Requests should be made in writing to the head of pensions at the address at the end of this document.

A fee may be charged and the funds reserves the right to refuse a request if the cost of providing the information is disproportionately high; if following prompting the request is unclear; and when the requests are vexatious or repeated.

Digital communications

In an increasingly digital world, it's important for the fund to use the latest technology to adopt new ways of communicating with our stakeholders and ensure:

- stakeholders have a better experience when interacting with the fund
- fund officers have the skills, knowledge and tools available to communicate with stakeholders in the most secure and efficient ways possible
- the fund can deliver on its communications objectives as effectively as possible by using the communication channels most likely to get through to stakeholders
- the cost and time spent communicating with stakeholders is reduced
- communications are secure by default.

This communications strategy provides information about how the fund will use digital communication technologies to implement the communications strategy and meet its communication objectives.

Digital communications offer many benefits over paper:

- environmentally friendly by being paper-free with no printing or physical distribution needed
- quicker, more reliable, more secure and less costly than postal communication
- information is easily available to stakeholders whenever they need it
- documents are stored digitally in one place and available at all times eliminating the need to print and store documents
- easier to engage in bulk communications with stakeholders
- increases engagement by mirroring the way that people communicate at home

Implementation of communication key objectives

This table sets out the implementation of the delivery of the fund's key communication objectives.

The agreed objectives with measures for success that form the communication strategy are:

Objective	Digital implementation	Measures of success	Review process
Promote the scheme as a valuable benefit	<ul style="list-style-type: none"> • Emails (through 3rd party bulk notification systems) • Texts (through 3rd party bulk notification systems) • Electronic newsletters • Self-service portals • Digital materials provided to employers for publication via: <ul style="list-style-type: none"> ○ Intranet communications ○ Website content ○ Video walls (where available) ○ Meeting room pads (where available) ○ Blogs 	<ul style="list-style-type: none"> • Reduction in number of members opting out of the scheme • Positive feedback from stakeholders • Communications promote the scheme as a valuable benefit in a way that it understood by the audience 	<ul style="list-style-type: none"> • Monitor opt out rates annually • Surveys and polls on websites • Review scheme communications for effectiveness • Online rating of document usefulness • Obtain Plain English Accreditation • Bulk email engagement ratings (% opened & clicked links)
Provide scheme members with up to date information about the scheme so they can make informed decisions about their benefits.	<ul style="list-style-type: none"> • Emails (through 3rd party bulk notification systems) • Texts (through 3rd party bulk notification systems) • Electronic newsletters • Website content • Self-service portals 	<ul style="list-style-type: none"> • Communication includes information and changes to the scheme that supports all stakeholder understanding • Communication is delivered via the most appropriate media to the audience with a focus on electronic communication where possible 	<ul style="list-style-type: none"> • Surveys and polls (on websites and by email/post). Focus groups • Surveys and polls on websites. Focus groups. Monitor hits on website. Record and review method of communication used. Use appropriate media to convey relevant messages • Bulk email engagement ratings (% opened & clicked links)

Objective	Digital implementation	Measures of success	Review process
		<ul style="list-style-type: none"> Effective promotion of new media or change of processes to all stakeholders 	<ul style="list-style-type: none"> Surveys and polls on websites. Focus groups. Monitor incoming telephone call and email volumes Bulk email engagement ratings (% opened & clicked links)
Deliver consistent plain English communications to stakeholders	<ul style="list-style-type: none"> Emails (through 3rd party bulk notification systems) Texts (through 3rd party bulk notification systems) Electronic newsletters Self-service portals Digital materials provided to employers for publication via: <ul style="list-style-type: none"> Intranet communications Website content Video walls (where available) Meeting room pads (where available) Blogs 	<ul style="list-style-type: none"> Effective and timely communications to be sent to all stakeholders in clear language that is understood and relevant Feedback from all audiences on the quality and language used in the communication sent Feedback on the simplicity, relevance and impact of the communication sent 	<ul style="list-style-type: none"> Monitor enquiries from stakeholders following key events and communications. (Reduced enquiries mean effective delivery) Bulk email engagement ratings (% opened & clicked links) Surveys and polls on websites. Focus groups. Surveys and polls on websites. Focus groups. Submit all standard communications for plain English assessment with the aim of achieving plain English accreditation.

Methods of communication and key messages/objectives for stakeholders

The fund aims to use the most appropriate method of communication when dealing with stakeholders. This may involve more than one communication method.

Whilst the fund aims to use the most appropriate communication medium for the audience receiving the information, we hope that our website will be the first port of call for all stakeholders where appropriate. The fund is committed to using technology to enhance our service and reduce costs, where appropriate, and have switched to electronic communication as our primary means of contact for most stakeholders. We will continue to explore and develop further use of electronic communications through our website, emails, webinars and self-service.

Self-service

All members of the fund have been offered access to a personal online pension account. This gives members controlled access to their own details, allowing them to review and update their personal information, view information about their pension benefits and carry out benefit projection calculations.

The fund aims to move to a position where most communications are sent to members through their online pension account, with electronic notifications used to inform them that these are available online, replacing postal communications.

Both active and deferred members already receive their annual benefit statements through their online account each year and it is also planned to provide payslips and P60s to pensioner members via their online account.

Electronic notifications

The fund uses bulk notification systems to manage and deliver bulk communication to both members and employers. The fund will use these systems to manage communication campaigns, by email and text message, to provide important information and increase member and employer engagement.

Emails will be used for promotional campaigns and important scheme updates to both members and employers and to notify members that documents and other communications are available through their online pension account. Text messaging will be used solely to notify members and employers that documents and other communications are available through their online pension accounts.

These communication methods will provide a better, more secure experience for both members and employers, increase efficiency and reduce the cost and time of communicating with these particular stakeholders.

We will measure the success of these communications using reporting tools within the notification systems which provides us with valuable information on how many:

- emails were delivered
- emails were opened
- links were clicked on

This enables us to determine how engaging a communication is and to make changes or send follow-up communications where appropriate.

A scheme member can opt out of electronic communications, at any time, by informing us in writing or by email that they wish to do so.

Skype

Skype software allows users to make calls, video calls or engage in chat over the Internet. This application is used widely by the Fund to:

- communicate with team members working remotely
- deliver training webinars to employers
- have conference calls with employers, other pension Funds and other third parties.

The use of Skype enables the Fund to work smarter by eliminating travel time, reducing costs and increasing capacity.

Secure web portals

The fund accepts and shares data with employers and other third parties securely through the use of web based data portals. These include:

- **i-connect** – i-connect facilitates the monthly collection of data from employers either through uploading an i-connect extract through the portal, or direct input via a web-form based within the portal itself. This will improve the experience for employers by providing a streamlined approach to providing data. It also improves the experience for members who will have access to more up to date information through their online account.
- **Tell Us Once** – this site shares registered death information by local authorities on behalf of the Department for Work and Pensions (DWP). The fund receives and provides data for the use of Tell Us Once.
- **National Insurance database** – this enables the Fund to check whether members are entitled to refunds. The fund receives and provides data for use of the database.
- **The National Fraud Initiative (NFI)** this portal helps us to match electronic data within and between public and private sector bodies to prevent and detect fraud.

The table overleaf shows the our main methods of communicating with the different stakeholder groups, other than the ‘usual’ day to day communications, plus the key messages and objectives we hope to achieve:

Stakeholder	Communication	Key message/objective
Active scheme members	Annual newsletter (electronic) Annual benefit statements (electronic) Calculations and costings (e.g. estimates) Short guide to LGPS Full guide to LGPS Website (in particular 'Latest news' page) Member self service External training sessions as requested by employer Roadshows Direct mailings	Key messages: <ul style="list-style-type: none"> • Your pension is a valuable benefit • You need to make sure you're saving enough for retirement Objectives: <ul style="list-style-type: none"> • To improve understanding of how the LGPS works • To inform scheme members of their rights and benefits • For queries and complaints to be reduced • To make pensions information more readily available
Scheme employers	Quarterly newsletters Pension bulletins Ad hoc email alerts Biannual forums Website (in particular 'Latest news' page) Webinars/workshops	Key messages: <ul style="list-style-type: none"> • You need to be aware of your responsibilities regarding the LGPS • The fund is a valuable benefit for scheme members and is a good tool for retention of staff Objectives:

Stakeholder	Communication	Key message/objective
	<p>Bespoke/targeted ad hoc training sessions</p> <p>Induction packs</p> <p>Fact sheets</p>	<ul style="list-style-type: none"> • To increase understanding of how the fund works and the effects on scheme members of any legislation changes • To improve relationships • Continue to improve the accuracy of data being provided to us • To make pensions information more readily available
<p>Prospective scheme members</p> <p>And Opt-Outs</p>	<p>Information on website</p> <p>Scheme information leaflets</p> <p>Promotional material distributed through employers</p>	<p>Key messages:</p> <ul style="list-style-type: none"> • The pension benefits are a valuable part of your reward package • The LGPS is still one of the best pension arrangements available <p>Objectives:</p> <ul style="list-style-type: none"> • To improve take up of the LGPS • To decrease opt out rate and increase understanding of contribution flexibility i.e. 50/50 option • To increase understanding of how the scheme works and what benefits are provided • To make pensions information more readily available
<p>Deferred scheme members</p>	<p>Annual benefit statements (electronic)</p> <p>Annual newsletter (electronic)</p> <p>Calculations and costings (e.g. estimates)</p> <p>Scheme information leaflets</p>	<p>Key messages:</p> <ul style="list-style-type: none"> • It is important to keep in touch with the LGSS Pensions Service e.g. provide us with address changes • The LGPS is still a valuable part of your retirement package <p>Objective:</p>

Stakeholder	Communication	Key message/objective
	Retirement packs Website	<ul style="list-style-type: none"> To improve understanding of how the LGPS works To make pensions information more readily available
Retired/dependant scheme members	Annual newsletter Payslips (when criteria is met) P60 Lifetime allowance Calculations and costings (e.g. estimates)	<p>Key messages:</p> <ul style="list-style-type: none"> It is important to keep in touch with the LGSS Pensions Service e.g. provide us with address changes The LGPS is still a valuable part of your retirement package <p>Objectives:</p> <ul style="list-style-type: none"> To improve understanding of how the LGPS works To make pensions information more readily available
Fund staff	Monthly service meetings Team meetings Ad hoc meetings Consultations 1:1 / Appraisals Training & development	<p>Objectives:</p> <ul style="list-style-type: none"> To ensure staff are kept up to date with important information regarding the service, the employing authority and the wider world of pensions as a whole For staff to feel a fully integrated member of the team For management to feedback to staff regarding their individual progress To give staff a chance to feedback their views and suggestions
Pension Fund Committee	Committee papers Presentations Consultations Agendas	<p>Objectives:</p> <ul style="list-style-type: none"> To update on the implementation of a policy To monitor success against the agreed measures

Stakeholder	Communication	Key message/objective
	Minutes	
External authorities <ul style="list-style-type: none"> • Trade Unions • Her Majesty's Revenue & Customs (HMRC) • Ministry of Housing, Communities and Local Government (MHCLG) • The Pensions Regulator (TPR) • National Fraud Initiative (NFI) • Audit Commission • HM Treasury • Department of Work and Pensions (DWP) 	<p>Response to enquiries and consultations.</p> <p>Response to changes in legislation.</p>	<p>Objectives:</p> <ul style="list-style-type: none"> • To respond to enquiries/statutory requirements.

3. Further information

If you have any queries about this communications strategy please get in touch:

LGSS Pensions Service
One Angel Square
Angel Street
Northampton
NN1 1ED

01604 366537

pensions@northamptonshire.gov.uk

<http://pensions.cambridgeshire.gov.uk>

Communications plan 2020/21

	Active members	Scheme employers	Prospective members	Deferred members	Retired members	Dependant members	Fund staff
APR	COVID-19 FAQs and dedicated webpage.	COVID-19 FAQs and dedicated webpage. Valuation results, new contribution rates, and new online process for submitting returns (email, news articles, and user guide). Employer newsletter. Year-end activities training/communications.		COVID-19 FAQs and dedicated webpage.	COVID-19 FAQs and dedicated webpage.	COVID-19 FAQs and dedicated webpage.	
MAY	Guide to additional voluntary contributions (AVCs).	Employer responsibilities training. Calculating pensionable pay training. Webinar on COVID-19 issues.			Payslip – online pension	Payslip – online pension	

	Active members	Scheme employers	Prospective members	Deferred members	Retired members	Dependant members	Fund staff
JUN	More engaging new starter comms encouraging online pension account sign up.	A guide to formulating your discretions policy training. i-Connect monthly submission (on-line return) training.					Employee newsletter.
JUL	Member survey. McCloud court case update.	New employer database and contact refresh. Changes to statutory underpin consultation. Tupes and outsourcing training.		Annual benefit statement communications. Member survey.	Member survey.		
AUG	Annual benefit statement communication. Pension board vacancy.	Active annual benefit statement comms materials for employers. Employer responsibilities training. Funding Strategy Statement Consultation. Exit payments cap update. Pension board vacancy.	Online pension account promotion.	Pension board vacancy.	Pension board vacancy.		
SEPT	Website accessibility communication.	Website accessibility communication. Ill-health retirement training. Active annual benefit statement comms materials for employers. Customer service excellence assessment.	Online pension account promotion. Website accessibility communication.	Website accessibility communication.	Website accessibility communication.	Website accessibility communication.	

	Active members	Scheme employers	Prospective members	Deferred members	Retired members	Dependant members	Fund staff
OCT		Calculating pensionable pay training. Employer communication on McCloud data collection.					Employee newsletter
NOV	Transfers letter review.	i-Connect monthly submission (on-line return) training.					
DEC				Online pension account promotion.			
JAN	Online pension account promotion.	Employer responsibilities training.					
FEB		Calculating pensionable pay training. Employer newsletter.					
MAR		Year-end activities training/communications.			Newsletter – All schemes Payslip – online pension promotion	Newsletter – All schemes Payslip – online pension promotion	Employee newsletter

	Active members	Scheme employers	Prospective members	Deferred members	Retired members	Dependant members	Fund staff
Ad hoc Comms	Website updates	Training Workshops Pension Bulletins Website updates Valuation Report (every 3 yrs)	Promotional Posters Website updates	Website updates	Website updates	Annual review of entitlement – May/June. Website updates	Website updates Pension Committees

CAMBRIDGESHIRE PENSION FUND



Pension Fund Committee

9th October 2020

Report by: HEAD OF PENSIONS

Subject:	Pension Fund Annual Report and Statement of Accounts 2019-20
Purpose of the Report	To present the Draft Annual Report and Statement of Accounts of the Pension Fund for the 2019-20 financial year.
Recommendations	That the Committee: 1. Approves the Draft Annual Report and notes the Statement of Accounts of the Pension Fund for the 2019-20 financial year.
Enquiries to:	Ben Barlow, Fund Accounting Manager Tel – 07896 890375 Email: BBarlow@northamptonshire.gov.uk

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 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 mis-statement.
- 1.2. The accounts are based on transactions accounted for within the Fund's financial ledger, information received from Investment Managers and the Fund's Custodian, 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.
- 1.3. CIPFA has 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).
- 1.4. The publication of the Accounts is an essential feature of public accountability and stewardship as it provides information on how the Fund has used the members' funds for which it is responsible.
- 1.5. 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. Annual Report

- 2.1. The Annual Report has been compiled in line with CIPFA guidance on Preparing the Annual Report (2019 edition). The guidance aims to promote consistency across all Local Government Pension Funds (LGPS) annual reports, promoting awareness of the scheme and providing members and stakeholders with relevant information in an accessible and consistent manner.
- 2.2. The guidance assists practitioners to meet the current regulatory framework which additionally supports the LGPS Advisory Board to produce a scheme wide annual report for England and Wales.
- 2.3. The Annual Report and Statement of Accounts contents has been set out over nine sections:-
 - 2.3.1. Preface
 - 2.3.2. Scheme Administration
 - 2.3.3. Management and Financial Performance
 - 2.3.4. Investment Policy and Performance
 - 2.3.5. Actuarial Information
 - 2.3.6. Audit Opinion
 - 2.3.7. Pension Fund Accounts
 - 2.3.8. Glossary
 - 2.3.9. Appendix A – ACCESS Annual Report

3. Annual Report

- 3.1. The preface provides an introduction to the Annual Report framing the arrangements for the management of the Fund, a statement of responsibilities and listing key third parties.
- 3.2. The Scheme Administration section describes the scheme framework, how the Fund is administered, the Administering Authority's role, membership movements and Pension Committee and Local Pension Board membership. In addition it sets out the key policies and strategies of the Fund and key policy changes through the financial year.
- 3.3. Management and Financial Performance describes the management of the Fund and sets out how decisions are made, the structure of the Pensions Service and sections on risk management and performance of the service. In addition this section lists employer establishments, their contributions and status.
- 3.4. Investment Policy and Performance describes the legislation under which investment of Fund assets is undertaken, the Fund's investment strategy and performance including commentary on asset pooling. In addition it includes savings generated by pooling of investment assets and cost transparency. The Fund's investment consultant reviews the 2019-20 economic market background and the future outlook.
- 3.5. Actuarial Information describes how the Fund has complied with the Local Government Pension Scheme Regulations 2013 and the Fund's key funding principles adopted in the Funding Strategy Statement. This section describes the most recent triennial valuation and the key assumptions applied.

- 3.6. The section referring to Audit Opinion is currently blank pending the conclusion of the annual audit of the Administering Authority's Statement of Accounts.
- 3.7. The final major section of the document is the accounting statements and notes to the accounts and is approved as a section within the Administering Authority's SOA and therefore this section is for the Pension Committee to note.

4. Highlights

- 4.1. The Fund Account and the Net Asset Statement provide a summary of the financial activity with the notes to the accounts providing further information.
- 4.2. The net decrease for the year was £177.9m, with the Fund's net assets falling to £3,014.6m.
- 4.3. 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.
- 4.4. 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.
- 4.5. 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.
- 4.6. The one year investment return as at 31st March 2020 was a net market loss of £174.1m. 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.
- 4.7. 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.
- 4.8. Investment liabilities have increased following the implementation of the equity protection strategy.

5. 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.

6. Findings and Feedback from External Audit Fieldwork.

- 6.1. EY have completed their audit fieldwork of the Pension Fund Statement of Accounts but have not yet fully completed their review work. EY have issued a draft ISA260 report which confirms that no issues were identified during their fieldwork.
- 6.2. The Final version of the Annual Report and Statement of Accounts will be published on the Fund's website and circulated to members.

7. Recommendations

- 7.1. That the Pension Committee:
 - 7.1.1. Approves the Draft Annual Report and note the Statement of Accounts of the Pension Fund for the 2019-20 financial year.

8. Relevant Pension Fund Objectives

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

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

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

Continually monitor and measure clearly articulated objectives through business planning.

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

Provide scheme members with up to date information about the scheme in order that they can make informed decisions about their benefits.

Seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund.

9. Risk Management

- 9.1. The mitigated risk associated with this proposal has been captured in the Fund's risk register as detailed below -

Risk	Risk mitigated	Residual risk
3	Contributions to the Fund are not received on the correct date and/or for the correct amount	Amber
4	Fund assets are not sufficient to meet obligations and liabilities.	Amber
5	Information may not be provided to stakeholders as required	Green
7	Those charged with governance are unable to fulfil their responsibilities effectively	Green
11	Custody arrangements may not be sufficient to safeguard Pension Fund assets.	Green
13	Failure to administer the scheme in line with regulations and guidance.	Green
17	Pension Fund investments may not be accurately valued.	Green
23	Investment decisions and portfolio management may not achieve the return required or be performed in accordance with instructions provided.	Green

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

[Pension Fund Risk Register hyperlink](#)

10. Finance & Resources Implications

10.1. There are no additional finance implications as a result of the recommendations set out in this paper.

11. Communication Implications

11.1. The Regulations determine that the accounts and other related documents have to be made available for public inspection. The statutory audit deadlines have been extended due to COVID, authorities must commence the public inspection period on or before the first working day of September.

11.2. The statutory date for publication of the final set of the County Council's Statement of Accounts is the end of November (original date end of July), and in accordance with recognised practice, the Council considers its Statement of Accounts to be published from the date that a final certified copy is made available via the Council's website.

11.3. The Statutory date for publication of the Pension Funds Annual Report is 1st December.

12. Legal Implications

12.1. There are no legal implications as a result of the recommendations set out in this paper.

13. Consultation with Key Advisors

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

14. Alternative Options Considered

- 14.1. The Pension Fund Annual Report and Statement of Accounts is a statutory requirement with a prescribed structure, which has been complied with.

15. Background Papers

- 15.1. The Pension Fund Accounts are supported by a detailed set of working papers that are subject to examination as part of the External Audit review.

16. Appendices

- 16.1. Appendix A – Annual Report (draft) Statement of Accounts

Checklist of Key Approvals

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

Will further decisions be required? If so, please outline the timetable here Not applicable.

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

Has this report been cleared by the Head of Pensions? Yes Mark Whitby 15/09/2020

Has this report been cleared by the Section 151 Officer / Director of Finance? Sarah Heywood – 24/09/2020

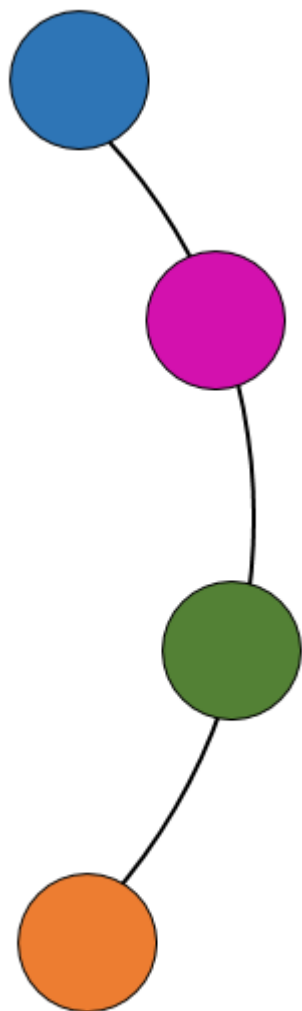
Has the Chairman of the Pension Fund Board been consulted? Councillor Rogers – 24/09/2020

Has this report been cleared by Legal Services? Fiona McMillan – 18/09/2020



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

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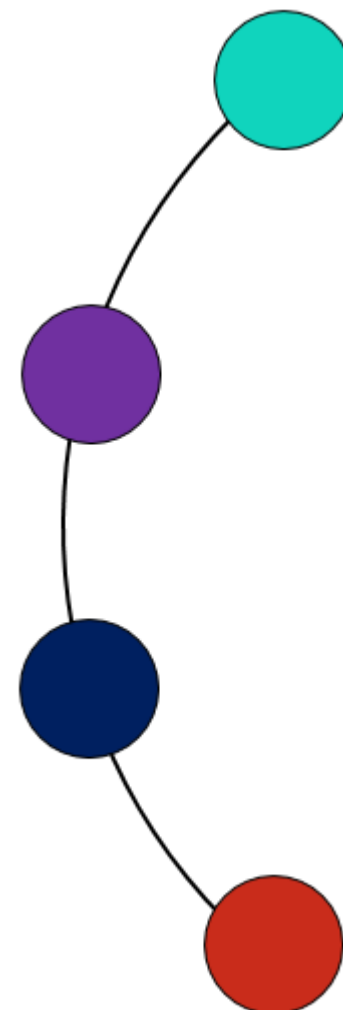
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Chairman's Foreword

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

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

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

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

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

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

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

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

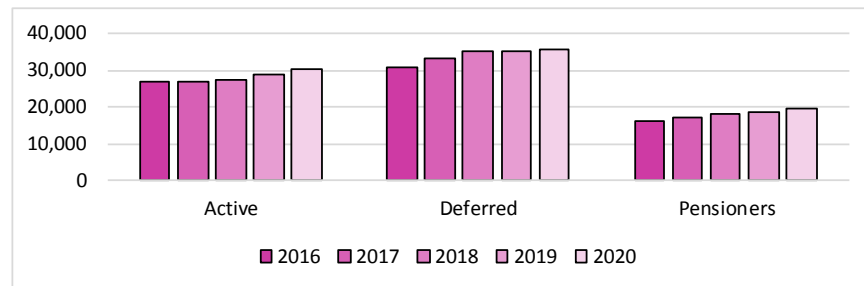
Cambridgeshire County Council is responsible for administering the Cambridgeshire Pension Fund, which is available to employees of the County Council, organisations with a statutory right to be in the scheme (scheduled bodies) and organisations, such as charities, which the County Council has admitted 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	(208,571)
Net return on investments	120,000	(174,126)
Net increase/(decrease) in assets during the year	131,060	(177,937)

Management expenses per active member are shown below:

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

Variance Analysis

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

Management and Financial Performance (Continued)

Performance Indicators

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

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

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

Management and Financial Performance (Continued)

Contributions

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

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

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

Recovery of Overpayments of Pension

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

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

²Excludes additional pension awarded by the employer.

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

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

¹Overpayments in 2018-19 and 2019-20 appear particularly high, as in addition to usual activity, the Fund undertook a significant reconciliation project during the year in which a number of overpayments were identified.

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

Management and Financial Performance (Continued)

Contributors to the Fund

Active Employers as at 31 March 2020

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

The table, left, shows employers in the fund as at the 31 March 2020, the breakdown of contributions by employer shown below will have different numbers of employers, as employers joined and left the fund throughout the year, an active or ceased column has been added to show this movement. Where contributions exist for ceased employers, this will be where prior year adjustments have been made within 2019-20, or contribution receipts recorded within the period.

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

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Abbey College Academy	51,909	177,129	229,039		S
Abbey Meadows Primary (CCC)	4,395	16,425	20,821	Y	S*
Abbotsmead Primary Sch (PCC)	3,653	-	3,653	Y	S*
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
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 (Nurse 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 Nurse 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 and Cambridgeshire Building Society. These assets will remain outside of the asset pool.

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

Investment Policy and Performance (Continued)

The Costs of Pooling

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

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

Cost Savings

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

Cost Transparency

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

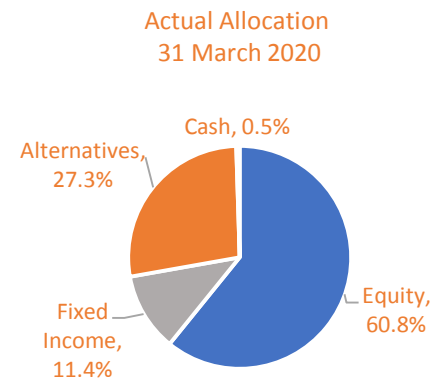
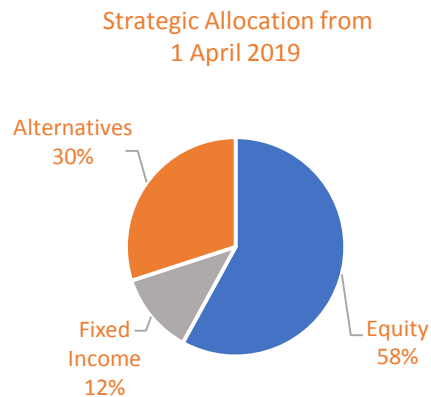
	Asset Pool			Non- Asset Pool			Fund Total
	Direct £000	Indirect £000	Total £000	Direct £000	Indirect £000	Total £000	
Investment Management Fee	6,768	177	6,945	6,763	1,860	8,623	15,568
Performance Fee	-	-	-	1,365	-	1,365	1,365
Transaction taxes	-	-	-	105	-	105	105
Broker commissions	35	-	35	121	-	121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

Investment Policy and Performance (Continued)

Investment Allocation and Performance

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

The charts below show the Strategic Asset Allocation at the start and close of the financial year compared to the actual allocation of assets at 31 March 2020 and the Strategic Asset Allocation targeted for 2019-20.



Investment Policy and Performance (Continued)

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

Value of investments at the balance sheet date

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

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

Investment Policy and Performance (Continued)

Total Fund Performance

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

Performance of Managers

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

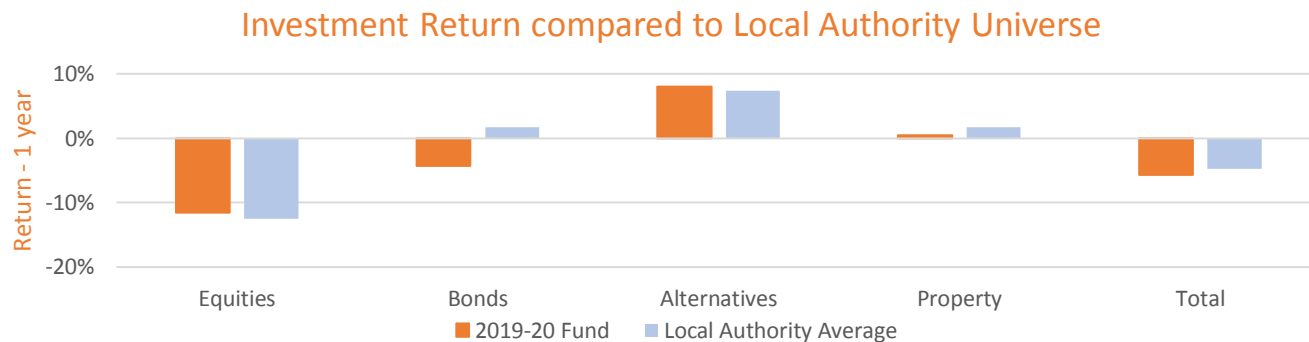
Asset Class /Manager	1 year (% p.a)			3 year (% p.a)			10 year (% p.a)		
	Return	Benchmark	Variance	Return	Benchmark	Variance	Return	Benchmark	Variance
UBS Passive	(6.9)	(7.0)	0.1	n/a	n/a	n/a	n/a	n/a	n/a
J O Hambro	(3.3)	(6.7)	3.4	4.7	1.8	2.9	n/a	n/a	n/a
Dodge & Cox	(18.6)	(5.8)	(12.8)	(5.6)	2.2	(7.8)	n/a	n/a	n/a
Schroders Bonds	(10.7)	0.7	(11.4)	(4.1)	0.5	(4.6)	n/a	n/a	n/a
M&G Secured Loans	(8.2)	5.0	(13.2)	(1.1)	4.8	(5.9)	n/a	n/a	n/a
Schroders Property	0.1	0.0	0.1	5.1	4.8	0.3	6.4	7.1	(0.7)
M&G Residential Property	2.7	6.0	(3.3)	n/a	n/a	n/a	n/a	n/a	n/a
Adams Street	16.7	(5.3)	22.0	14.4	2.8	11.6	n/a	n/a	n/a
Allianz	5.4	4.0	1.4	n/a	n/a	n/a	n/a	n/a	n/a
AMP debt	3.1	10.0	(6.9)	n/a	n/a	n/a	n/a	n/a	n/a
Equitix	10.5	10.0	0.5	12.1	10.0	2.1	n/a	n/a	n/a
HarbourVest	12.5	(5.3)	17.8	13.4	2.8	10.6	n/a	n/a	n/a
Partners Group	9.3	10.0	(0.7)	12.2	10.0	2.2	n/a	n/a	n/a
UBS Infrastructure	5.8	10.0	(4.2)	4.5	10.0	(5.5)	n/a	n/a	n/a

Investment Policy and Performance (Continued)

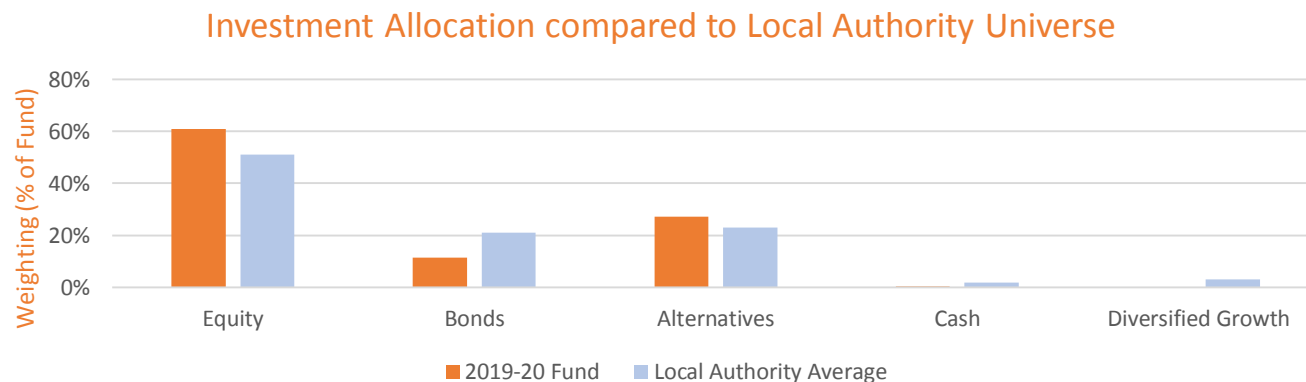
Performance in Comparison with Local Authority Universe

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.

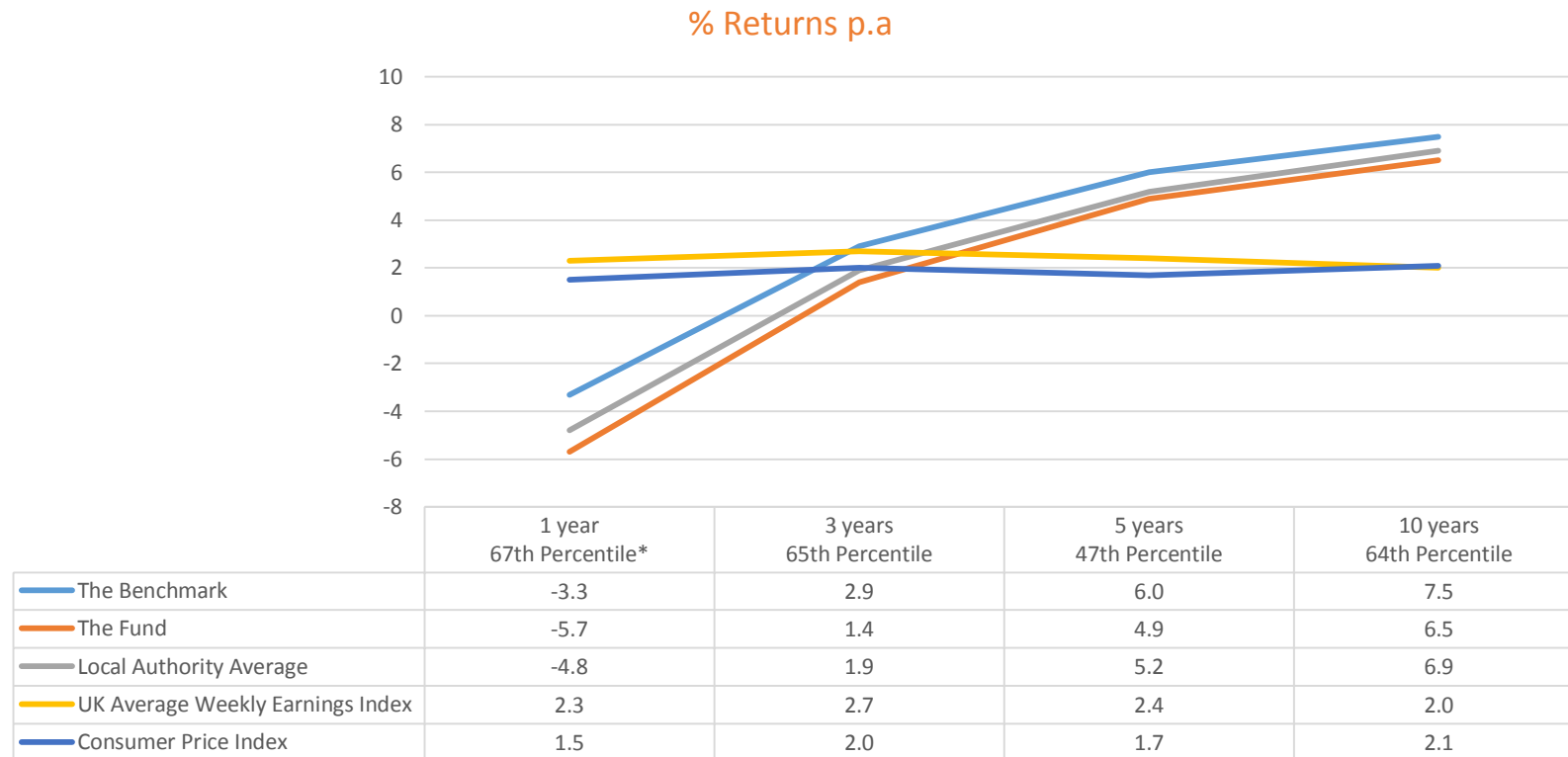


The Fund's current strategy has a higher allocation to Equities and Alternatives and a lower allocation to Bonds when compared to the Local Authority Universe.



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 2.6% against the US Dollar from \$1.30 to \$1.24, depreciated by 7.2% against the Yen from ¥144.23 to ¥133.86 and depreciated against the Euro by 4.8% from €1.16 to €1.13.

Fund Performance

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

Outlook

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

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

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

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

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

Investment Policy and Performance (Continued)

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

Investment Strategy

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

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

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

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

Peter Gent, FIA
Mercer Limited
May 2020

Actuarial Information

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

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

Description of Funding Policy

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

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

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable. For employers whose covenant was considered by the Administering Authority to be sufficiently strong, contributions have been stabilised to have a sufficiently high likelihood of achieving the funding target over 20 years.

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

Funding Position as at the last formal funding valuation

The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme

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

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

Principal Actuarial Assumptions and Method used to value the liabilities

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

Method

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

Actuarial Information (Continued)

Assumptions

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

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

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

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

*Aged 45 at the 2019 Valuation.

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

Experience over the period since 31 March 2019

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

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

Robert McInroy FFA
28 April 2020
For and on behalf of Hymans Robertson LLP

Actuarial Information (Continued)

Extract from the Actuarial Valuation Report

Executive Summary

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

Funding Position

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

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

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

Contribution Rates

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

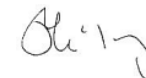
Primary Rate (% of pay)	Secondary Rate (£)		
1 April 20 – 31 March 23	2020/21	2021/22	2022/23
18.4%	£19,425,000	£19,061,000	£19,082,000

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

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



Douglas Green FFA



Robert McInroy FFA

15 March 2020

For and on behalf of Hymans Robertson LLP

Audit Opinion

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Audit Opinion (Continued)

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Audit Opinion (Continued)

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Fund Account

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

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

Net Asset Statement

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

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

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

Notes to the Pension Fund Accounts

1. DESCRIPTION OF THE FUND

The Cambridgeshire County Council Pension Fund is part of the Local Government Pension Scheme (LGPS) and is administered by Cambridgeshire County Council. The County Council is the reporting entity for this Pension Fund. The following description of the Fund is a summary only. For more detail, reference should be made to the Annual Report 2019-20 on pages 1 to 46 and the underlying statutory powers underpinning the scheme.

General

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

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

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

Membership

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

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

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

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

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

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

Number of Pensioners:		
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
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Notes to the Pension Fund Accounts (continued)

Funding

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

Benefits

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

	Service pre 1 April 2008	Service 1 April 2008 to 31 March 2014
Pension	Each year worked is worth $1/80 \times$ final pensionable salary.	Each year worked is worth $1/60 \times$ final pensionable salary.
Lump Sum	Automatic lump sum of $3 \times$ 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.

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

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

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

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

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

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

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

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

Notes to the Pension Fund Accounts (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Account – Revenue Recognition

Contribution Income

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

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

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

Transfers to and from Other Schemes

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

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

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

Investment Income

i) Interest income

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

ii) Dividend income

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

iii) Distributions from pooled funds

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

iv) Movement in the net market value of investments

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

Stock lending

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

Notes to the Pension Fund Accounts (continued)

Fund Account – Expense Items

Benefits Payable

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

Taxation

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

Management Expenses

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

Administrative Expenses

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

Oversight and Governance Costs

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

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

Investment Management Expenses

Investment Management expenses are accounted for on an accruals basis.

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

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

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

Notes to the Pension Fund Accounts (continued)

Net Assets Statement

Financial Assets

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

Assets held at amortised cost includes contributions owing from employers and cash deposits. These are initially recognised at fair value and subsequently measured at amortised cost. A financial asset is recognised in the Net Assets Statement on the date the Fund becomes party to the contractual acquisition of the asset.

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

Foreign Currency Transactions

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

Derivatives

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

Cash and Cash Equivalents

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

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

Financial Liabilities

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

Actuarial Present Value of Promised Retirement Benefits

The actuarial present value of promised retirement benefits is assessed on an annual basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards. As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the net assets statement (see Note 20).

Additional Voluntary Contributions

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

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

Notes to the Pension Fund Accounts (continued)

Contingent Assets and Liabilities

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

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

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

Accounting Standards Issued, not Adopted

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

4. CRITICAL JUDGEMENT IN APPLYING ACCOUNTING POLICIES

Pension Fund Liability

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

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

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

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

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

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

The items in the Financial Statements as 31 March 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

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

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rates at which salaries and pensions are projected to increase, changes in retirement ages, mortality rates and expected returns on Pension Fund assets. An independent firm of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied. The actuary has included the McCloud judgement within their calculation shown in Note 20.

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

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

Notes to the Pension Fund Accounts (continued)

- **Cambridge and Counties Bank**

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

Effect if actual results differ from assumptions: The investment in the financial statements is £58m. There is a risk that this investment may be under or overstated in the accounts. As set out in the independent, professional valuation report, the valuation of the Cambridge and Counties Bank is in the range of £56.6m to £59.4m. The mid-point of this valuation range has been applied within the Fund's accounts.

- **Other Private Equity and Infrastructure**

Uncertainties: All other private equity and infrastructure investments are valued at fair value. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation. There is a higher level of uncertainty for Private Equity as a result of the Covid-19 pandemic. The Fund is monitoring the situation closely and liaising regularly with its investment adviser to consider any necessary actions to respond. See Note 16a.

Effect if actual results differ from assumptions: Private equity and infrastructure investments (excluding Cambridge and Counties Bank – see above) at fair value in the financial statements are £459.8m. There is a risk that this investment may be under or overstated in the accounts. Note 18 gives a price sensitivity of Alternative investments of 23.2%, which indicates that other private equity and infrastructure values may range from £566.5m to £353.1m.

6. EVENTS AFTER THE BALANCE SHEET DATE

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

7. CONTRIBUTIONS RECEIVABLE

By Category:

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

By Authority:

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

8. TRANSFERS IN FROM OTHER PENSION FUNDS

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

Notes to the Pension Fund Accounts (continued)

9. BENEFITS PAYABLE

By category:

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

Notes to the Pension Fund Accounts (continued)

14. INVESTMENTS

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

Notes to the Pension Fund Accounts (continued)

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

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

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

Notes to the Pension Fund Accounts (continued)

14(a) RECONCILIATION OF MOVEMENTS IN INVESTMENTS AND DERIVATIVES

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

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

Notes to the Pension Fund Accounts (continued)

14(b). ANALYSIS OF INVESTMENTS

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

Notes to the Pension Fund Accounts (continued)

14(c). INVESTMENTS ANALYSED BY FUND MANAGER

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

All the above companies are registered in the United Kingdom.

Notes to the Pension Fund Accounts (continued)

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

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

14(d). STOCK LENDING

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

15. ANALYSIS OF DERIVATIVES

Objectives and policies for holding derivatives

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

• Futures

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

• Forward foreign currency

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

There were no open forward currency contracts at 31 March 2020 or 31 March 2019. There is no specified requirement to use currency hedging within the Fund's Investment Management Agreements. Instead, the Fund managers use their discretion as to whether or not any currency hedging should be used to mitigate any potential risk.

Notes to the Pension Fund Accounts (continued)

•Options

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

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

Notes to the Pension Fund Accounts (continued)

16. FAIR VALUE

16a. Fair value hierarchy

Valuation of Financial Instruments Carried at Fair Value

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

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

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

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

The values of the investment in private equity are based on valuations provided by the general partners to the private equity funds in which the Cambridgeshire Fund has invested. These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines 2015, which follow the valuation principles of IFRS and US GAAP. Valuations are usually undertaken annually at the end of December. Cash flow adjustments are used to roll forward the valuations to 31 March as appropriate. There has been no change in the valuation techniques used for individual investments during the year.

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

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

Values at 31 March 2019	Level 1 £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 £000	Assessed valuation range (+/-)	Value on Increase £000	Value on Decrease £000
Private Equity	462,750	23.2%	570,108	355,392
Property	225,063	14.2%	257,022	193,104
Total Assets	687,813		827,130	548,496

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

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

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

Notes to the Pension Fund Accounts (continued)

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	517,798	-	-
-	-	- 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	-	3,066,276	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)	3,066,276	59,516	(111,135)
3,192,594 Total			3,014,657		

Notes to the Pension Fund Accounts (continued)

17b. NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

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

18. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Risk and risk management

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

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

[Risk Strategy Statement](#)

a) Market risk

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

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

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

The Fund manages these risks in two ways:

- the exposure of the Fund to market risk is monitored through a factor risk analysis, to ensure that risk remains within tolerable levels
- specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments.

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

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

Notes to the Pension Fund Accounts (continued)

Other price risk

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

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

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

Other price risk – sensitivity analysis

Following analysis of historical data and expected investment return movement during the financial year, in consultation with the Fund's investment advisers, the Council has determined that the following movements in market price risk would have reasonably been possible for the 2019-20 reporting period.

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

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

Notes to the Pension Fund Accounts (continued)

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

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

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

Notes to the Pension Fund Accounts (continued)

Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's interest rate risk is routinely monitored by the Council and its investment consultant in accordance with the Fund's risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks. The Fund's direct exposure to interest rate movements as at 31 March 2020 and 31 March 2019 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

Interest rate risk sensitivity analysis

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

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

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

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

Notes to the Pension Fund Accounts (continued)

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

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

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

Currency risk

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

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

During the year the Fund partially hedged the currency exposures on its equity investments by transferring into currency hedged share classes of its passive equity funds

Notes to the Pension Fund Accounts (continued)

Currency risk – sensitivity analysis

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

Assets exposed to currency risk	Value at	Potential	Value on	Value on
	31-Mar-20	market	increase	decrease
	£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	Value on	Value on
	31-Mar-19	market	increase	decrease
	£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 £742.9m, which represented 24.6% of the total Fund assets (31 March 2019: £600.7m, which represented 18.8% of the total Fund assets).

Management prepares periodic cash flow forecasts to understand and manage the timing of the Fund's cash flows. The appropriate strategic level of cash balances to be held forms part of the Fund investment strategy. All financial liabilities at 31 March 2020 are due within one year.

d) Refinancing risk

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

Notes to the Pension Fund Accounts (continued)

19. FUNDING ARRANGEMENTS

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

The key elements of the funding policy are:

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

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

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

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

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

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

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

Notes to the Pension Fund Accounts (continued)

Basis of valuation

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

Financial assumptions

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

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

*CPI plus 0.3%

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

Mortality assumptions

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

	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)	3,015
(1,642)	Net liability	(1,290)

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

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

Assumptions used

31-Mar-19 % 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.

**CAMBRIDGESHIRE
PENSION FUND**



Pension Fund Committee

9th October 2020

Report by: Head of Pensions

Subject:	Employer Admissions and Cessations Report
Purpose of the Report	1. To report six admissions to the Cambridgeshire Pension Fund 2. To notify the Committee of twelve bodies ceasing in the Cambridgeshire Pension Fund
Recommendations	That the Pension Fund Committee: 1. Notes the admission of the following admitted bodies to the Cambridgeshire Pension Fund and approves the sealing of the admission agreements: <ul style="list-style-type: none"> • ABM Catering (x 3) • Easy Clean Contractors • Lunchtime Company Ltd • Peterborough Limited 2. Notes the cessation of the following bodies from the Cambridgeshire Pension Fund: <ul style="list-style-type: none"> • ABM Catering (x2) • Alliance in Partnership Ltd • Aspens Ltd • Caterlink • Easy Clean Contractors (x2) • Lunchtime Company Ltd (x3) • Pabulum Ltd • Visit Cambridge & Beyond
Enquiries to:	Name – Cory Blose, Employer Services and Systems Manager Tel – 07990560829 E-mail – cblose@northamptonshire.gov.uk

1. Background

- 1.1 The Local Government Pension Scheme Regulations 2013 (as amended) provide for the participation of a number of different types of body in the Local Government Pension Scheme; scheduled bodies, designating bodies, and admission bodies.
- 1.2 This report provides an update on admissions to and cessations from the Cambridgeshire Pension Fund since the last meeting of the Pension Fund Committee.

2 New Admission Bodies

- 2.1 Paragraph 1 of Part 3 of Schedule 2 to the Regulations provides for an Administering Authority making an admission agreement with an admission body, enabling employees of the admission body to be active members of the Local Government Pension Scheme.
- 2.2 A body which falls under paragraph 1(d)(i) of Part 3 of Schedule 2 is an admission body that is providing a service, in connection with the function of a scheme employer, as the result of a transfer of service or assets by means of a contract or other arrangement.
- 2.3 The Pension Fund Committee is asked to note the admission of the following bodies into the Cambridgeshire Pension Fund under paragraph 1(d)(i) and to approve the sealing of the admission agreements.

Date	New Admission Body	Background information
13/08/2018	ABM Catering (Eynesbury Primary School)	Eynesbury Primary School have entered into a contract with ABM Catering to provide their catering services. As a result, 2 staff were transferred to the new admission body and a full admission agreement has been put in place. Cambridgeshire County Council have agreed to act as a guarantor for their pension risk.
05/04/2020	ABM Catering (Holywell CofE Primary School)	Holywell CofE School has entered into a contract with ABM Catering to provide catering services. Cambridge County Council has agreed to retain the pension risk under a Pass Through agreement.
01/01/2020	ABM Catering (Priory Junior School)	Priory Junior School has entered into a contract with ABM Catering to provide catering services. Cambridge County Council has agreed to retain the pension risk under a Pass Through agreement.
01/10/2019	Easy Clean Contractors (Greater Peterborough UTC)	Greater Peterborough UTC has entered into a contract with Easy Clean Contractors to provide cleaning services. Greater Peterborough UTC has agreed to retain the pension risk under a Pass Through agreement.
01/08/2019	Lunchtime Company Ltd (Cambridge Primary Education Trust)	Cambridge Primary Education Trust has entered into a contract with Lunchtime Company Limited to provide catering services. Cambridge Primary Education Trust has agreed to retain the pension risk under a Pass Through agreement.

02/02/2019	Peterborough Limited	Peterborough City Council has entered into a contract with Peterborough Limited to provide waste and recycling services. Peterborough City Council has agreed to retain the pension risk under a Pass Through agreement.
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3. Cessations

3.1 ABM Catering (Orchard Park)

3.1.1 ABM Catering were admitted to the Fund under a pass through agreement on 1 September 2017, after entering a contract to provide catering services to Orchard Park Community School.

3.1.2 On the 28 September 2019 the last active member left employment. No exit payment or credit will be required as the pension liabilities were retained within Cambridgeshire County Council.

3.2 ABM Catering (Wyton on the Hill Primary School)

3.2.1 ABM Catering were admitted to the Fund under a pass through agreement on 1 April 2018, after entering a contract to provide catering services to Wyton on the Hill Primary School.

3.2.2 On the 31 August 2019 the last active member left employment. No exit payment or credit will be required as the pension liabilities were retained within Cambridgeshire County Council.

3.3 Alliance in Partnership Ltd (Fawcett Primary School)

3.3.1 Alliance in Partnership Ltd were admitted to the Fund under a pass through agreement on 1 September 2018, after entering a contract to provide catering services to Fawcett Primary School.

3.3.2 On the 1 March 2019 the last active member left employment. No exit payment or credit will be required as the pension liabilities were retained within Cambridgeshire County Council.

3.4 Aspens Ltd (Swavesey Primary School)

3.4.1 Aspens Ltd were admitted to the Fund under a pass through agreement on 1 January 2015, after entering a contract to provide catering services to Swavesey Primary School.

3.4.2 On the 5 December 2019 the last active member left employment. No exit payment or credit will be required as the pension liabilities were retained within Cambridgeshire County Council.

3.5 Caterlink (St Peter's HD Academy)

3.5.1 Caterlink were admitted to the Fund under a pass through agreement on 1 January 2016, after entering a contract with The Cam Academy Trust to provide catering services to St Peter's HD Academy.

3.5.2 On the 4 September 2019 the last active member left employment. No exit payment or credit will be required as the pension liabilities were retained within The Cam Academy Trust.

3.6 Easy Clean Contractors Ltd (Brampton Village Primary School)

3.6.1 Easy Clean Contractors Ltd were admitted to the Fund under a pass through agreement on 1 November 2019, after entering a contract to provide cleaning services to Brampton Village Primary School.

3.6.2 On the 31 December 2019 the last active member left employment. No exit payment or credit will be required as the pension liabilities were retained within Cambridgeshire County Council.

3.7 Easy Clean Contractors Ltd (Kings Hedges Primary School)

3.7.1 Easy Clean Contractors Ltd were admitted to the Fund under a pass through agreement on 1 April 2016, after entering a contract to provide cleaning services to Kings Hedges Primary School.

3.7.2 On 1 May 2020 the last active member left the organisation. No exit payment or credit will be required as the pension liabilities were retained within Cambridgeshire County Council.

3.8 Lunchtime Company Ltd (Gorefield Primary Academy)

3.8.1 Lunchtime Company Ltd were admitted to the Fund under a pass through agreement on 1 March 2018, after entering a contract with Godmanchester Community Education Trust to provide catering services to Gorefield Primary Academy.

3.8.2 On 24 July 2019 the last active member left the organisation. No exit payment or credit will be required as the pension liabilities were retained within Godmanchester Community Education Trust.

3.9 Lunchtime Company Ltd (Kinderley Primary School)

3.9.1 Lunchtime Company Ltd were admitted to the Fund under a pass through agreement on 1 March 2018, after entering a contract to provide catering services to Kinderley Primary School.

3.9.2 On 24 July 2019 the last active member left the organisation. No exit payment or credit will be required as the pension liabilities were retained within Cambridgeshire County Council.

3.10 Lunchtime Company Ltd (Over Primary School)

3.10.1 Lunchtime Company Ltd were admitted to the Fund under a pass through agreement on 20 April 2014, after entering a contract to provide catering services to Over Primary School.

3.10.2 On 5 January 2020 the last active member left the organisation. No exit payment or credit will be required as the pension liabilities were retained within Cambridgeshire County Council.

3.11 Pabulum Ltd (Cambridge Primary Education Trust)

3.11.1 Pabulum Ltd were admitted to the Fund under a pass through agreement on 9 October 2018, after entering a contract with Cambridge Primary Education Trust to provide catering services to a number of schools in the Trust.

3.11.2 Their service contract with the schools ended on 31 July 2019. No exit payment or credit will be required as the pension liabilities were retained within Cambridgeshire Primary Education Trust.

3.12 Visit Cambridge & Beyond

3.12.1 Visit Cambridge & Beyond were admitted to the Fund as a Community Admission Body on 1 February 2016.

3.12.2 The organisation went into liquidation and the last active member was made redundant on 24 July 2020. No exit payment or credit will be required as Cambridge City Council agreed to indemnify Visit Cambridge and Beyond against any cessation deficit. All assets and liabilities have therefore been transferred to Cambridge City Council.

4. Relevant Pension Fund Objectives

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

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

Ensure appropriate exit strategies are put in place in both the lead up to and termination of a scheme employer. *Objective 7*

5. Risk Management

5.1 The Pension Fund Committee are responsible for approving some admission bodies into the Fund as well as monitoring all admissions and cessations.

5.2 The risks associated with failing to monitor admissions and cessations have been captured in the Fund's risk register as detailed below.

Risk No	Risk	Residual risk rating
11	Lack of understanding of employer responsibilities which could result in statutory and non-statutory deadlines being missed.	Green
14	Failure to administer the scheme in line with the regulations.	Green
17	Failure to provide relevant information to the Pension Fund Committee/Pension Board to enable informed decision making	Green
21	Failure to assess and monitor the financial strength of an employer covenant to ensure employer liabilities are met.	Green

5.3 The Fund's full risk register can be found on the Fund's website:

[Pension Fund Risk Register Hyperlink](#)

6. Finance & Resources Implications

- 6.1 Actuarial costs incurred by obtaining a calculation of the employer's contribution rate and opening funding position at commencement are recharged directly to the employer.
- 6.2 The employer contribution rate contains an allowance for administration charges, and the employer is charged a fee to recover the Funds administration costs of on boarding new employers and terminating ceased employers. This means that admissions and cessations should be cost neutral.
- 6.3 Employers who are unable to pay monies due during the course of active membership may result in unpaid liabilities being borne by other employers in the Fund.

7. Communication Implications

Direct Communications	Direct communications will be required to facilitate employer start up in the LGPS.
Induction	New employers require an introduction to their employer responsibilities under the LGPS.
Training	Training will need to be provided to new employers on a number of LGPS issues.

8. Legal Implications

- 8.1 Admitted bodies enter into an admission agreement with the administering authority in order to become an employer within the Cambridgeshire Pension Fund. This agreement sets out the statutory responsibilities of an employer, as provided for under the Regulations governing the LGPS.

9. Consultation with Key Advisers

- 9.1 Contribution rate and bond assessments are undertaken by Hymans Robertson, the Fund Actuary.
- 9.2 A precedent admission agreement has been drafted by Eversheds, specialist pension legal advisers in consultation with LGSS Law.

10. Alternative Options Considered

- 10.1 None available.

Checklist of Key Approvals

Has this report been cleared by Section 151 Officer? Sarah Heywood – 24th September 2020

Has this report been cleared by Head of Pensions? Mark Whitby – 15th September 2020

Has the Chairman of the Pension Fund Committee been consulted? Councillor Rogers – 24th September 2020

Has this report been cleared by Legal Services? Fiona McMillan – 18th September 2020

