

PENSION FUND COMMITTEE



Thursday, 20 March 2025

Democratic and Members' Services
Emma Duncan
Service Director: Legal and Governance

10:00

New Shire Hall
Alconbury Weald
Huntingdon
PE28 4YE

Red Kite Room

New Shire Hall, Alconbury Weald, Huntingdon, PE28 4YE

AGENDA

Open to Public and Press

1. **Apologies for Absence and Declarations of Interest**
Guidance on declaring interests is available in [Chapter 6 of the Council's Constitution \(Members' Code of Conduct\)](#)
2. **Minutes - 19 December 2024 (Public)** **5 - 16**
3. **Public Questions and Petitions**
4. **Internal Audit Report** **17 - 34**
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16.	Committee Agenda Plan	299 - 300
17.	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>	
18.	CONFIDENTIAL Minutes - 19 December 2024 <ul style="list-style-type: none"> Information relating to the financial or business affairs of any particular person (including the authority holding that information); 	
19.	CONFIDENTIAL Valuation Update <ul style="list-style-type: none"> Information relating to the financial or business affairs of any particular person (including the authority holding that information); 	
20.	CONFIDENTIAL ACCESS Update <ul style="list-style-type: none"> Information relating to the financial or business affairs of any particular person (including the authority holding that information); 	

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The Pension Fund Committee comprises the following members:

Councillor Alison Whelan (Chair) Councillor Mike Black (Vice-Chair) Councillor Chris Boden Liz Brennan Councillor Adela Costello Councillor Lara Davenport-Ray Councillor Peter McDonald Mr Howard Nelson Mr Matthew Pink Councillor Alan Sharp and Councillor Andrew Wood

Clerk Name:	Richenda Greenhill
Clerk Telephone:	01223 699171
Clerk Email:	richenda.greenhill@cambridgeshire.gov.uk

Pension Fund Committee: Minutes – Public

Date: 19 December 2024

Time: 10.00am – 12.50pm

Venue: New Shire Hall, Alconbury Weald

Present: County Councillors M Black (Vice Chair), A Sharp (from 10.57am), A Whelan (Chair), P McDonald [to 12.04pm], A Sharp and A Wood; Councillor C Boden, Fenland District Council; Councillor L Davenport-Ray, Huntingdonshire District Councillor; L Brennan [to 12.04pm] and H Nelson

Advisors: S Scott - Hymans

231. Change to Committee Membership

Councillor A Wood was appointed to the Pension Fund Committee on 4 October 2024, succeeding Councillor H Batchelor. Councillor Batchelor was appointed a substitute member of the committee on the same date.

232. Apologies for absence and declarations of Interest

Apologies for absence were received from Councillor A Costello and M Pink.

There were no declarations of interest.

233. Minutes – 2nd October 2024 (public) and Minutes Action Log

The public minutes of the Pension Fund Committee meeting on 2nd October 2024 were approved as an accurate record and signed by the Chair.

The minutes action log was reviewed.

234. Petitions and Public Questions

One public question was received from Councillor Elliott Tong, Cambridge City Council. A copy of the question and the written response provided after the meeting is available to view on the [meeting webpage](#).

No petitions were received.

235. Administration Performance Report

The Committee reviewed the Administration Performance Report. The Chair confirmed that no members wished to discuss the exempt appendix to the report.

The Committee was advised that four of the 14 key performance indicators (KPIs) had not been met. Of these, two were RAG rated red and two rated amber. The provision of estimates was being prioritised for pension fund members nearing retirement age and the online self-service tool remained available. KPIs would be aligned with Chartered Institute of Public Finance and Accountancy (CIPFA) requirements, and the aim was to bring a new suite of KPIs to the March meeting. It was reported in October 2024 that 7 active annual benefits statements had not been issued on time. These cases had subsequently been reviewed and no annual benefits statements were required.

A member noted that it had been expected that some RAG ratings would be rectified by filling vacancies. The Head of Pensions advised that the roles approved in the business plan had been filled, but new staff members were still being trained and coming up to speed. It was hoped to see an improvement in the January figures.

The Administration Performance Report was noted.

236. Governance and Compliance Report

The Governance and Regulations Manager advised that work was now focused on 2024/25 statements. No guidance had been received so far on whether any groups of members could be excluded from the exercise so for now all members were being included. Around 22,000 scheme members had been contacted about their public sector pension history in relation to the McCloud remedy as it was known that some members would fall within its scope. Statutory returns to the Pensions Regulator had been submitted in advance of the deadline. The number of policy and strategy updates requiring Committee approval had created a significant volume of business during 2025/24, and work was beginning now to look at the 2025/26 business plan to try to streamline agenda planning.

A member asked for clarification of the reference to a change to the cash management strategy reported at section 4.2 of the report which stated that 'the risk regarding a dependency on treasury has been removed as this reliance has been removed.' Officers offered a response outside of the meeting to confirm the details of the change and where the responsibility now rested for assurance. – **action required.**

The Chair highlighted that some people were unable to use the Gov.UK one login for statutory services and asked how that would be handled for Pension Dashboard purposes. Officers advised this was a national issue and offered a response outside of the meeting – **action required.**

The Governance and Compliance Report was noted.

237. Pension Fund Annual Business Plan Update 2024/25

The Committee reviewed the Pension Fund Annual Business Plan Update 2024/25. The Chair confirmed that no members wished to discuss the exempt appendix to the report.

The Head of Pensions advised that a number of activities had been impacted by the LGPS consultation around asset pools and investment. This included pausing soft market testing in relation to the investment strategy. The importance of Additional Voluntary Contributions (AVC) providers sending information for the dashboard system was highlighted and this would be reviewed once more was known. The RAG rating for undecided leavers remained amber, but the position was improving. Some ACCESS activities had been paused as a result of the LGPS consultation. A few navigation issues had been identified in relation to the continued website development and these were being addressed by the software supplier. Work remained on course for a January launch.

A member noted that some actions relating to the climate action plan were not marked as completed. The Head of Pensions advised that the code had been re-submitted, but the Investment Sub-Committee meeting in November had been inquorate so it had not been possible to review the analysis. Some of this would need reprofiling, and this would be reflected in the next report.

The Pension Fund Annual Business Plan Update 2024/25 was noted.

238. Employer Admissions and Cessations Report October 2024

The Committee reviewed the Employer Admissions and Cessation Report for October 2024.

The Committee noted:

- a) the admission of the following transferee admission body to the Cambridgeshire Pension Fund and approves the sealing of the admission agreement:
 - Stir Food Limited
- b) the entry of the following resolution body to the Cambridgeshire Pension Fund:
 - Wilburton Parish Council
- c) the cessation of admission agreements in relation to the following employers:
 - Aspens-Services Limited
 - Mountain Healthcare Limited
 - Rapid Commercial Cleaning Services Limited
 - Wisbech and Fenland Museum

- d) the update on the previously reported cessation of Clarion Housing Group and Wimblington Parish Council.

239. General Code of Practice Compliance

The Governance and Regulations Manager advised that the Fund was largely compliant with the Pension Fund Regulator's General Code of Practice. Section 3.4 of the report set out the actions planned to address five partial compliances and one non-compliance. The first related to demonstrating member skills and experience and to identifying any skills gaps. This would be considered as part of the training strategy review. Part of the solution around documenting internal controls would be part of the new training officer role. Hymans had conducted a desktop review and a report on 2026 best practice expectations would be submitted to the March meeting.

A member asked for clarification of the one red RAG assessment: 'Where the governing body believe they will not meet the legislative deadlines, they should make an application to the Pension Regulator (TPR) before the deadline.' In particular they were interested to know how a cancellation was triggered. They also asked for an indication of the number of requests cancelled in a quarter to give a sense of scale of the issue to provide assurance that this was a rare event and that good controls were in place, and to show whether this was being triggered by the Pension Service or by a Fund member. The Governance and Regulations Manager advised that this responsibility sat with the Operations team, but their understanding was that this applied where a member potentially changed their mind, or if there were circumstances that would not allow a transfer to go ahead. They would confirm this outside of the meeting – **action required**.

The Pensions Regulator's expectation compliance check against the General Code of Practice was noted.

240. Pensions Dashboard Update

The Head of Pensions advised that a test connection to the dashboard eco-system would take place in January 2025. The proposed matching criteria would also be tested and recommendations brought to the next meeting. Final connection would take place closer to the October deadline, but the system could not go live until Government approval was received. Additional Voluntary Contribution (AVC) providers would send their data to the Pension Service so that it would be in control of that data and the Fund's software supplier would need to design a solution to hold that data. The implementation budget remained unchanged from previous reports, but the business as usual budget had not yet established.

Individual members raised the following issues:

- asked officers how confident they were that the Fund would meet the October connection deadline, and if penalties would apply if this deadline was missed. The Head of Pensions

advised that there were likely to be penalties for missing the October deadline unless numerous Funds were in this position. One of the four providers actively involved in the national Dashboard testing programme had been selected. The main areas of concern were around AVCs, which was the same for all suppliers, and the unknown number of partial matches.

- asked if the Committee would be updated on the success rates for the proposed matching criteria following testing. The Head of Pensions advised that central guidance had been issued on the range of matching criteria that could be used and officers expected to submit a report to the March meeting. The planned in-house testing was designed to test that matches were being made safely with genuine individuals. It was not a high volume test.

The Pensions Dashboard Update was noted.

241. Effectiveness Review

The Governance and Regulations Manager advised that the overall position was positive with 76% of respondents agreeing or strongly agreeing to all statements contained within the Effectiveness Review survey. Section 3.9 of the report set out those statements where any disagreements or areas for improvement had been suggested, together with officer responses for the Committee to review. One of these suggested that the working relationship between the Committee and the Local Pension Board could be stronger, and ways of increasing that interaction were being explored. This might include at least one in-person training and networking event, but any other suggestions from Committee members would be welcome. The Equality, Diversity and Inclusion (EDI) action plan had only recently been agreed when the Effectiveness Review was carried out, so it was expected that this area would be strengthened as the action plan was implemented. Feedback had been provided that training from advisors was not always pitched at the right level. This would be discussed with advisors, but the varying levels of knowledge and experience of committee members could make this difficult.

It was resolved unanimously to:

- a) note the feedback provided for the Cambridgeshire Pension Committee.
- b) approve the proposed course of actions to improve the effectiveness of the Committee in the areas identified (3.10).

242. Anti-Fraud and Corruption Policy

The Governance and Regulations Manager advised that section 3.1 of the report set out some proposed changes to the Anti-Fraud and Corruption Policy. This included formalising the approach to particular prompts and triggers around potential fraud. The most contentious area related to requests to act on a scheme members' behalf. Valid legal documents were required to allow this to take place, but it was understood that people could find this requirement frustrating. Including this explicitly in the policy would provide greater transparency around this requirement. Work was continuing to see if arrangements for mortality and address screening

overseas could be further enhanced. The risk in this area was high, but the volume of these cases was quite low. An end of life notice had been received for the current pensions administration and payroll software for 31 January 2026. The inclusion of additional security features like two factor sign-in options and automated emails would be explored as part of the upgrade work.

The Chair acknowledged that the processes in place to avoid and detect fraud and corruption could cause issues for people around providing acceptable documentation and proofs, but emphasised the importance of these measures to protect scheme members' money.

It was resolved unanimously to approve the changes to the Anti -Fraud and Corruption Policy.

243. Admissions Bodies, Scheme Employers and Bulk Transfers Policy

The Employer Service and Contributions Manager presented the outcome of a review of the Admissions and Bulk Transfers Policy. The majority of the policy detail remained unchanged, but the format had been revised to reflect current preferences. Areas of overlap with other policies had been minimised where possible, with signposting included to other policy documents. The main change was to make pass through admissions the default approach to manage the participation and risk of those employers.

It was resolved unanimously to approve the draft Admissions and Bulk Transfers Policy.

244. Agenda Plan

It was noted that the next meeting on 20 March 2025 would be quite close to the pre-election period. The Head of Pensions advised that a business as usual approach would be taken.

The agenda plan was noted.

245. Exclusion of Press and Public

It was resolved unanimously that the press and public be excluded from the meeting on the grounds that the following items contained 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).

246. Minutes – 2 October 2024 (Confidential)

The confidential minutes of the meeting on 2 October 2024 were approved as an accurate record and signed by the Chair.

247. Valuation Update

Hymans' representatives provided an overview of the approach to the 2025 valuation.

It was resolved unanimously to:

- a) note the contents of the report.
- b) approve the recommended approach for setting the contribution rates of the large public sector bodies and academies.

248. Cyber Strategy

The Committee received a report from the Governance and Regulations Manager on the Pension Fund Cyber Strategy.

It was resolved unanimously to approve the cyber strategy.

[The meeting was adjourned from 12.04 to 12.10pm]

[Councillor McDonald and Liz Brennan left the meeting at 12.04pm]

249. Risk Monitoring

The Committee considered a report on the Cambridgeshire Pension Fund Risk Register. The report was noted.

250. ACCESS Update

The Committee considered an ACCESS update report.

It was resolved unanimously to:

- a) note the report.
- b) request the Head of Pensions, in consultation with the Chair and the S151 Officer, to prepare and submit a response to the LGPS Fit for the Future Consultation.

[Chair]

CAMBRIDGESHIRE PENSION FUND

Pension Fund Committee Minutes Action Log

Agenda Item No. 2

This log captures the actions from the Pension Fund Committee of the 19 December 2024 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 6 March 2025.

Item No.	Item	Action to be taken by	Issue	Action/Status
236	Governance and Compliance Report	Michelle Oakensen	A member asked for clarification regarding a change to the cash management strategy which stated that 'the risk regarding a dependency on treasury has been removed as this reliance has been removed.' Officers to provide assurance to the Chair of the change to the cash management strategy.	Completed. The Fund maintains a certain cash balance in bank accounts for payment needs. Surplus cash is transferred to the Fund's investment custodian to invest. Previously, these large transfers (ranging from 2 to 10 million) were handled by the Councils' treasury team, which could cause delays. Now, transfers can be completed internally by the Fund's Accounting Team, requiring approval from the Head of Pensions, eliminating reliance on the treasury team.
236	Governance and Compliance Report	Michelle Oakensen	The Chair highlighted that some people were unable to use the Gov.UK one login for statutory services and asked how that would be handled for Pension Dashboard purposes. Officers offered to provide a response.	Completed. This is an equalities issue for the PDP. Users will have to satisfy the requirements of the PDP's identity service in order to access their Dashboard information. The Fund cannot override the PDP's requirements due to the controlled nature of the infrastructure. Members will have access to MSS/Engage which will provide more detailed information on their benefits held within the Fund.

239	General Code of Practice Compliance	Michelle Oakensen	A member asked for clarification of the one red RAG assessment: 'Where the governing body believe they will not meet the legislative deadlines, they should make an application to the Pension Regulator (TPR) before the deadline.' In particular they were interested to know how a cancellation was triggered. They also asked for an indication of the number of requests cancelled in a quarter to give a sense of scale of the issue to provide assurance that this was a rare event and that good controls were in place, and to show whether this was being triggered by the Pension Service or by a Fund member. Officers to offer clarification.	During the period from March to November 2024, a total of 18 transfer requests were cancelled. The primary reason for these cancellations was the failure of either the receiving scheme or the member to provide the necessary information required to proceed with the transfer within the statutory timescales.
248	Cyber Strategy	Michelle Oakensen	To investigate if the Fund's governance and compliance advisors can support further on cyber activities.	Completed. Our governance advisors are unable to support any wider than on policy. Alternative solutions will be considered.
248	Cyber Strategy	Michelle Oakensen	To consider who owns the cyber risk for the Pension Fund and whether this individual should be named in the policy document.	Completed. The strategy has been updated to reflect that the Administering Authority holds responsibility for the document as the legal entity.
248	Cyber Strategy	Michelle Oakensen	To obtain some further information on additional safeguards in place to protect systems.	In progress.
249	Risk Monitoring	Michelle Oakensen	A member asked whether <i>Risk 29: The ACCESS asset pool does not have the sub-fund choices available to enable the Fund to fulfil its strategic and tactical asset allocation requirements in a timely manner</i> had been reviewed in light of the current LPGS consultation. Officers to review the risk as part of the next review cycle.	In progress. The Committee are due to review the risk register again in June 2025, and this will be considered at this time.

249	Risk Monitoring	Michelle Oakensen	An amendment to be made to <i>Risk 33: Geopolitical risks may adversely affect global markets in which the Pension Fund invests</i> to the residual risk to decrease the impact (to 3) and increase the likelihood (to 4).	Completed. This has been updated.
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Actions from previous meetings:

Item No.	Item	Action to be taken by	Issue	Action/Status
216	Minutes – 18 July 2024 (public) and Minutes Action Log	Ben Barlow	A member asked for the report produced by Mercer for the ISC Committee to be shared with the Committee members.	Completed.
216	Minutes – 18 July 2024 (public) and Minutes Action Log	Ben Barlow	Officers to explore data available regarding community wealth building in the context of procurement and investments.	Completed.
223.	General Code of Practice Compliance	Michelle Oakensen	To explore if other pension training providers are available on the market.	Completed. An update will be provided when the Training Strategy is delivered.
225	Annual Report 2023/24	Ben Barlow/ Fiona Coates	To provide the Committee with information on the decarbonisation trajectory.	Completed.

CAMBRIDGESHIRE PENSION FUND

Pension Fund Committee

Date: 20th March 2025

Report by: Internal Audit

Subject:	Internal Audit Report and Internal Audit Strategy & Plan
Purpose of the Report	<p>This report cover aims to:</p> <ul style="list-style-type: none"> • Present the findings of the Internal Audit review of Benefits Administration 2023/4. • Present a draft proposal for a three-year plan for the provision of Internal Audit reviews for the Cambridgeshire & Northamptonshire LGPS ('the Funds'), covering the financial years 2025/6 – 2027/8.
Recommendation	<p>The Committee are asked to:</p> <ul style="list-style-type: none"> • Note the Internal Audit work covering the period 2023-24; • Review and input to the proposed 3-year Internal Audit Strategy & Plan.
Enquiries to:	<p>Mairead Claydon, Head of Internal Audit & Risk Management Cambridgeshire County Council</p> <p>Mairead.Claydon@cambridgeshire.gov.uk</p>

1. Background

- 1.1 Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The work of Internal Audit complements and supports the work of external auditors in forming their opinion on the financial accounts.
- 1.2 Historically, a single annual Internal Audit report on Pensions Administration has been produced and presented to the Pension Committees and Boards. The focus of this audit has typically been transactional, primarily focusing on the risk of fraud and error within the Pensions administration system (Altair) and testing transactions relating to pensioners from the Cambridgeshire and Northamptonshire local authorities.

- 1.3 In 2023/4, Cambridgeshire County Council's Internal Audit team were rotated to take on the Pensions Administration audit by the Lead Authority Board, and the final Internal Audit report was delivered on the 18th August 2024.

2. Audit Report Findings

- 2.1 The audit assessed the adequacy of design and implementation of controls for the administration of the pension fund covering the period 2023-24. The review incorporated extensive sample testing of key processes including transfers in/out, new members, new dependents, changes to bank details, and pension control account and bank account reconciliations. Based on the completion of the work undertaken by the CCC Internal Audit and Risk Management Service, a **good** opinion assurance was given in respect of the control environment / system in place, and a **good** assurance opinion for compliance.
- 2.2 The audit identified some areas where controls could be improved. Most significantly, the review found a risk of error or fraud when pensioner bank details are changed and when transferring funds out. A range of actions have been agreed with the Pensions Service to address areas where controls could be improved, including the potential to implement Confirmation of Payee software to verify bank details.
- 2.3 The full report is included as Confidential Appendix 2.

3. Internal Audit Strategy & Plan

- 3.1 The 2023/4 financial year was the first year that the Cambridgeshire Internal Audit team were asked to audit the Pensions Service by the Lead Authority Board. As a result of completing the work and liaising with the Funds' external auditors, the team concluded that a rolling plan that covered the full range of risks facing the Fund would be a beneficial approach going forwards. Additionally, historically this work has been commissioned via the Lead Authority Board without a set process to engage senior management of the Pensions Service and members of the Pension Fund Committees/Boards or to review the work of other assurance providers.
- 3.2 In October 2024 the Internal Audit team therefore proposed to the Lead Authority Board that the approach for internal audit of the LGPS should be completely re-visited in 2024/5, with input from Pensions senior management and the Cambridgeshire and Northamptonshire Funds and Committees.
- 3.3 The Lead Authority Board agreed the recommendation that the LGPS should have an internal audit function operating a rolling 3-year Internal Audit Plan providing assurance over the full range of Fund activity. This will be on a risk-assessed basis, taking into account other sources of assurance, and should include coverage of areas such as governance and risk management arrangements; strategy and investments compliance; operational resilience; IT and cyber security etc.
- 3.4 Following the meeting of the Board, the Head of Internal Audit for Cambridgeshire County Council has liaised with the Head of Pensions throughout late 2024/early 2025 and conducted a review of key documentation to develop a proposed 3 year Internal Audit Strategy & Plan for the Funds to consider adopting to cover the years from 2025/6 to 2027/8.

- 3.5 The full proposals are attached at Appendix 1.
- 3.6 If these proposals are agreed, the intention will be for the audit work for 2025/6 to be delivered by the Cambridgeshire Internal Audit team, with phasing of reviews to be agreed with the Head of Pensions. The Internal Audit Plan will be refreshed and re-presented to the Committees/Boards annually to ensure that these remain up-to-date and responsive to emerging risk or alternative sources of assurance.

3. Relevant Fund Objectives

- 3.1 The audit work undertaken was designed to support the Pension Service in achieving its objectives through the effective management of risk. The work therefore supports all of the objectives of the Pension Service, in particular.

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. <i>Objective 2</i>
Continually monitor and measure clearly articulated objectives through business planning. <i>Objective 4</i>
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. <i>Objective 5</i>

4. Risk Management

- 4.1 Good governance ensures that the Pension Fund is appropriately managed and has oversight by audit to ensure transparency.
- 4.2 The risks associated with failing to independently assess the Pension Fund has been captured in the Fund's risk register as detailed below.
- 4.3 It should be noted that the provision of a robust internal audit service with a rolling, risk-assessed Audit Plan should effectively provide assurance over the mitigation of all significant risks faced by the Fund. Details on how fund risks have been assessed thematically, with coverage build into the proposed 3-year plan, is provided in Section 4 of the draft Internal Audit Strategy & Plan report provided at Appendix 1. This demonstrates that the proposals align with the significant thematic risks facing the Fund, while taking into account alternative sources of assurance over various risks.

Risk Mitigated	Residual Risk
Contributions to the Fund are not received on the correct date and/or for the correct amount. (Risk 4)	Amber
The Pension Fund and its members may become a target for fraudsters and criminals. (Risk 6)	Amber
Those charged with governance are unable to fulfil their responsibilities effectively. (Risk 9)	Green
Risk of fraud and error. (Risk 10)	Green
Failure to understand and monitor risk and compliance. (Risk 11)	Green
Failure to administer the scheme in line with regulations and guidance. (Risk 17)	Green
Incorrect/poor quality data held on the Pension Administration and Payroll platforms or delays with receiving information leading to incorrect information/delayed provision of information to members and stakeholders. (Risk 14)	Amber

4.4 Please see full details of the [Cambridgeshire Pension Fund Risk Register](#)

5. Finance & Resources Implications

5.1 The proposed cost of the proposed Audit Plan for 2025/26 is £18,550. Further information on the proposed cost of Internal Audit services is set out at Section 5 of Appendix 1.

6. Communication Implications

Direct Communications	The work of auditors is transparent and reported to the Pension Committee and Pension Board.
Website	The report will also be published on internet.

7. Legal Implications

7.1 The requirement for an Internal Audit function derives from section 151 of the Local Government Act 1972. All principal local authorities and other relevant bodies subject to the Accounts and Audit Regulations 2015 in England should make provision for Internal Audit in accordance with the Code.

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 Not applicable

11. Appendices

11.1 Appendix 1 – Proposed Pension Fund Internal Audit Strategy & Plan 2025/6 – 2027/8

11.2 CONFIDENTIAL Appendix 2 – Benefits Administration Audit 2023/4

Cambridgeshire & Northamptonshire LGPS

PENSION FUND INTERNAL AUDIT STRATEGY & PLAN

PROPOSAL

2025/6 – 2027/8

Prepared by: Mairead Claydon, Head of Internal Audit & Risk Management,
Cambridgeshire County Council

Distributed to: TBC

Date: January 2025

Cambridgeshire & Northamptonshire LGPS
Pension Fund Internal Audit Strategy & Plan Proposal

Cambridgeshire & Northamptonshire LGPS

Internal Audit Forward Plan Proposal 2025/6+

1. PURPOSE

- 1.1 This document represents an initial proposal for a three-year plan for the provision of Internal Audit reviews for the Cambridgeshire & Northamptonshire LGPS ('the Funds'), covering the financial years 2025/6 – 2027/8.
- 1.2 Internal audit serves as an independent and objective assurance and consulting activity designed to add value and improve the operations of the pension fund. The role of Internal Audit is to provide assurance that the systems of internal control in place at the Funds are effective in managing risks to achievement of the Funds' objectives.
- 1.3 The objective of this Internal Audit Strategy & Plan is to provide the Funds with a consistent, risk-based approach to setting a programme of internal audit work which provides assurance over the management of the Funds' key risks, while complementing existing assurance arrangements.
- 1.4 This plan has been developed by Cambridgeshire County Council's Internal Audit team in conjunction with the Head of Pensions, and is presented for consideration by the Cambridgeshire and Northamptonshire Pension Fund Boards and Pension Fund Committees.

2. INTERNAL AUDIT & LGPS

- 2.1 Local Government Pension Scheme (LGPS) administering authorities are subject to a range of legal and regulatory requirements in connection with fund administration. Section 5.1 of the *Accounts and Audit Regulations 2015* require an administering authority to "undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance".
- 2.2 Under the *Public Service Pensions Act 2013*, Scheme Managers (in this case, the administering authority) are responsible for key areas of governance and administration, including managing risks and ensuring there are adequate internal controls. They are assisted by the Pension Boards, which help ensure each scheme complies with governance and administration requirements.
- 2.3 The Pensions Regulator General Code of Practice emphasises the role of assurance reporting in the assessment and management of risk and internal control within the LGPS. In particular, in respect of internal audit, the Code notes that:

“8. Some governing bodies may have access to internal auditors within a participating employer, or within the scheme, who could provide scrutiny to a similar level as an independent external assessment.

9. The scope and nature of internal audit work can be tailored to meet the requirements of the governing body. This type of audit may include financial and nonfinancial processes and controls. If selecting a suitable internal auditor, the governing body should consider:

- the candidate’s independence*
- any actual or potential conflicts of interest (see Conflicts of interest)*
- the candidate’s knowledge of the subject.”*

3. PRIOR YEAR AUDIT COVERAGE

3.1 Historically, a single annual Internal Audit report on Pensions Administration has been produced and presented to the Pension Committees and Boards. The focus of this audit has typically been highly transactional, primarily focusing on the risk of fraud and error within the Pensions administration system (Altair) and testing transactions relating to pensioners from the Cambridgeshire and Northamptonshire local authorities.

3.2 In 2023/4, Cambridgeshire County Council’s Internal Audit team were rotated to take on the Pensions Administration audit by the Lead Authority Board, and the final Internal Audit report was delivered on the 18th August 2024, with a ‘good’ audit opinion on the control environment and a ‘good’ opinion on compliance. During the course of completing this work, the Internal Audit team made the following observations regarding the current approach to audit coverage of the Funds:

- The approach to date has not provided coverage of a range of risks that the internal auditor of a pension scheme would be expected to consider (such as IT and cyber security; investments compliance; etc.) as part of a rolling audit plan. Audit coverage has been substantially the same year-on-year rather than varying to provide assurance over the full range of key risks facing the Funds over time;
- Audit work has historically been commissioned via the Lead Authority Board, with no set process in place to actively engage senior management of the Pension Service and members of the Pension Fund Committees/Boards in identifying risk areas requiring review or agreeing the scope of internal audit work. Similarly there were no documented arrangements to review the work of other assurance providers or to liaise with external audit;

- Historically, scheme members from employers other than Cambridgeshire and the Northamptonshire Councils have not been included in sample testing and as such the audit has not provided coverage of the entire Funds.
- 3.3 In October 2024 the Internal Audit team therefore proposed to the Lead Authority Board that the approach for internal audit of the LGPS should be re-visited for 2024/5 and onwards, with input from the Cambridgeshire and Northamptonshire Funds and Committees. It was recommended that the LGPS should have an internal audit function operating a rolling 3-year Internal Audit Plan providing assurance over the full range of Fund activity, on a risk-assessed basis. This should include coverage of areas such as governance and risk management arrangements; strategy and investments compliance; operational resilience; IT and cyber security etc.
- 3.4 The Lead Authority Board agreed these proposals and following the meeting of the Board, the Head of Internal Audit for Cambridgeshire County Council has liaised with the Head of Pensions and conducted a review of key documentation (outlined below) to develop a proposed Internal Audit Strategy & Plan for the Funds to consider adopting.

4. PROPOSED INTERNAL AUDIT STRATEGY & PLAN

Overview of Proposals:

- 4.1 The proposed Strategy & Plan seeks to provide rolling coverage of key risks over a three-year period, with the intention that the Plan would be refreshed and updated on at least an annual basis, or more frequently if there is a significant change in the risk profile of the Fund. This is consistent with best practice for internal audit.
- 4.2 As well as outlining a series of proposed internal audit reviews, the proposed Strategy & Plan includes:
- Allowances of management time for attendance of the Head of Internal Audit or an appropriate deputy at meetings of the Cambridgeshire and Northamptonshire Pension Fund Committees and Boards, meeting with the Head of the Pensions service, and updating the Audit Plan and its underlying risk assessments;
 - Allowances of time to prepare for and produce reporting for these meetings, follow-up on the implementation of agreed audit actions and to respond to queries from the Fund's external auditors;
 - Allowances of time for the fulfilment of roles outlined in the Anti-Fraud & Corruption Policy including administering and supporting with the biannual

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National Fraud Initiative exercises, acting as Money Laundering Reporting Officer, and supporting the investigation of any suspected instances or fraud or irregularity affecting the Funds and identification of appropriate action to address any control gaps.

- 4.3 The Plan is intended to be flexible and if additional time is required, or conversely if time is not required, the Plan may be amended accordingly.

Risk Assessment & Planning Approach:

- 4.4 Internal Audit should seek to provide assurance across the entire control system at the Funds, and should not be limited to financial controls. As such, the Internal Audit Strategy and Plan should be based on an assessment of the risks to achievement of the Funds' objectives, undertaken in consultation with management and key stakeholders, and taking into account alternative sources of assurance over key risks, such as that provided by External Audit.
- 4.5 The level of risk and current extent of assurance is then used to determine the frequency by which auditable themes and areas will be subject to internal audit. This ensures that key risk themes and areas are looked at on a more frequent basis. The aim of this approach is to ensure the maximum level of assurance can be provided with the minimum level of audit coverage.
- 4.6 In order to develop this Internal Audit Plan proposal, the Internal Audit team has conducted a review of the Funds' risk registers; a high level review of Fund Business Plans and key Fund policies; a review of other sources of assurance (see Section 4.8 below for details); and benchmarking against a number of Internal Audit Plans and published Internal Audit reports from other LGPS Funds available online.
- 4.7 This exercise highlighted the following key risk themes for the Funds. For each risk theme, possible areas that could be considered for audit coverage have been identified, and the relevant risk numbers from both Funds' risk registers are also highlighted for reference:
- **Governance & Regulatory Risk:** Non-compliance with LGPS regulations, Pension Regulator guidelines, and other statutory requirements could result in legal penalties, reputational damage, and financial losses. Insufficient risk management, performance management, weak governance arrangements or a lack of defined objectives or quality assurance would increase the risk in this area.
 - **Coverage areas:** Risk Management; Performance Management; Asset Pooling; Investment Strategies; Pension Dashboards; Fund Governance; Governance & Compliance Policy; Discretions; Reporting Breaches of the Law; Business Planning;

Projects/Transformation; Responsible Investment Policies; GCOP Compliance; Complaints & Dispute Resolutions; Accessibility Standards; ○ **Links to Fund Risk Register Risks:** 31, 7, 9, 11, 12, 17, 18, 26, 27

- **Investment Performance Risk:** Poor investment performance could undermine the pension fund's ability to meet its future liabilities and achieve its investment objectives.
 - **Coverage areas:** Investment Strategies;
 - **Links to Fund Risk Register Risks:** 33, 2, 3, 20
- **Data Integrity & Security Risk:** Inaccurate or incomplete member records could result in incorrect benefit calculations, delayed payments, and member dissatisfaction. Weak data security could increase the risk of fraud or cyber attack, or breach of GDPR.
 - **Coverage areas:** Data integrity; Cyber security arrangements; Data retention; Data Protection; Data Improvement Plan;
 - **Links to Fund Risk Register Risks:** 28, 16, 14
- **Financial Management Risk:** Weak financial controls or poor budget management could lead to financial mismanagement, fraud, and loss of assets. Inaccurate actuarial valuations or insufficient contributions could lead to funding shortfalls, jeopardizing the Pension Funds' ability to meet obligations to members.
 - **Coverage areas:** Benefits Administration; Funding Strategy; Employer contributions; Cash Management/Treasury Management; Investment Strategy; Procurement Compliance; Anti-Fraud & Corruption; National Fraud Initiative; Conflicts of Interest; ○ **Links to Fund Risk Register Risks:** 29, 6, 1, 4, 5, 8, 10, 13, 15, 19, 21, 22, 25
- **Business Continuity Risk:** Process failures, system outages, or inadequate staffing, could disrupt the pension fund's operations and service delivery.
 - **Coverage areas:** Recruitment & retention; Business Continuity Planning; ○ **Links to Fund Risk Register Risks:** 24, 32, 23

Other sources of assurance:

- 4.8 There are a range of other sources of assurance which Internal Audit should consider when developing a forward plan. This includes:

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- **External Audit:** The funds are subject to annual review by their external auditor, who provide an opinion on each Fund's Statement of Accounts and an opinion on the Pension Fund Annual Report.
 - An audit of IT General Controls within the Altair system was conducted by Grant Thornton for the Northamptonshire Pension Fund for the year ended 31st March 2024 to support the financial statement audit. This audit identified some risks around user access rights and monitoring of high-risk activities, with actions agreed to address these risks.
- **GCOP Compliance Self-Assessment:** The Pensions Service completed a selfassessment check on their compliance with The Pensions Regulator's General Code of Practice (GCOP) followed by a supporting desk-top exercise by Hymans Robertson, and reported this to the Pension Fund Committee in October 2024. Compliance was generally found to be good, with some areas for improvement in risk management and information to members. The Head of Pensions notes that as well as concluding the best practice assessment, further reporting to Committee on GCOP compliance progress is planned, along with a GCOP control log.
- **Pension Fund Risk Assurance Matrix:** The Head of Pensions supplied a copy of an assurance matrix mapping amber risks from the risk registers against key performance indicator reporting.
- **Breaches of the Law Report:** The Head of Pensions supplied a copy of Breaches of the Law reporting, which highlights the controls in place to manage the risk of various different categories of potential breach in the law.

4.9 In addition to the sources of assurance outlined above, it is noted that a consultation on the LGPS was issued in November 2024 and is due to close in January 2025. The consultation seeks views on various proposals, including the possibility to introducing a biennial independent governance review, which would improve the level of independent assurance over LGPS funds. The Audit Plan has therefore been drafted with the intention that it remains flexible and can be updated on an ongoing basis if/when assurance requirements change.

Draft Pensions Funds Audit Plans 2025/6 – 2027/8:

- 4.10 Draft Internal Audit Plans for the Pensions Funds are provided below for each financial year from 2025/6 to 2027/8, with the aim of providing a balanced assurance over time across the range of risk themes facing the Funds.
- 4.11 Allowances of time include the time required to: draft a Terms of Reference for each audit and agree this with the Head of Pensions; develop a work programme and

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undertake suitable fieldwork, including sample testing, to provide assurance over the objectives defined in the Terms of Reference; draft a report and work with the Pensions Service to agree actions to respond to the audit and make any amendments required to the report; and issuing a final version of the report.

- 4.12 As considerable audit focus over the past several years has been given to benefits administration, and this area has consistently obtained a 'good' assurance rating, the intention is that in the first year of the new approach the audit will seek to provide assurance over other areas of risk within the Funds, with audits of benefits administration reducing in frequency to take place every 2 years, with a slightly reduced work programme.

Table 1: Pensions Funds Draft Internal Audit Plan 2025/26:

Audit Area	Days	Proposed Coverage
Business Continuity Planning	5	This audit aims to provide assurance over the adequacy and implementation of business continuity frameworks, ensuring they align with regulatory requirements and best practices. This will include examining the controls and procedures for managing continuity plans, including testing strategies, performance monitoring, and reporting mechanisms to address key potential continuity risks, including unavailability of property, staff, or IT systems.
Cash Management/ Treasury Management	20	This audit aims to provide assurance that the pension funds' cash management and treasury operations are effectively managed to safeguard the funds' assets. The objectives include reviewing the processes and controls in place for cash flow forecasting, monitoring investment activities, ensuring compliance with relevant policies and regulations including approval requirements to reduce the risk of fraud, and verifying that liquidity requirements are met. Additionally, the audit will assess the accuracy of financial reporting related to cash and treasury activities.
Project Management, Transformation & Business Planning	15	This audit seeks to provide assurance that the Pensions Funds' project management and transformation functions operate effectively and with sufficient controls in place to manage transformation risk; and that the regular Business Planning process is robust, aligned with the Funds' objectives, and in line with regulatory requirements and best practice.

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Counter Fraud	3	Responding to any suspected actual or attempted fraud incidents (n.b. historically this has been c. 1 incident per year; if there were a significant increase in incidents or a major issue was identified, more time may be required); supporting the response to the National Fraud Initiative.
Audit Management Time	3	Liaising with the Funds' external auditors; maintaining a central record of internal audit recommendations; following up on implementation of audit actions.
Fund Reporting & Follow Up	7	Audit Planning and undertaking any in-year updates to the Plan and/or underlying risk assessments; reporting on implementation of audit actions; compiling reporting to the Boards/Committees; attendance at Board and Committee meetings by the Head of Internal Audit or an appropriate Deputy once annually.
	53	Total Audit Days 2025/6

Table 2: Pensions Funds Draft Internal Audit Plan 2026/27:

Audit Area	Days	Proposed Coverage
Performance Management	5	The audit aims to provide assurance that the pension funds' performance management practices are robust and in line with relevant regulations and best practice. This includes reviewing the adequacy and implementation of performance management frameworks, ensuring that frameworks are complied with in practice and that the accuracy of performance reporting can be verified back to prime records; verifying that KPIs are relevant and subject to regular challenge and review; and confirming that reporting is effective and results in meaningful action being taken when performance falls below target levels.
Benefits Administration	30	This audit will review core processes within the day-to-day operations of the Pensions Service, to provide assurance that processes operate efficiently and mitigate key risks including the risk of fraud or error. This will include coverage of the processes for new starters, transfers in and out, deceased pensioners, dependents, divorce, additional payment contributions and the annual uplift process. The audit will also provide assurance over processes for employer contributions; accuracy of calculations and payments; control account reconciliations and clearance of unreconciled items; and changes to member bank details.

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Risk Management	5	The audit aims to provide assurance that the pension funds' risk management practices are robust and that they protect the funds' assets and interests. This includes reviewing the adequacy and implementation of risk management frameworks, ensuring compliance with regulatory requirements, and verifying that risks are appropriately documented and monitored, with quality assurance over existing controls and clear follow-up of planned actions.
Counter Fraud	3	Responding to any suspected actual or attempted fraud incidents (n.b. historically this has been c. 1 incident per year; if there were a significant increase in incidents or a major issue was identified, more time may be required); supporting the response to the National Fraud Initiative.
Audit Management Time	3	Liaising with the Funds' external auditors; maintaining a central record of internal audit recommendations; following up on implementation of audit actions.
Fund Reporting & Follow Up	7	Audit Planning and undertaking any in-year updates to the Plan and/or underlying risk assessments; reporting on implementation of audit actions; compiling reporting to the Boards/Committees; attendance at Board and Committee meetings by the Head of Internal Audit or an appropriate Deputy once annually.
	53	Total Audit Days 2026/27

Table 3: Pensions Funds Draft Internal Audit Plan 2027/28:

Audit Area	Days	Proposed Coverage
Complaints & Dispute Resolution	5	The audit seeks to provide assurance over the adequacy of complaint handling and dispute resolution frameworks and procedures. This will include evaluating the timeliness and effectiveness of processes; verifying compliance with relevant legislation and best practice; and ensuring that where issues are identified through complaints and/or disputes that appropriate action is taken to strengthen processes going forward.

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Information Governance	15	This audit will provide assurance over controls in place to manage data accuracy, security and retention to provide assurance that the Funds operate in line with relevant legislation and regulations. This will include reviewing reconciliation of employer data submissions; Privacy Notices; data sharing agreements in place with relevant parties; retention schedules; response to suspected or actual data breaches; application of the 'principle of least privilege' for Fund systems; implementation of the Data Improvement Plan; and staff training and awareness in relation to the security and ownership of data.
Funding & Investments	25	The audit seeks to provide assurance over the Funds' investments (pooled or otherwise) to verify that investments are made within legal powers and regulatory guidance and in line with approved strategies, with reporting and approvals from appropriate decision-makers. The audit will provide assurance that there are adequate controls in place to reduce the risk of fraud or error and that the Funds obtain sufficient assurance from asset pools over the governance and operation of the pool.
Counter Fraud	3	Responding to any suspected actual or attempted fraud incidents (n.b. historically this has been c. 1 incident per year; if there were a significant increase in incidents or a major issue was identified, more time may be required); supporting the response to the National Fraud Initiative.
Audit Management Time	3	Liaising with the Funds' external auditors; maintaining a central record of internal audit recommendations; following up on implementation of audit actions.
Fund Reporting & Follow Up	7	Audit Planning and undertaking any in-year updates to the Plan and/or underlying risk assessments; reporting on implementation of audit actions; compiling reporting to the Boards/Committees; attendance at Board and Committee meetings by the Head of Internal Audit or an appropriate Deputy once annually.
58		Total Audit Days 2027/28

- 4.13 The audit plan is designed to be flexible, allowing adjustments to address new and emerging risks proactively. There is also the option to request additional work in response to emerging risks or issues (for example, if there was an increased number of incidents of suspected fraud).
- 4.14 The Audit Plan will be re-presented to the Committees and Boards annually for review and challenge to the proposed work for each year.

5 PROPOSED COST OF INTERNAL AUDIT SERVICES 2025/26

- 5.1 The blended day rate for Cambridgeshire County Council's Internal Audit services for 2025/6 is £350. This rate will also be applicable to any additional work requested from the Internal Audit service to the end of the financial year. Day rates are subject to review on an annual basis.
- 5.2 At this rate, the total cost of the proposed Audit Plan for 2025/6 is £18,550.
- 5.3 Recognising the fact that the Audit Plan is intended to be flexible to changing risks and service need, any agreed in-year amendments to the Plan made following its initial approval will be reflected in the subsequent billing.

To: Pension Fund Committee

Meeting date: 20 March 2025

Report by: Madalina Bratec
Governance Specialist, Pensions
madalina.bratec@westnorthants.gov.uk

Subject: Administration Performance Report

Purpose of the report: To present the Administration Performance Report to the Pension Fund Committee for the period 1 October to 31 December 2024.

Recommendations: The Pension Fund Committee is asked to note the Administration Performance Report

Enquiries to: Madalina Bratec
Governance Specialist, Pensions
madalina.bratec@westnorthants.gov.uk

1. Background

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

2. Executive Summary

- 2.1 This report sets out the performance of the Cambridgeshire Pension Fund.
- 2.2 The achievement against the Key Performance Indicators for the period 1 October to 31 December 2024 are detailed in section 3 and appendix 1. The majority of KPIs were met over the period.
- 2.3 The proposed service key performance indicators based on CIPFA guidance can be located in appendix 2.
- 2.4 The performance against customer journey indicators is detailed in sections 4 and appendix 3.
- 2.5 Timeliness of receipt of employee and employer pension contributions for the payroll periods of January to December 2024 are detailed in section 5 and appendix 4. Over 99.7% of employer contributions were received on time in respect of the period January to December 2024. Details of late contribution payments can be found in appendix 5 (exempt).
- 2.6 Occurrences of breaches of the law for the period 1 October to 31 December 2024 are detailed in section 6. There were no material breaches in the period.
- 2.7 Details of any Internal Dispute Resolution Procedure cases for the period 1 October to 31 December 2024 are detailed in section 7. For the period 1 October to 31 December 2024 there were no new stage 1 disputes and no stage 2 disputes.
- 2.8 Occurrences of material data breaches for the period 1 October to 31 December 2024 are detailed in section 8. There were no data breaches that occurred during the period.
- 2.9 Details of any significant overpayment of pension for the period 1 October to 31 December 2024 are detailed in section 9. There was one significant overpayment for the period.
- 2.10 Details of the 2025/26 Data Improvement can be found in section 10 and appendix 6.

3. Pension Service performance against Key Performance Indicators

- 3.1 The Fund has in place a set of key performance indicators (KPIs) to assess the performance of the Pensions Service in the delivery of key items of casework. The actual performance against these KPIs for the period 1 October to 31 December 2024 can be found in appendix 1.
- 3.2 Over the 3-month period, 9 of the 21 KPI targets have not been met.
- 3.3 There were five amber KPIs for the period, all of which, with a single exception, narrowly missed their target KPI by less than 5%. The missed KPIs were primarily due to the system workflows not being utilised effectively, which has been addressed with the individuals concerned.
- 3.4 The KPI for providing estimates remained red during this period. Heightened sickness levels, alongside an overall increase in workflow volumes contributed to estimates not being processed in a timely manner. Additionally, the KPI was further impacted as the resource initially allocated to improving the performance in this area was diverted to train a new team leader in the retirements process. This approach was adopted to ensure that the most critical area of the service was prioritised, whilst experiencing the increase in demand. To

accommodate the additional workflow volumes, the team's resourcing has been reviewed in line with the 2025-26 business plan proposal.

- 3.5 During the reporting period one additional red KPI was identified regarding processing transfer out payments. In this area, delays were caused by sickness.
- 3.6 To ensure compliance with the new annual report requirements, the existing KPIs are being aligned with the CIPFA requirements from April 2025. The proposed new KPIs can be located in appendix 2.

4. Customer Journey Key Performance Indicators

- 4.1 Reporting has been developed to analyse employer failures when providing basic scheme information to new joiners. A total of 1014 failures were identified split between data being submitted late and data submitted just prior to the deadline. As a result, letters will be generated daily going forwards to avoid breaches when data is submitted close to the deadline. Employers who submit data past the deadline will be monitored and managed by the employers' team if required.
- 4.2 From April 2025 onwards, informing members who leave the scheme before retirement age of their rights and options will be processed in the same team as the new joiners. At this time reporting on employer failures will also commence.
- 4.3 The next customer journey KPIs to be analysed further are those relating to retirement, both before and after normal pension age. These are complex processes with numerous parties involved including the scheme member, scheme employer and administrator. Improvement against these KPIs would lead to more timely benefit payments to scheme members.
- 4.4 The customer journey KPIs can be found in appendix 3.

5. Receipt of Employee and Employer Contributions

- 5.1 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.
- 5.2 The table in appendix 4 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 January to December 2024.
- 5.3 For October and November 2024, 100% of contribution payments were received on time and for December 2024, 99.8% of contribution payments were received on time. The current yearly average for payments made on time is 99.7% and schedules being received on time is 99%. Details of any late payments are detailed in appendix 5 (exempt).

6. Breaches of the Law

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

Regulator.

6.2 For the period 1 October to 31 December 2024, the following breaches occurred:

Type of Breach	Detail of Breach	Course of action
Material Breaches	None	None
Non Material Breaches	9 refund of contribution payments were paid outside of the statutory 5-year period.	No further action at this stage, it is likely that the legislation surrounding this will be amended to remove the 5-year requirement.
	Missed statutory targets against Key Performance Indicators.	Issues will be addressed within the Service and with employers as appropriate. Further details can be found in Appendix 3.

7. Internal Dispute Resolution Procedure

7.1 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.

7.2 Disputes that are upheld at stage 1 may still progress to stage two if the scheme member or their representative remain unsatisfied with the overall outcome. The outcome may not fully meet the complainant's expectations – particularly if their perception is that their financial loss was greater than any compensation awarded, or the level of non-financial injustice award was not consistent with their expectation.

7.3 The following details that activity undertaken during the period 1 October to 31 December 2024 with regards to administering authority disputes.

7.3.1 Stage 1 disputes:

Nature of Stage 1 Dispute (Head of Pensions)	Date Received	Date Decision Due	Decision: Upheld/not upheld/partially upheld	Date of Decision
Complaint of maladministration relating to delays in providing flexible retirement estimates to member's employer, and the quality of information that was provided.	08/10/2024	07/12/2024 Extended to 22/12/2024	Not upheld	17/12/2024

7.3.2 Stage 2 disputes: None.

7.3.3 Employer disputes: None.

8. Material Data Breaches

8.1 No material data breaches occurred during the period.

9. Significant overpayment of pension

9.1 During the period April to July 2024, an overpayment of £7087.73 occurred due to a delay in the Fund being notified of a death of a member. An investigation has been initiated by the Fund's mortality screening contractor to identify the reason why the death has not appeared on the monthly reporting.

9.2 An invoice has been issued in December 2024 to recover the overpayment.

10. Cambridgeshire Pension Fund Data Improvement Plan

10.1 The Data Improvement Plan contains details of how the Fund aims to improve the quality of its data. The plan is located in appendix 6.

11. 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. <i>Objective 1</i>
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. <i>Objective 2</i>
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. <i>Objective 3</i>
Continually monitor and measure clearly articulated objectives through business planning <i>Objective 4</i>
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. <i>Objective 5</i>
Put in place performance standards for the Fund and its employers and ensure these are monitored and developed as necessary. <i>Objective 8</i>
Administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration. <i>Objective 10</i>

12. Risk Management

12.1 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.

12.2 The mitigated risks associated with this report have been captured in the Fund's risk register as detailed below –

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

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

13. Communication Implications

Direct communications	<p>The Fund publishes performance against the key performance indicators in the regular reports to the Pension Fund Committee and Pension Fund Board and in the Fund's Annual Report. Employers of the Fund are guided through the admission process and directly kept up to date with requirements and progress.</p> <p>Members who enter the Internal Dispute Resolution Procedure are kept informed of progress within the statutory timescales.</p>
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14 Finance & Resources Implications

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

15. Legal Implications

- 15.1 No material issues have been identified which may give rise to legal liability and/or risk from an administering authority perspective.

16. Consultation with Key Advisers

- 16.1 Squire Patton Boggs conducted a review of the paper for legal implications with no material issues raised.

17. Alternative Options Considered

- 17.1 Not applicable

18. Background Papers

- 18.1 Not applicable

19. Appendices

- 19.1 Appendix 1 Service performance against key performance indicators (October to December 2024)
- 19.2 Appendix 2 Proposed service key performance indicators from April 2025.
- 19.3 Appendix 3 Customer journey performance indicators.
- 19.4 Appendix 4 Timeliness of receipt of employee and employer pension contributions.

- 19.5 Appendix 5 EXEMPT Details of late contribution payments
- 19.6 Appendix 6 Data Improvement Plan 2025/26

20. Accessibility

- 20.1 The information contained in this report and appendices is available in accessible format on request from the report author.

Agenda Item No. 5 - Appendix 1 – Pension Service Key Performance Indicators for October to December 2024

Function/Task	Indicator	Minimum Service Level	Month	Total cases completed	Cases completed within the minimum Service Level	Cases completed under the minimum Service Level	% completed within the minimum Service Level	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%	October November December	220 206 145	207 188 151	13 18 4	94 91 97	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 10 working days (from January, previously 5).	95%	September October November December	70 63 37	61 58 35	9 5 2	87 92 95	Amber Amber Green	SLA target not met SLA target not 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%	October November December	79 105 107	69 96 93	10 9 14	87 91 87	Amber Green Amber	SLA target not met SLA target met SLA target not met
Award dependant benefits	Issue award within 5 working days of receiving all necessary information.	95%	October November December	17 19 29	16 19 28	1 0 1	94 100 97	Amber Green Green	SLA target not met SLA target met SLA target met

Agenda Item No. 5 - Appendix 1 – Pension Service Key Performance Indicators for October to December 2024

Function/Task	Indicator	Target	Month	Completed	Within Target	Over Target	% Within Target	RAG	Comments
Provide a maximum of one estimate of benefits to employees per year on request	Estimate in agreed format provided within 10 working days from receipt of all information.	90%	October	83	52	31	63	Red	SLA target not met
			November	63	33	30	52	Red	SLA target not met
			December	29	15	14	52	Red	SLA target not met
Provide transfer-in quote to scheme member	Letter issued within 10 working days of receipt of all appropriate information.	95%	October	28	27	1	96	Green	SLA target met
			November	48	47	1	98	Green	SLA target met
			December	25	25	0	100	Green	SLA target met
Payment of transfer out	Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	90%	October	34	27	7	79	Red	SLA target not met
			November	64	63	1	98	Green	SLA target met
			December	40	37	3	93	Green	SLA target met

Green: Equal to or above Service Level Agreement (SLA) target.
Amber: Below SLA target, but number completed within target is within 10% of the SLA target.
Red: Below SLA target and number completed within target is not within 10% of the SLA target.

Agenda Item No. 5 - Appendix 2 – Pension Service Administration Key Performance Indicators – April 2025 onwards

Function/Task	Indicator	Minimum Service Level	Month	Total cases completed	Cases completed within the minimum Service Level	Cases completed under the minimum Service Level	% completed within the minimum Service Level	RAG	Comments
Deaths recorded of active, deferred, pensioner and dependent members. (B1)	Communication issued with acknowledgement of death of active, deferred, pensioner and dependent member within 5 working days.	95%							
Deferred member retirements (B3)	Communication issued to deferred member with pension and lump sum options (quotation) within 15 working days of receiving all relevant and accurate information	90%							
Deferred benefits (B5)	Communication issued to deferred member with confirmation of pension and lump sum options (actual) within 15 working days of receiving all relevant and accurate information	90%							
Active member retirements (B4)	Communication issued to active member with pension and lump sum options (quotation) within 15 working days of receiving all relevant and accurate information	90%							

Agenda Item No. 5 - Appendix 2 – Pension Service Administration Key Performance Indicators – April 2025 onwards

Active benefits (B6)	Communication issued to active member with confirmation of pension and lump sum options (actual) within 15 working days of receiving all relevant and accurate information	95%							
New dependent member benefits (B2)	Communication confirming the amount of dependents pension issued within 10 working days of receiving all relevant and accurate information	95%							
Member estimates requested either by scheme member and employer (B15)	Provide member estimates requested by scheme member and employer within 15 working days of receiving all relevant and full information	90%							
Transfers in (including interfunds in, club transfers) (B9)	Communication issued to scheme member with completion of transfer in within 15 working days of receiving full information	90%							
Transfers out (including interfunds out, club transfers) (B10)	Communication issued to scheme member with completion of transfer out within 15 working days of receiving full information	90%							

Agenda Item No. 5 - Appendix 2 – Pension Service Administration Key Performance Indicators – April 2025 onwards

Refunds (B11)	Payment of refund is approved within 10 working days of receiving relevant and accurate information	90%							
Divorce quotations issued (B12)	Issue divorce quotation within 45 working of receiving all relevant and accurate information	90%							
Actual divorce cases (B13)	Communication issued following actual divorce proceedings i.e application of a Pension Sharing Order within 15 working days of receiving full information	90%							
New joiner notifications (B14)	Communication issued to new starters within 40 working days	90%							
Notify leavers of deferred benefit entitlement (B8)	Notify leavers of deferred benefit entitlement within 30 working days of receiving all relevant information.	90%							

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

Amber: Below SLA target, but number completed within target is within 10% of the SLA target.

Red: Below SLA target and number completed within target is not within 10% of the SLA target.

Agenda Item No. 5 - Appendix 3 – Customer Journey Key Performance Indicators (statutory) for the Period 1 October to 31 December 2024

Function/Task	Indicator	Month	Completed	Within minimum service level	Under minimum service level	% Within minimum service level	Comments
Provide basic scheme information to new joiners.	2 months from date of joining or member's request.	October November December	672 1262 661	518 510 553	154 752 108	77 40 83	<p>During the period, there were 685 failures across 12 employers due to data being submitted late with no legitimate reason identified. Late submission of data will continue to be monitored and persistent occurrences will be managed by the employers' team.</p> <p>151 failures across 2 employers occurred due to data being received just prior to the deadline and having insufficient time to process. Going forwards the letters will be generated on a daily basis to avoid reoccurrence.</p> <p>177 failures occurred due to data being submitted late due to payroll provider changes by 1 employer.</p> <p>1 failure occurred due to an incorrect start date reported by 1 employer.</p>
Provide transfer details for transfer in.	2 months from date of request.	October November December	28 48 25	18 36 20	10 12 5	64 75 80	<p>Reasons why the cases would not be completed within the statutory target are:</p> <ul style="list-style-type: none"> • Interfund in - Further information is required from the previous LGPS pension fund & volume of cases in this area. • Transfer in – Further information is required from the member, the previous scheme, or the employer.
Provide details of transfer value for transfer out.	3 months from date of request.	October November December	61 41 29	41 28 25	20 13 4	67 68 86	<p>Reasons why the cases would not be completed within the statutory target are:</p> <ul style="list-style-type: none"> • Interfund out - Further information is required from the employer prior to finalising the deferred benefit.

Agenda Item No. 5 - Appendix 3 – Customer Journey Key Performance Indicators (statutory) for the Period 1 October to 31 December 2024

Function/Task	Indicator	Month	Completed	Within minimum service level	Under minimum service level	% Within minimum service level	Comments
							<ul style="list-style-type: none"> Transfer out – Further information is required from the employer prior to finalising the deferred benefit.
Provide a CETV quotation for divorce purposes.	Within 3 months of the request (or shorter deadline as specified in a court order).	October November December	15 13 2	6 9 0	9 4 2	40 69 0	The reason for the delays in processing these cases is the clearance of the backlog of cases at the calculation and checking stage.
Inform members who leave the scheme before retirement age of their rights and options.	As soon as practical and no more than 2 months of leaving.	October November December	280 627 362	238 351 272	42 276 90	85 55 75	<p>The Pension Service is 100% within target for meeting the SLA of 2 months of the member leaving service.</p> <p>Reasons that KPIs may not be in target is due to employer delays including arrears of pay, late notification of leavers, payroll provider changes and processing times.</p>
Inform members who leave the scheme at or after retirement age of the benefits due.	Within 2 months of retirement date where the member retires before normal pension age.	October November December	48 45 21	39 20 12	9 25 9	81 44 57	Multiple factors contribute to the member experience for this indicator, this includes the type of information required (e.g. leavers details, certificates, forms) and the party responsible for supplying the information (employer, payroll provider, member). There is also the processing time required for the administrator to issue the award once all the information is received.

Function/Task	Indicator	Month	Completed	Within minimum service level	Under minimum service level	% Within minimum service level	Comments
							<p>In October, within the 19% outside of target, 78% of the failures were due to employer delays.</p> <p>In November, within the 56% outside of target, 72% of failures were due to employer delays.</p> <p>In December, within the 43% outside of target, 100% of failures were due to employer delays.</p> <p>Analysis will be undertaken, and any persistent trends addressed accordingly. Any information received which does not allow the Pension Service 10 working days to process in line with SLA targets is classified as an employer failure.</p>
Inform members who leave the scheme at or after retirement age of the benefits due.	Within 1 month of retirement date where the member retires on or after normal pension age .	<p>October</p> <p>November</p> <p>December</p>	<p>20</p> <p>14</p> <p>15</p>	<p>5</p> <p>6</p> <p>7</p>	<p>15</p> <p>8</p> <p>8</p>	<p>25</p> <p>43</p> <p>47</p>	<p>Multiple factors contribute to the member experience for this indicator, this includes the type of information required (e.g. leavers details, certificates, forms) and the party responsible for supplying the information (employer, payroll provider, member). There is also the processing time required for the administrator once all the information is received.</p> <p>In October, within the 75% outside of target, 67% of the failures were due to employer delays.</p> <p>In November, within the 57% outside of target, 75% of failures were due to employer delays.</p> <p>In December, within the 53% outside of target, 75% of failures were due to employer delays.</p> <p>Analysis will be undertaken, and any persistent trends addressed accordingly. Any information received which does not allow the Pension Service</p>

Agenda Item No. 5 - Appendix 3 – Customer Journey Key Performance Indicators (statutory) for the Period 1 October to 31 December 2024

Function/Task	Indicator	Month	Completed	Within minimum service level	Under minimum service level	% Within minimum service level	Comments
							10 working days to process in line with SLA targets is classified as an employer failure.
Calculate and notify dependant(s) of amount of death benefits.	As soon as possible, but in any event no more than 2 months of date or becoming aware of death.	October November December	- - -	- - -	- - -	- - -	New death processes are currently being created to enable reporting on this KPI. This is not currently possible as a separate case is set up on the member and the dependant. It is anticipated that the reporting for this KPI will commence in the 1st quarter of the 25/26 financial year.
Notify implementation information after receiving a pension sharing order (and no outstanding information)	Within 21 days of the later of, the date of receipt of the pension sharing order or the day on which the order takes affect or the date of receipt of the relevant documents / information.	October November December	- 1 -	- 0 -	- 1 -	- 0 -	Where there is no outstanding information, the Service has a period of 4 months to implement the order from the later of: <ul style="list-style-type: none"> • The day on which the relevant Order or provision comes into effect; or • The day in which the administering authority is in receipt of the relevant “Matrimonial Documents” <p>A letter must be sent within 21 “days” of the later of the above two dates notifying the relevant parties of the implementation deadline.</p> <p>A new process will be developed to ensure that this notification is issued within the 21 days of receiving an actual pension sharing order.</p>

Agenda Item No. 5 - Appendix 4 - 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
January 2024	99.8	0.2	99.8	0.2
February 2024	99.8	0.2	99.8	0.2
March 2024	99.8	0.2	99.8	0.2
April 2024	99.1	0.9	93.7	6.3
May 2024	99.8	0.2	99.8	0.2
June 2024	100	0	98.4	1.6
July 2024	99.8	0.2	98	2
August 2024	99.3	0.7	99.6	0.4
September 2024	100	0	100	0
October 2024	100	0	100	0
November 2024	100	0	100	0
December 2024	99.8	0.2	100	0
Average for period	99.7	0.3	99	1

Data Improvement Plan 2025/26 – Cambridgeshire Pension Fund

	Activity	Risk	Action	Number of affected records	Resolution timescale	Resource required
1	Improve the presence and accuracy of common data (Basic details about the scheme member such as full names, date of birth, national insurance number, address – email address)	<p>If basic personal details such as date of birth are incorrect benefit entitlement may be calculated incorrectly which may adversely impact the scheme member, scheme employer or Fund.</p> <p>If a correct home address is not held scheme members may also not receive important communications about their benefits.</p> <p>Members using the Pensions Dashboard (when they become available) may not get instant access to their membership data if any of their personal data that they enter does not match with the information held on their pension records. Such incidents will result in additional work in matching the member to their data and may fail turnaround times as directed by the Pensions Dashboard Programme, and reportable to, the Pensions Regulator.</p>	<p>Most of the scheme's common data fails are missing or incorrect addresses so the focus will be on this area. Ensuring that all returned items of post are followed up by using the Fund's Address Tracing service to obtain the correct address for the scheme member.</p> <p>Ensuring all personalised (non-bulk) communications where no address is held on the record for the individual are traced through the Fund's Address Tracing service. <i>(In the past it has not proved to be cost or time effective to conduct large scale bulk address tracing exercises).</i></p>	Approx. 3,240	Ongoing	All Officers within the Pensions Service (and in bulk via activities 3 and 4).
2	Unprocessed leaver records (backlog) The Fund has a number of records where a member has left a period of pensionable employment, is not entitled to immediate payment of	<p>These cases need to be resolved to ensure that members receive timely information on the benefits that they are entitled to.</p> <p>A significant number of these records are in progress for a variety of reasons, including outstanding</p>	<p>To reduce the backlog by 1,000 in 2025/26.</p> <p>In years 2026/27 and 2027/28, the backlog will be reduced by 2,500 each year.</p>	6,500 as of 1 st February 2025	March 2028	Officers from the Projects Team

	Activity	Risk	Action	Number of affected records	Resolution timescale	Resource required
	pension benefits, but is entitled to either a refund of contributions, aggregation with another period of pensionable membership and/or a deferred pension award.	information required from the employer. Any case which is older than 6 months since the point of notification is classed as a backlog. The number of backlog cases is reported in each business plan update report. Members with unprocessed future benefits are not able to access the Fund's online portal and would not be able to see the value of their benefits on the Pensions Dashboard for that period of membership only until that benefit is fully processed.				
3	Unaggregated LGPS membership Members individual records (at employment level) need to hold details of any previous LGPS membership from either another LGPS employment within this Fund or from other LGPS Funds. This enables accurate assessments of whether the member qualifies for the McCloud underpin protection.	If members records are not accurately updated with previous LGPS membership their annual benefit statements will not reflect the information needed for the McCloud underpin that is a statutory requirement for 2024/25 statements.	Collect and update member records with the any previous LGPS membership that is not already recorded as either aggregated or unaggregated on the member's record. This information can be obtained by using the National LGPS database and verified with the previous Fund. Members will have one final opportunity at the point they transfer or receive payment of accrued benefits to update their record with this information.	Unknown – depends on responses from scheme members	All members will be contacted by 31 March 2025 and previous Funds by 30 April 2025 in preparation for issuing benefit statements in August 2025 to reference the McCloud underpin.	Officers from the Projects Team

	Activity	Risk	Action	Number of affected records	Resolution timescale	Resource required
4	Membership details of other previous Public Service Pension Schemes Member's individual records (at employment level) need to hold details of any previous Public Service Pension Schemes (PSPS) membership to enable accurate assessments of whether the member qualifies for the McCloud underpin protection.	If members records are not accurately updated with previous PSPS membership their annual benefit statements will not reflect the information needed for the McCloud underpin that is a statutory requirement for 2024/25 benefit statements.	Any previous public service pension scheme membership that the member has not elected to transfer into their LGPS benefits held in this Fund need to be collated from the scheme member and verified with their previous scheme and recorded as unaggregated membership. Members will have one final opportunity at the point they transfer or receive payment of accrued benefits to update their record with this information.	Unknown – depends on responses from scheme members	All members will be contacted by 31 March 2025 and previous Funds by 30 April 2025 in preparation for issuing benefit statements in August 2025 to reference the McCloud underpin.	Officers from the Projects Team
5	2025 Valuation As part of the triennial valuation process, the scheme actuary will identify data items that they believe to be errors/inconsistent that need to be investigated to ensure the data is of an appropriate quality before the actuary perform their assessments that lead to the valuation of assets and liabilities of the scheme employers and the Fund as a whole.	Poor quality data may result in an inaccurate assessment of the employer's and Fund's assets and liabilities. If the data errors/inconsistencies cannot be resolved the scheme actuary may not be able to issue a clean data statement for inclusion in the final valuation report.	A preliminary data review of membership data up to 31 March 2024 was undertaken by the Actuary. The Actuary identified that overall, the data quality fell within their expected tolerances and as such no immediate data rectification was required. However, the information will be analysed and a plan formed to resolve priority arrears of concern in advance of the final cut of data that will be used for the basis of the official valuation results	Not known until after the formation of the plan in April 2025	July 2025	Officers from the Projects and Systems Team

To:	Pension Fund Committee
Meeting date:	20 March 2025
Report by:	Michelle Oakensen Governance and Regulations Manager michelle.oakensen@westnorthants.gov.uk
Subject:	Governance and Compliance Report
Purpose of the report:	<p>To provide the Pension Fund Committee with information on:</p> <ol style="list-style-type: none">1) LGPS England and Wales (section 3.1-3.4)2) McCloud (section 3.5 – 3.10)3) Pension Dashboards (section 3.11-.3.22)4) Scheme Advisory Board (section 3.23-3.27)5) The Pensions Regulator (section 3.28-3.34)6) The Pensions Ombudsman (section 3.35-3.47)7) Wider landscape (3.38 – 3.43)8) Skills and knowledge opportunities (section 3.44-3.48) <p>The report also provides details of immaterial amendments made to policies or strategies as a result of Officer reviews (section 4).</p>
Recommendations:	The Pension Fund Committee is asked to note the Governance and Compliance Report.
Enquiries to:	Michelle Oakensen Governance and Regulations Manager michelle.oakensen@westnorthants.gov.uk

1. Background

- 1.1 This report provides an update on developments and issues that impact the LGPS that members of the Pension Committee need to be aware of to fulfil their responsibilities to the Fund's key stakeholders.

2. Executive summary

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

- McCloud
- Pension Dashboards
- Scheme Advisory Board
- The Pensions Regulator
- The Pensions Ombudsman
- Skills and knowledge opportunities

- 2.2 The report also provides details of immaterial amendments made to policies or strategies as a result of Officer reviews.

3. LGPS England and Wales

New Pensions Minister

- 3.1 On 14 January 2025, Torsten Bell MP was appointed Parliamentary Secretary in HM Treasury and Parliamentary Under Secretary of State (Minister for Pensions) in the Department for Work and Pensions.

Extension of New Fair Deal to FE colleges

- 3.2 HMT has confirmed in a letter to the Association of Colleges that New Fair Deal guidance applies to FE colleges that operate in the statutory sector in England from 14 November 2024.
- 3.3 The new Fair Deal guidance provides that compulsorily transferred employees must have continued access to the same public sector pension scheme with the new employer. It was published in 2013 and applies directly to central government departments, agencies, and other parts of the public sector under the control of central government e.g. academies. It has been extended to FE colleges in England following the reclassification of FE colleges as public bodies in November 2022.
- 3.4 When a Fair Deal employer undertakes an outsourcing, the new employer must continue to provide the transferred employees with access to the LGPS in their new employment (where the employees were eligible to be members of the LGPS before the transfer).

McCloud

Club transfers out and McCloud protection

- 3.5 New resources, including a guide and a calculator, have been published by LGA for administering authorities to use when processing transfers out for members protected by

the McCloud remedy. These resources help ensure all necessary information is provided to the receiving scheme.

- 3.6 Authorities are advised to compare the new guide with their current system output to ensure all necessary information is provided for Club transfers involving McCloud protected members and to use the new calculator to fill any gaps.

Updated transfer guidance

- 3.7 MHCLG has published updated guidance on Individual Incoming and Outgoing Transfers. The new guidance confirms how to reflect late retirement increases when calculating the McCloud element of a non-Club transfer value.

Recalculating pension debits for McCloud

- 3.8 Administering authorities are advised that they should consider delaying calculations for CARE accounts if:
- the account qualifies for underpin protection,
 - the account includes pension debits in respect of a pension sharing order (PSO) with an effective date between 1 April 2014 and 30 September 2023, and
 - the recalculated cash equivalent as at the PSO effective date exceeds the original cash equivalent.
- 3.9 If a PSO took effect between 1 April 2014 and 30 September 2023 for a CARE account that qualifies for underpin protection, administering authorities must revisit the case as part of the McCloud remedy. This involves recalculating the cash equivalent as at the PSO effective date taking account of the underpin. This is provided by regulation 12 of the LGPS (Amendment) (No 3) Regulations 2023 (England and Wales) Regulations 2023. If the recalculated cash equivalent exceeds the original cash equivalent, the authority must reassess the benefits awarded to the ex-spouse or civil partner.
- 3.10 Currently, regulation 12 does not require authorities to recalculate pension debits. However, the Government may amend the regulation to change this, and clarification is expected over the next couple of months. Consequently, for certain members, authorities may be required to recalculate benefits for McCloud (potentially increasing them) and recalculate pension debits (potentially reducing the benefits). If the recalculations are done at the same time, the authority will likely increase the benefits by a lesser amount. Where the authority recalculates the benefits first, it will likely need to later reduce the benefits when it recalculates debits and reclaim overpayments.

Pension Dashboards

PASA dashboards toolkit

- 3.11 On 14 October 2024, the Pensions Administration Standards Association (PASA) published the first content in its new 'Dashboards Toolkit'. The Toolkit will be updated over time with the first release including a:
- questionnaire for trustees to issue to their AVC providers in advance of connecting their scheme AVCs to dashboards.
 - checklist and suggested list of activities for administrators to connect to and maintain AVC data.
 - list of AVC providers and their connection methods – this will be of particular interest to administering authorities. Some providers have indicated they will only use the 'single source' approach whilst others will only use the 'multiple source' approach. Several providers have indicated they will use either.

- 3.12 The Pension Dashboard report being presented at this meeting contains further details of Fund considerations for dashboard purposes.

TPR publishes updated dashboards guidance

- 3.13 In December 2024, the Pensions Regulator (TPR) published updated dashboards guidance. The updates include information on:
- registration codes - a new section outlining the actions administering authorities need to take regarding registration codes.
 - legislative changes - incorporates the Department for Work and Pensions (DWP) guidance on staged connection. TPR expects schemes to connect in line with DWP's guidance and to consider and mitigate the risk if they delay connection.
 - Money and Pensions Service (MaPS) standards – includes the draft data standards, reporting standards and Code of Connection.
 - industry feedback - the dedicated industry engagement team for dashboards has consistently provided insight and feedback from providers and schemes, which TPR has reflected in clarifications and updated scenarios.
 - data expectations - clarifications on data for matching purposes and to return accurate and timely data to members.
 - ongoing developments - while testing is ongoing, and with further developments, TPR has highlighted where schemes need to be alert to these developments and speak regularly to their providers to ensure they are up to date.

TPR data quality engagement

- 3.14 From October 2024, the Pensions Regulator (TPR) has been contacting pension schemes, in scope of dashboards, to make sure they have the right processes and controls in place around their data. They will challenge those schemes that are unable to demonstrate how they meet TPR's record-keeping expectations and provide information about regulatory action that may be taken.

DWP Ministerial Statement on dashboards

- 3.15 On 22 October 2024, DWP published a written statement on dashboards. The statement confirms the Government's commitment to the existing timetable for connecting schemes to the ecosystem. This is expected to begin in April 2025 with an overall legislative deadline of 31 October 2026.

Dashboard connection guide – version 1.1

- 3.16 An updated version of the Pension Dashboards connection guide has been published in December 2024 by LGA. The guide is updated to include the regulatory and guidance changes made since August 2024 when the previous version was published.
- 3.17 The new version contains the following amendments:
- a new example setting out the impact of inaccessible records.
 - updates from TPR guidance on how and when to register your administering authority with MAPS.
 - updates on TPS guidance on reporting breaches including the aligning the illustration dates of main scheme and AVC calculations.

- timings to provide information to the ecosystem re-written for clarity including examples to help users understand when information should be sent to the ecosystem.
- the publication of TPR's compliance and enforcement policy.

PDP blog on the Reporting Standards

- 3.18 On 8 January 2025, the Pensions Dashboards Programme (PDP) published a blog on the draft Reporting Standards. The blog explains what the standards are and the updates made to them on 19 November 2024.
- 3.19 Amongst the changes is a new two-phase approach, with pension providers and schemes initially only being required to keep records from April 2025. An additional duty to routinely send data to MaPS will apply later. Operational monitoring has also been removed. In addition, reporting requirements for dashboards will be confirmed later. The blog confirms the final standards will be published in quarter one of 2025.
- 3.20 The blog article can be found [here](#).

TPR dashboards 'Hot Topics' article

- 3.21 The Pensions Regulator (TPR) has written a targeted article focusing on the 'Hot Topics' identified through their industry engagement. The article covers how administering authorities should work with their advisers and third parties, such as AVC providers.
- 3.22 The article can be accessed [here](#).

Scheme Advisory Board (SAB)

LGPS Fit for the Future presentation

- 3.23 On 4 December 2024, SAB hosted an episode of LGPS Live, a regular webinar series looking at topical issues within the LGPS. The December episode called 'Five months on from the General Election – what are the implications so far for the LGPS?' included a presentation from the Head of MHCLG, Teresa Clay.
- 3.24 The slides presented at the webinar are available [here](#).

Funding Strategy Statement (FSS) updated guidance available

- 3.25 The Scheme Advisory Board (SAB) has published updated guidance on preparing and maintaining a Funding Strategy Statement. This guidance is the latest publication which has been reviewed and jointly approved by the Board's Compliance and Reporting Committee, the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Ministry of Housing, Communities and Local Government (MHCLG). It replaces the 2016 guidance produced by CIPFA.
- 3.26 The FSS guidance is intended to help administering authorities create their own funding strategy, covering all necessary topics but without prescribing specific policy approaches.

Letter to chief financial officers and pension committee chairs

- 3.27 The Board Chair, Cllr Roger Phillips, has written a letter addressed to chief financial officers and pension committee chairs at administering authorities. The purpose of the letter is to ensure that administering authorities provide appropriate resources for effective pension service delivery. The letter can be found [here](#).

The Pensions Regulator (TPR)

TPR scheme return

- 3.28 The Pensions Regulator (TPR) sent out scheme return notices to managers of public service pension schemes in October 2024. The scheme return needed completing within six weeks of receiving the notification. Completing the scheme return is a legal requirement, failure to complete and submit the scheme return by the deadline results in a fine.
- 3.29 This year's return included new questions about AVCs provider(s) and the number of members who hold an AVC with them.
- 3.30 The return for the Cambridgeshire Pension Fund was submitted in advance of the 22 November deadline.

Statement on communications and data protection

- 3.31 The Pensions Regulator (TPR), the Financial Conduct Authority (FCA) and the Information Commissioner's Office (ICO) issued a joint statement on 15 November 2024. One aim of the statement is to provide clarity to pension schemes on how they can support members' decision-making through communications in line with TPR's Code of Practice and guidance.
- 3.32 The full statement can be found [here](#).

Annual report and accounts

- 3.33 In December, TPR published its annual report and accounts for 2023/24.
- 3.34 The report can be found [here](#).

The Pensions Ombudsman (TPO)

Signposting to TPO

- 3.35 In its November 2024 update The Pensions Ombudsman (TPO) confirmed that, going forward, all applicants must exhaust the pension scheme's formal complaints process before TPO will accept the complaint. TPO asks pension schemes to review their correspondence to ensure members are aware of the scheme's formal complaints process and are being signposted correctly.

Blog on the operating model review

- 3.36 Dominic Harris has also published a blog reflecting on TPO's progress over the last year. The blog focusses on the success of their key Operating Model Review workstreams as the number of complaints they receive increases.
- 3.37 The full article can be found [here](#).

Wider landscape

Consultation on updated UK Stewardship Code

- 3.38 On 11 November 2024, the Financial Reporting Council (FRC) launched a consultation on updates to the UK Stewardship Code.
- 3.39 The Code aims to promote long-term value for UK savers and pensioners through effective stewardship of investments on their behalf. Some LGPS funds and pools are signatories to the Code.

- 3.40 The consultation runs until 19 February 2025. The updated Code is expected to be published later in 2025, with the first reporting cycle in 2026.

GAD blog on the future of pensions administration

- 3.41 On 14 January 2025, the Government Actuary's Department (GAD) published a blog on the future of pensions administration. The blog focuses on three key areas:
- increasing complexity in pensions administration
 - technical debt due to underinvestment in technology
 - talent shortages, including the challenge of recruitment.
- 3.42 The blog also looks at the challenges ahead in 2025, covering Pensions Dashboards, data management and the role of artificial intelligence in enhancing efficiency and member experience. It also looks at the challenges ahead in 2025, covering Pensions Dashboards, data management and the role of artificial intelligence in enhancing efficiency and member experience.
- 3.43 The article can be found [here](#).

Skills and knowledge opportunities

- 3.44 The Public Services Pensions Act 2013 and the Pensions Regulator's Code of Practice (Governance and administration of public service pension schemes) require all members of the Pension Committee to maintain the necessary skills and knowledge to undertake their role effectively.
- 3.45 In addition, in order to facilitate the acquisition of skills and knowledge for members of the Pension Committee, appendix 1 lists the main events that are deemed useful and appropriate.
- 3.46 If members of the Pension Committee would like to attend any of the events listed in appendix 1, please contact a member of the Fund's governance team who will make the necessary arrangements if an invitation has not already been sent.
- 3.47 The Training Strategy was approved at the July 2023 meeting of the Pension Committee and members had until 20 July 2024 to complete the mandatory training modules. Please find the Training Strategy [here](#).
- 3.48 Reminder emails were sent to members that had not completed the training by the deadline and subsequent emails were sent to the Chair of the Committee and Board to highlight non-compliance. Any training not undertaken has been reflected in the Fund's Risk Register.

4. Cambridgeshire Pension Fund Policy/Strategy updates

- 4.1 In March 2023 the Pension Fund Committee agreed for all policies and strategies to be reviewed by the Committee on a three-year cycle (unless stated otherwise) with Officer reviews to be conducted on an annual basis or as deemed necessary.
- 4.2 For the period the following policies/strategies were reviewed:

Policy/Strategy	Review reason	Amendments made/comments
Data Retention Policy	Annual officer review due	Completed. A high-level review has been undertaken and the policy remains fit for purpose. An amendment has been made to clarify that personal data is only collected when strictly necessary. A contact section has also been added.
Review of Contributions Rates Policy	Annual officer review due	Completed. A high-level review has been undertaken and the policy remains fit for purpose, no changes are currently required.
Reporting Breaches of the Law to the Pensions Regulator Policy.	Audit requirement	Completed. The policy was previously reviewed in March 2024 in line with the release of the general code of practice. The internal audit team suggested some additional recommendations to further enhance the policy in the areas of: types of breaches, materiality and timelines. These recommendations have been implemented.

4.3 The below table provides an update of upcoming reviews:

Policy/Strategy	Review reason	Comments/amendments made
Cessations Policy	Annual officer review due	A comprehensive review is required in conjunction with the review of the Funding Strategy Statement. An update on proposed revisions will be provided later in the year as part of the valuation reporting.
EDI Policy	New policy	Due to be presented to the Committee in June 2025. Delayed due to conflicting priorities.
Data Improvement Policy	Annual officer review due	The policy will be presented for a full Committee review during 2025/26 in line with the pending Dashboard developments.
Administration Strategy	Annual officer review due	Confirmation that the Officer review has been undertaken will be included in the June 2025 Governance and Compliance Report.
Governance Policy and Compliance Statement	Annual officer review due	Confirmation that the Officer review has been undertaken will be included in the October 2025 Governance and Compliance Report. This may be delayed depending upon the outcome of the pension review and associated timescales.
Overpayment of Pension and Debt recovery Policy	Annual officer review due	Confirmation that the Officer review has been undertaken will be included in the October 2025 Governance and Compliance Report.

5. Relevant Pension Fund objectives

- 5.1 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.
- 5.2 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.
- 5.3 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.
- 5.4 To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.

6. Implications (including financial implications)

6.1 Resources and financial

- 6.1.1 There are no resources or financial implications arising from the report.

6.2 Legal

- 6.2.1 No material issues have been identified which may give rise to legal liability and/or risk from an administering authority perspective.
- 6.2.2 The Fit for the Future consultation proposes a number of changes that may lead to changing responsibilities between the administering authority and its asset pool, as well as significant evolution of pool models/structures. The consultation also includes further proposals regarding such matters as fund governance.

6.3 Risk management

- 6.3.1 The Constitution Section 4.8 para 1.3 states that the Pension Committee has "Authority to develop and maintain a skills and knowledge framework for all Pension Committee and Investment sub-committee members and for all officers of the Fund including;
 - (i) Determining the Fund's knowledge and skills framework;
 - (ii) Identifying training requirements;
 - (iii) Developing training plans; and
 - (iv) Monitoring attendance at training events.
- 6.3.2 This report ensures on-going compliance with the above and that the Pension 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.
- 6.3.3 The mitigated risks associated with this report has been captured in the Fund's risk register as detailed below –

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

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

6.4 Consultation

- 6.4.1 The Fund is kept updated with developments and consultations via various sources such as the Local Government Association, The Pensions Regulator and Scheme Advisory Board. No consultation was required for this report.

7. Background papers

- 7.1 None.

8. Appendices

- 8.1 Appendix 1 - Cambridgeshire Pension Fund Training Plan

Training plan 2025

Date	Training	Method of delivery	Delivered by	Target audience	Additional Information
MARCH	LGC Investment Seminar	Conference	Local Government Chronicle (LGC)	Committee, Board & Officers	27-28 March 2025 (Carden Park, Nr Chester) LGC Investment Seminar 2025 - Home Page
MARCH	PLSA Investment Conference 2025	Conference	Pensions and Lifetime Savings Association (PLSA)	Committee, Board & Officers	11-13 March (Edinburgh) Investment Conference PLSA
APRIL	LGPS LIVE Webinar	Webinar	LGPS Live	Committee, Board & Officers	TBC
JUNE	LGPS Training/networking event	Face to Face	Hymans/Officers	Committee & Board	New Shire Hall, Alconbury
JUNE	PLSA Local Authority Conference	Face to Face	Pensions and Lifetime Savings Association (PLSA)	Committee, Board & Officers	16-18 June 2025(Wybston Lakes, Bedfordshire) Local Authority Conference PLSA
JULY	LAPFF Mid-Year Conference	Conference – face to face	Local Authority Pension Fund Forum	Officers	TBC
SEPTEMBER	Investment and Pensions Summit	TBC	Local Government Chronicle (LGC)	Committee, Board & Officer	TBC
NOVEMBER	PLSA Local Authority Forum	Conference	Pensions and Lifetime Savings Association (PLSA)	Committee, Board & Officers	TBC

Cambridgeshire Pension Fund

Agenda Item No. 6 - Appendix 1

Date	Training	Method of delivery	Delivered by	Target audience	Additional Information
DECEMBER	LAPFF conference	Conference	Local Authority Pension Fund Forum	Officers	TBC



Administered in partnership

**CAMBRIDGESHIRE PENSION
FUND**

Agenda Item No:

To: Pension Fund Committee

Meeting date: 20 March 2025

Report by: Mark Whitby - Head of Pensions
mark.whitby@westnorthants.gov.uk

Subject: Cambridgeshire Pension Fund - Business Plan
and Medium-Term Strategy 2025/26

Purpose of the report:

1. To update the Committee on the end-of-year position of the 2024/25 Business Plan and cyber activities.
2. To present to the Pension Committee the Cambridgeshire Pension Fund Business Plan and Medium-Term Strategy 2025/26.
3. To provide the Committee with the 2025/26 Climate Action Plan.

Recommendations:

The Pension Committee is asked to:

- a) note the status of the 2024/25 year-end Business Plan activities (section 2.1-2.5 and Appendix 1).
- b) note the year-end position of the cyber action plan (section 2.6 & Appendix 2 exempt).
- c) approve the contents of the Business Plan and Medium-Term Strategy 2025/26 and associated budget, including the 2024/25 year-end financial position and revised objectives for the Fund (section 3.1-3.7 & Appendices 3 and 4).
- d) note the 2025/26 Climate action plan (section 3.6 and Appendix 5).

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

1. Background

- 1.1 It is considered good governance for the Cambridgeshire Pension Fund to adopt a Business Plan and Medium-Term Strategy that:
- Sets out the objectives of the administering authority with regards to the management of the Fund.
 - Documents the priorities and improvements to be implemented during the next three years to help achieve those objectives.
 - Enables progress and performance to be monitored in relation to those priorities; and
 - Provides a clear vision for the next three years.
- 1.2 The proposed Business Plan and Medium-Term Strategy for the Cambridgeshire Pension Fund for the period 2025/26 to 2027/28 is in Appendix 3.

2. Update on the 2024/25 Business Plan

- 2.1 The Business Plan activities from the 2024/25 financial year have been reviewed with a year-end position being established. The majority of activities have achieved a 'green' RAG status whereby the activity is either completed or it was pre-determined that the activity would be completed after March 2025.

- 2.2 There were three exceptions where the RAG status was 'amber' in the following areas:

Processing of undecided leaver records.

Whilst progress within the 2024/25 year had been positive, processing of undecided leaver records remained at amber due to the conflicting project priorities within the Service.

McCloud remedy rectification.

McCloud remedy rectification is rated amber due to the complexity of the project combined with late issuance of statutory guidance.

Investment Consultant Contract

The Investment consultancy activity has been temporarily paused due to the investment advisory proposals contained within the "Fit for the Future" consultation, which may require funds to obtain principal investment advice from their Pool.

- 2.3 These activities have transferred to the 2025/26 Business Plan for resolution.
- 2.4 In addition, the best practice recommendations of the good governance review could not progress on a national level as the standards have not been issued. This activity has therefore also transferred to the 2025/26 Business Plan.

- 2.5 The procurements within the 2024/25 Business Plan were all concluded, and the outcomes were as follows:

Procurement	Award	Start date
Procure an Integrated Service Provider (ISP).	Heywood Limited.	1 October 2024 – 30 September 2030.
Extend the contract with the current supplier of address and mortality screening services and have a new solution in place from 1 April 2025.	Accurate Data Services.	June 2024 – 31 March 2025 (short term contract) 1 April 2025 – 31 March 2028.

- 2.6 Details of the year-end position of all the activities and actions that are being carried over can be located in appendix 1 and the Cyber Resilience Action Plan can be located in appendix 2.
- 2.7 The financial forecast for end-of-year position for 2024-25 is included within the 2025/26 Business Plan in Appendix 3. Total Administration Expenses are forecast to be £3.398m against a budget of £3.546m, mainly due to the Fund receiving more interest than expected on cash holdings (under “Other non-pay and income”). Higher than budgeted governance (e.g. consultancy spend) and investment management expenses contributed to Total Management Expenses being forecast as £5.980m versus a budget of £5.903m.

3. Business plan and Medium-Term Strategy 2024/25

- 3.1 The Business Plan and Medium-Term Strategy concentrates on activities that are not considered business as usual, identifying key milestones and budget requirements. It is split into the following core areas:
- Procurement of services
 - Core governance activities
 - Scheme member and data projects
 - Investment related activities
 - Scheme employer projects
- 3.2 Estimated costs for the activities in appendix 3 have been detailed alongside the activity and within the financial forecasting for the relevant years. Where further costs become known during the course of the new financial year these will be notified to the Committee via the Business Plan Update report.
- 3.3 With the increasing complexities of the Scheme, increase in workflow and the requirements of significant projects such as McCloud and Pension Dashboards it is becoming more challenging to administer the Fund (over 99,000 member records and over 300 contributing employers as at March 2024) in a compliant and timely manner.

The priority areas for the year include:

- Pension Dashboards.
- McCloud Remedy Rectification.
- 2025 Valuation.
- Engage member self-service portal upgrade.
- Compliance with the General Code of Practice.
- Support the build of the ACCESS FCA regulated entity.

- 3.4 Progress made against the Business Plan will continue to be reported to the Committee at each meeting via the Business Plan Update report or other relevant report (where appropriate). Where progress against the Business Plan has fallen behind schedule further detail will be provided.
- 3.5 The Fund objectives have been reviewed in line with Business Plan proposal and amended to ensure they are concise, succinct and allocated to the correct management area (governance, funding, investment, administration and communication).
- 3.6 Two additional posts have been incorporated within the Operations area, one Pensions Officer to support the retirements team and one Pensions Support Clerk/Apprentice to provide general support. The requirement of these posts is to alleviate pressure on the team due to a material increase in casework.
- 3.7 The inclusion of the posts increases the total establishment to 95.65, with approximately 48 FTE posts being attributed to the administration of the Cambridgeshire Pension Fund.
- 3.8 The Climate Action Plan for 2025/26 is located at appendix 5 and will be also published on the Fund's website.

4. Relevant Fund Objectives

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

5. Finance & Resources Implications

- 5.1 Performance against the financial estimates in the Business Plan will be presented to the Pension Committee each meeting. The Business Plan sets out the cost of each activity where known or where costs become known during the course of the year, the Pension Committee will be updated accordingly.

- 5.2 The additional posts will be funded equally between the Cambridgeshire and Northamptonshire Pension Funds.

6. Risk Management

- 6.1 The 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 Committee and Pension Fund Board at every meeting.
- 6.2 The risks associated with failing to monitor progress made against the Business Plan and Medium-Term Strategy have been captured in the Fund's risk register as detailed below.

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

- 6.3 The Fund's full risk register can be found on the Fund's website at the following link: [Cambridgeshire Risk Register](#)

7. Legal Implications

- 7.1 No material issues have been identified which may give rise to legal liability and/or risk from an administering authority perspective.

8. Consultation with Key Advisers

- 8.1 Squire Patton Boggs conducted a review of the paper for legal implications with no material issues raised.

9. Alternative Options Considered

- 9.1 Not applicable.

10. Background Papers

- 10.1 Not applicable

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11. Appendices

- 11.1 Appendix 1 - Year-end status of Business Plan activities for 2024/25.
EXEMPT Appendix 2 - Year-end progress against cyber activities for 2024/25
Appendix 3 - Cambridgeshire Pension Fund Business Plan and Medium-Term Strategy 2025/26 to 2027/28.
Appendix 4 - Current pension Fund objectives.
Appendix 5 - Climate Action Plan 2025/26.

12. Accessibility

- 12.1 An accessible version of the information contained in this report and appendices is available on request from the report author.

Activity	Year-end status	RAG status
McCloud remedy rectification.	The rectification element of the McCloud remedy will feature in the 2025/26 business plan.	Amber
Processing of undecided leaver records.	The continuation of this project will feature in the 2025/26 business plan.	Amber
Investment Consultant Contract.	The continuation of this procurement will feature in the 2025/26 business plan.	Amber
Review the National LGPS Framework for Additional Voluntary Contribution Services (AVC).	Transferred to the 2025/26 business plan due to the delays in releasing the framework.	Green
Implement equality, diversity and inclusion (EDI) best practices.	Transferred to the 2025/26 business plan due to the delays in completing all actions due to conflicting priorities. – Reopened during the year.	Green
Implement the best practice recommendations of the good governance review.	Transferred to the 2025/26 business plan due to the delay in the release of the standards. Reopened during the year.	Green
Prepare for the implementation of Pension Dashboards.	Completed.	Green
Continue to review cyber resilience.	Completed.	Green
Extend the contract with the current supplier of address and mortality screening services and have a new solution in place from 1 April 2025.	Completed.	Green
Procure an Integrated Service Provider (ISP).	Completed.	Green
Review and implement changes required from the Pension Regulator's new General Code of Practice.	Completed.	Green
Explore the upgraded member self-service portal, Heywood Engage – reframed activity.	Completed.	Green
Continue development of the ACCESS asset pool.	Completed.	Green
Continue activities within the Fund's Climate Action Plan.	Completed.	Green
Continue with the development of the website.	Completed.	Green
Prepare for 2025 Fund Valuation.	Completed	Green
Review suitability of having multiple investment strategies.	Completed.	Green

Business Plan and Medium Term Strategy

2025/26 to 2027/28

Introduction

This is the business plan for the Cambridgeshire Pension Fund (“the Fund”) which is managed and administered by Cambridgeshire County Council in partnership with West Northamptonshire Council. The business plan details the priorities and areas of key focus in relation to the Fund for 2025/26, 2026/27 and 2027/28. The business plan was approved at the Pension Committee meeting on xx/xx/xxxx. The business plan is monitored throughout the year and the Pension Committee may be asked to agree changes to it.

The purpose of the business plan is to:

- Explain the background and objectives of Cambridgeshire County Council in respect of the management of the Fund;
- Document the priorities and improvements to be implemented during the next three years to help achieve those objectives;
- Enable progress and performance to be monitored in relation to those priorities; and
- Provide a clear vision for the next three years.

In addition, the business plan includes a budget for expected payments to and from the Fund during 2025/26 including the resources required to manage the Fund.

Further information

If you require further information about anything included or related to this business plan please contact:

Mark Whitby, Head of Pensions
mark.whitby@westnorthants.gov.uk
07990 556197

Background to the Cambridgeshire Pension Fund

The Cambridgeshire Pension Fund is a £4.76bn* Local Government Pension Fund which provides retirement and death benefits for local government employees (other than teachers) in Cambridgeshire and employees of other qualifying bodies which provide similar services.

The Fund manages 99,839* scheme member records of which 29,036 relate to active members from over 361* scheme employers and 70,803 relate to retired, survivor, deferred and other members.

**As at 31 March 2024*

Governance and management of the Fund

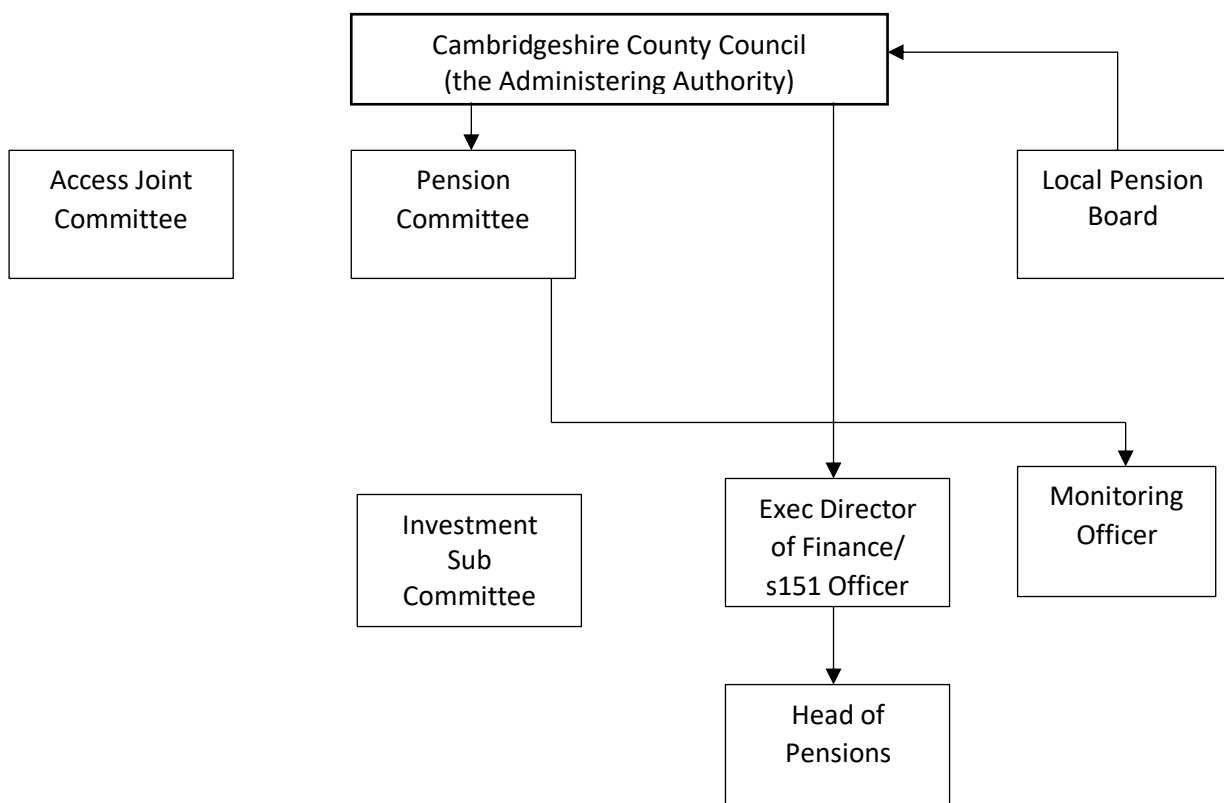
The key decision-making and management of the Fund has been delegated by Cambridgeshire County Council (the administering authority) to a formal Pension Committee, supported by an Investment Sub-Committee that looks at the operational governance of investment issues.

Cambridgeshire County Council's Section 151 Officer has a statutory responsibility for the proper financial affairs of the Council including Pension Fund matters.

Eleven authorities, including Cambridgeshire County Council, are members of the ACCESS asset pool. A Joint Committee with representation from each authority has been formed to oversee the governance of the pool.

A Local Pension Board is in place to assist in securing compliance of Fund matters and ensuring the efficient and effective governance and administration of the Fund.

The Cambridgeshire Pension Fund governance structure is shown below.



Administration of the Fund

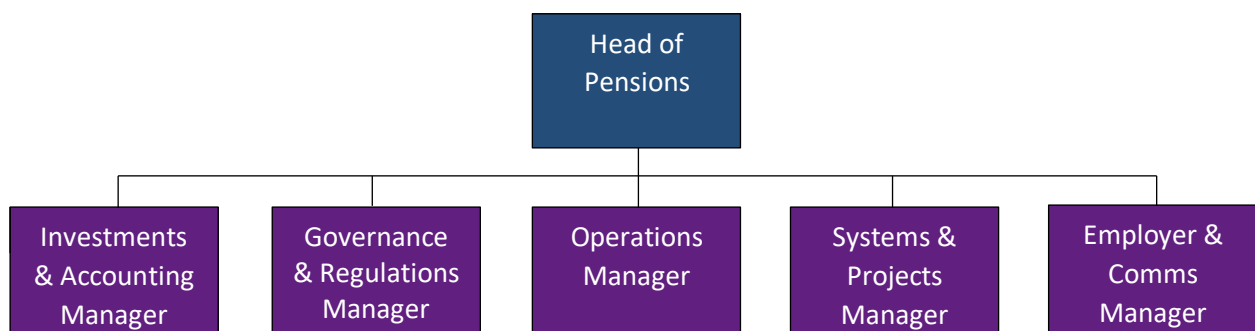
The Cambridgeshire and Northamptonshire Pension Funds are administered under a lead authority shared service model with the lead authority being West Northamptonshire Council working in partnership with Cambridgeshire County Council. The Funds remain two distinct entities.

Management and administration of both Funds is based at One Angel Square in Northampton. The Funds have benefited from cost savings through the ability to procure services such as custodian, actuarial, benefits, governance and investment consultancy on a joint basis as well as streamlining the provision of the management, governance and administration functions.

The day-to-day operations of the Fund are managed by the Head of Pensions who is supported by five teams:

- The Governance and Regulations Team is responsible for managing agendas, producing reports and delivering training to the Pension Committee and Local Pension Board. The team takes the lead in the development of the Fund's strategic policies and monitors regulatory compliance. The team specialises in information governance and pension taxation.
- The Investments and Fund Accounting Team provides governance over the Fund's investments whether held directly or by the ACCESS pool. The team provides the financial control function to the Fund, managing and accounting for the receipt of contributions, processing the Fund's financial transactions, and overseeing the production and audit of the Annual Report and Statement of Accounts.
- The Operations Team is responsible for providing the full range of casework administration. The team delivers a service that includes the calculation of retirement, deferred, death and survivor benefits, transfers in and out, refunds and member record maintenance.
- The Systems & Projects Team is responsible for a wide range of projects including data quality improvements, the McCloud remedy, pension dashboards and targeted areas of casework. The team is also responsible for maintaining and developing the pension administration, payroll, and member self-service systems, reconciling membership data received from employers, and the production of annual benefit statements.
- The Employer Services and Communications Team manages the entry and exit of employers to and from the Fund. The team acts as employer liaison, providing support to employers throughout their life cycle in the Fund, including ensuring employers are aware of and able to carry out their responsibilities. The team also manages the triennial actuarial valuation process and employer risk. Communications form a significant part of the team's function, including the Fund's website, presentations, workshops, newsletters and written communications.

The structure of the Pensions Service which provides administration services to both the Cambridgeshire Pension Fund and the Northamptonshire Pension Fund, as at 31 March 2025 is illustrated below in simplified form:



The full Pensions Service structure is at Appendix A. Approximately 48 full-time equivalent (fte) staff undertake Cambridgeshire Fund administration.

Objectives for the management of the Fund

The Fund's agreed objectives are detailed as follows;

Governance

- To ensure compliance with the LGPS Regulations and other legislation and guidance, including the Pensions Regulator's Code of Practice.
- To ensure individuals responsible for managing the Fund and delivering its services have the appropriate knowledge and expertise.
- To manage the Fund in a fair and equitable manner, and be accountable to the Fund's stakeholders.
- To ensure robust processes, controls and risk management are in place.
- To continually measure and monitor success against the Fund's objectives.

Funding

- To ensure the long-term solvency of the Fund, so that sufficient funds are available to meet benefit payments as they fall due.
- To ensure an appropriate cash management strategy is in place and cash flows are timely and of the correct amount.
- To prudently set employer contributions that are as stable as possible whilst recognising the characteristics, circumstances and affordability constraints of each employer.
- To manage employer liabilities effectively, taking account of employer covenant, putting in place mitigations of adequate strength to protect the Fund.

Investment

- To ensure an appropriate cash management strategy is in place.
- To ensure benefit payments and other cashflows are timely and of the correct amount.
- To maximise investment returns over the long term within agreed risk tolerances.
- To invest sustainably to achieve better long-term outcomes for the Fund and its stakeholders.

Administration

- To put in place performance standards for the Fund and its employers and ensure these are monitored and developed as necessary.
- To administer the Fund in a professional, effective and cost-efficient manner, utilising technological solutions and collaboration.
- To maintain accurate records and ensure data is protected and used for authorised purposes only.

Communication

- To promote the scheme and ensure members understand the benefits provided.
- To deliver clear, inclusive, accessible communications to stakeholders, including up-to-date information in order that informed decisions can be made.
- To seek regular feedback from stakeholders and use that feedback to help shape Fund administration.

Business as usual

The appendix to the business plan highlights the key priorities for the next three years and focuses on areas of change and projects which are in addition to day to day “business as usual” duties. On a day-to-day basis the focus is on the following key elements of Fund management:

- Paying pension benefits to beneficiaries as prescribed by the LGPS Regulations.
- Ensuring employers provide monthly membership data by the required deadline.
- Communicating with scheme members about their membership of the Fund.
- Ensuring all pension contributions that are paid by active members are received as prescribed by the LGPS.
- Ensuring all employers pay their pension contributions.
- Safeguarding the money in the Fund (the Fund’s assets).
- Investing any Fund assets that are in excess of those needed to pay immediate benefits.
- Working with the Fund Actuary to ensure that the amount employers pay into the Fund is sufficient to pay future pension benefits.

Managing this on a day-to-day basis involves a wide range of processes and procedures designed around achieving the Fund’s objectives. The Fund is large, complex, and highly regulated. As such these processes and procedures require expert knowledge and experience as illustrated in Appendix B.

Challenges and influences over the next three years

The current environment is such that there is an unprecedented volume of external factors that could impact the management of the Fund:

- Changes arising from the Government’s Pensions Review/Fit for the Future consultation, including to asset pooling and fund governance.
- The increased oversight by the Pensions Regulator following the release of the general code of practice.
- Implementation of Pension Dashboards.
- Implementing the remedy resulting from the McCloud high court ruling.
- Maintaining the skills and knowledge of officers and Committee and Board members to comply with the requirements of MIFIDII, CIPFA’s skills and knowledge framework, TPR’s general code of practice and best practice and guidance stemming from the Scheme Advisory Board’s Good Governance Review.
- The number and diversity of scheme employers due to alternative provision models within the local government universe.
- Finding innovative and digital ways of working for the benefit of the Fund, the member and the scheme employer to achieve the Fund’s strategies on administration, communication and employer engagement.
- The increasing scrutiny and transparency on data quality.
- To stay ahead of the increasingly sophisticated challenges presented by cyber-crime.
- The risk of members being exposed to potential scams and the increasing requirements of the Fund to provide protection against this.
- The need to manage the climate risk within the Fund’s investment portfolio as well as meet future statutory reporting requirements including those related to the Task Force on Climate-Related Financial Disclosures (TCFD).

These and other priorities for the next three years are articulated in more detail in the activities section below, split into six sections:

- Procurement of services.
- Core governance activities.
- Scheme member and data projects.
- Scheme employer projects.
- Investment related activities.
- Scheme employer projects.

Budget

All the costs associated with the management of the Fund are charged to the Fund and not Cambridgeshire County Council. The following shows the expected income and expenditure (cash flow) of the Fund as well as the anticipated operating costs.

Cash flow projection 2025/26 to 2027/28

The following tables provide estimates of the Fund account, investment and administration income and expenditure for the next three years.

	2024/25 Estimate	2024/25 Forecast	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
	£000	£000	£000	£000	£000
Contributions ¹	155,000	160,200	169,000	161,000	166,000
Transfers in from other pension funds ²	18,000	12,400	14,600	15,000	15,400
TOTAL INCOME	173,000	172,600	183,600	176,000	181,400
Benefits payable ³	(149,000)	(151,000)	(159,000)	(167,000)	(176,000)
Payments to and on account of leavers ²	(13,000)	(16,700)	(14,900)	(15,300)	(15,700)
TOTAL PAYMENTS	(162,000)	(167,700)	(173,900)	(182,300)	(191,700)
Net additions/(withdrawals) from dealings with members	11,000	4,900	9,700	(6,300)	(10,300)
Management expenses (Invoiced)	(5,903)	(5,980)	(6,642)	(6,987)	(7,296)
Management expenses (Non-invoiced) ⁴	(21,300)	(21,100)	(22,100)	(23,200)	(24,300)
TOTAL MANAGEMENT EXPENSES	(27,203)	(27,080)	(28,742)	(30,187)	(31,596)
TOTAL INCOME LESS EXPENDITURE	(16,203)	(22,180)	(19,042)	(36,487)	(41,896)
Investment income ⁵	48,000	79,800	84,000	88,000	92,000
Taxes on income		(64)	-	-	-
Profit and (losses) on disposal of investments and changes in the market value of investments ⁶	219,000	190,800	235,000	246,000	258,000
NET RETURN ON INVESTMENTS	267,000	270,536	319,000	334,000	350,000
Net increase/(decrease) in net assets available for benefits during the year	250,797	248,356	299,958	297,513	308,104

Management Expenses

	2024/25 Estimate	2024/25 Forecast	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
	£000	£000	£000	£000	£000
Total administration expenses	(3,546)	(3,398)	(3,748)	(3,950)	(4,108)
Total governance expenses	(1,072)	(1,209)	(1,408)	(1,478)	(1,552)
Total investment expenses	(1,285)	(1,373)	(1,486)	(1,559)	(1,635)
TOTAL MANAGEMENT EXPENSES	(5,903)	(5,980)	(6,642)	(6,987)	(7,296)

Administration Expenses

	2024/25 Estimate	2024/25 Forecast	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
	£000	£000	£000	£000	£000
Staff related	(2,458)	(2,462)	(2,783)	(2,872)	(2,964)
Altair administration and payroll system	(413)	(428)	(488)	(505)	(523)
Data Assurance	(22)	(19)	(15)	(16)	(17)
Communications	(87)	(80)	(37)	(39)	(41)
Other non-pay and income	15	172	279	221	212
County Council overhead recovery	(581)	(581)	(704)	(739)	(776)
TOTAL ADMINISTRATION EXPENSES	(3,546)	(3,398)	(3,748)	(3,950)	(4,108)

¹ Contributions have been calculated using the Employer contribution rate and salary increase assumptions of 3.2% set by the actuary at the 2022 Valuation. Contributions in 2026/27 and 2027/28 are subject to change due to the 2025 valuation. However, 2% reduction p.a. in ER's contributions is included for prudence with anticipation of reductions in rate from 2025 valuation. The 2024/25 forecasted variance is due to actual salary increases being much higher than the actuarial salary increase assumption used from the 2022 valuation.

² Transfers in/out have been calculated using an average of 3-5 years (excluding group transfers).

³ 2025/26 benefits payable have been calculated using average membership increases, estimated PI of 1.7% and pension increases assumptions of 2.7% set by the actuary in subsequent years.

⁴ Management expenses (non-invoiced) have been calculated using investment managers actual fees plus the actuarial assumption of investment growth +4.9% per annum.

⁵ Investment income have been calculated based on the 2024/25 forecast by applying the actuarial assumption of investment growth +4.9% per annum.

⁶ Return on Investments have been calculated by applying the actuarial assumption of investment growth +4.9% per annum.

Delivering the business plan

Monitoring and reporting

To identify whether the agreed business plan is being met progress on the key priorities and budgets will be monitored by the Fund management team and reported to the Pension Committee and Local Pension Board at every meeting.

The updates will:

- Highlight any areas where the target is exceeded or where the target has not been achieved and the reasons why and identify any changes in response to the planned priorities because of this.
- Highlight any significant additional spend or underspend in relation to the agreed budget as it becomes apparent.

Risk Management

Risk management is embedded in the governance of the Fund. The Pension Committee has approved a Risk Strategy and a detailed Risk Register is maintained and reviewed by the Pension Committee and Local Pension Board at every meeting. Changes to the level of risk are reported more frequently if necessary in consultation with the Committee and Board Chairs.

The table below lists the Fund's highest rated risks as of December 2024 and the executive summary risk register can be found on the Fund's website:

Risk	Residual risk rating
Geopolitical risks may adversely affect global markets in which the Pension Fund invests.	Amber
The operations of the Pension Fund and that of its suppliers are interrupted as a result of a cyber-attack.	Amber
Failure to respond to changes in economic conditions.	Amber
The ACCESS asset pool does not have the sub-fund choices available to enable the Fund to fulfil its strategic and tactical asset allocation requirements in a timely manner.	Amber
The Pension Fund and its members may become a target for fraudsters and criminals.	Amber
Pension Fund systems and data may not be secure and appropriately maintained, whether in situ or in transit.	Amber

2025/26 Business Plan activities

Procurement of Services

Activity	Background	Key Milestones	Resources required
Review the National LGPS Framework for Overseas Address Tracing and Mortality Screening Services.	<p>The Fund has a contract in place for UK address tracing and mortality screening but uses an internal proof of existence check for overseas pensioners.</p> <p>A contracted solution is needed.</p>	<p>Consider framework offerings (April – June 2025).</p> <p>Develop approach for procurement of overseas address and mortality screening services if appropriate (June 2025 onwards).</p>	Costs will be dependent upon whether the services are required via the framework.
Review the National LGPS Framework for Additional Voluntary Contribution Services (AVC).	<p>The Fund has two Additional Voluntary Contribution (AVC) providers, Utmost Life and Prudential, which were reviewed for administration and investment performance in 2023 and deemed adequate.</p> <p>A full review is needed, to include evolving Pension Dashboard requirements.</p>	<p>Register to access national LGPS Frameworks (July 2025).</p> <p>Consider framework offerings against arrangements already in place (August-September 2025).</p> <p>Develop approach for procurement if required (October – November 2025).</p> <p>Present findings to the Pension Fund Committee (December 2025) and Pension Fund Board (January 2026).</p>	Costs will be dependent upon whether the services are required via the framework.

Activity	Background	Key Milestones	Resources required
Consider an extension for Global Custody Services.	The Fund's current supplier for Global Custody Services is Northern Trust, with the existing contract ending 31 July 2026 with an optional 5 year extension up to 31 July 2031.	<p>Make a decision on whether to extend the existing contract and any required extension period (October 2025).</p> <p>Implement contract extension or undertake procurement as applicable (November 2025 to July 2026).</p>	<p>Total costs to be determined.</p> <p>No additional staffing costs.</p>
Consider an extension for Legal Services.	The Fund's current supplier of specialist pensions legal services is Squire Patton Boggs. The initial contract period is due to end on 4 February 2026 with an optional 2 year extension to 4 February 2028.	<p>Make a decision on whether to extend the existing contract (June 2025).</p> <p>Implement contract extension or undertake procurement as applicable (July 2025 to February 2026)</p>	<p>Total costs to be determined.</p> <p>No additional staffing costs.</p>
Procure an Independent Investment advisor.	<p>CPF's Independent Adviser (IA), Sam Gervaise-Jones is contracted to provide independent investment advice to the Fund.</p> <p>The original contract was for a period of 3 years from 1 November 2020 to 31 October 2023, then extended for further 2-years to 31 October 2025.</p>	<p>Draft specification of services required and associated documentation (March – May 2025)</p> <p>Issue invitation to tender (May 2025)</p> <p>Evaluate tender responses (July - August 2025)</p> <p>Award contract (September 2025)</p>	<p>No additional staffing costs.</p> <p>Costs already agreed within the governance budget.</p>

Consider an extension for Investment Consultancy Services	<p>The Fund's current supplier of the investment consultancy services is Mercer Ltd. The original contract started 21/08/2021 with the initial end date of 30/09/2024 with an optional 3 years extension up to 30/09/2027. The contract has been extend for 2 years up to 28/09/2026.</p> <p>This activity will be impacted by any regulations and guidance arising from the LGPS: Fit for the Future consultation proposals.</p>	<p>Make a decision on whether to extend the existing contract up to 30/09/2027 (December 2025).</p> <p>Implement contract extension or undertake procurement as applicable (January 2025 to September 2026).</p> <p>The requirements for investment consultancy service likely change depending on the direction of the pooling arrangements.</p>	<p>Total costs to be determined.</p> <p>No additional staffing costs.</p>
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Core governance activities

Activity	Background	Key Milestones	Resources required
Implement recommendations from the LGPS Scheme Advisory Board's 'Good Governance Project'	<p>The Scheme Advisory Board (SAB) published their final findings of the good governance review in 2021 and there were several recommendations established as a result.</p> <p>Since this time, the industry has been awaiting the government release of the standards and once they are released the Fund will work towards compliance of the recommendations.</p>	<p>Develop an action plan to implement the best practice activities (TBC).</p> <p>Present update on progress against the action plan to the Pension Committee (TBC) and Pension Board (TBC).</p> <p>Implementation of activities requiring SAB and MHCLG guidance (TBC).</p>	<p>No additional staffing costs.</p> <p>All costs included within the governance budget for 2025/26.</p>

Implement actions identified in the Pension Regulator's General Code of Practice Review.	During 2024/25 the Fund reviewed its compliance against the General Code of Practice and as a result some actions were required to be fully compliant.	Enact the previously identified actions (April 2025 – September 2025). Present update on progress against the actions to the Pension Committee and Pension Board (October 2025).	No additional staffing costs. All costs included within the governance budget for 2025/26.
Continue to prepare for the implementation of Pension Dashboards.	All LGPS Funds must be connected to the Pensions Dashboard infrastructure by 31 October 2025. Project plan activities will continue to be undertaken to ensure compliance these include activities such as data cleansing, preparing workflows for receiving matching requests and making decisions. Testing will continue between connecting to the ISP and the Dashboard Available Point and record keeping will continue to be a pertinent part of the project.	Undertake project plan activities to enable connection to the Dashboard (April 2025 – October 2025). Connect to the Pensions Dashboard Infrastructure (by 31 October 2025) Continue to undertake project plan activities post connection (November 2025 - March 2026). Update the Committee and Board with progress against the project plan and statutory deadlines at each meeting.	No additional staffing costs. All costs included within the governance budget for 2025/26. Implementation costs are £13.5k and yearly costs thereafter are circa £35k.
Continue to implement equality, diversity and inclusion (EDI) best practices.	The Pensions Regulator published guidance to help improve pension schemes' equality, diversity and inclusion. Pension schemes have legal duties to scheme members, and good decision making is key to ensuring those duties are met. The Fund will be continuing to improve its equality, diversity and inclusion via these best practices.	Enact the activities in the previously approved EDI action plan (April 2025 – March 2026). Present progress against the plan to the Pension Board (January 2026 and Pension Committee March 2026)	No additional staffing costs. All costs included within the governance budget for 2025/26.

Rectify survivor benefit cases.	<p>A ministerial statement was made on 20 July 2020 confirming that in public service schemes, surviving male same-sex spouses, female same-sex spouses and civil partners of public service pension schemes, will, in certain cases, receive benefits equivalent to those received by widows of opposite sex marriages.</p> <p>Scheme rules are in the process of being changed and MHCLG have confirmed their plans to put this into legislation during 2025 and appropriate key milestones will be added at that time.</p>	TBC	TBC
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Scheme member and data projects

Activity	Background	Key Milestones	Resources required
McCloud remedy rectification.	Following the implementation of the age discrimination remedy on 1 October 2023 the records of scheme members within scope of the McCloud ruling must be reviewed to determine if any rectification of benefits is required in line with the remedy and statutory guidance.	<p>Recalculation and award of benefits requiring remediation (except Club transfer cases). (April 2025 to August 2025).</p> <p>Remediation of Club transfer cases. (TBC)</p> <p>Identification and remediation of further cases as further PSPS unaggregated service disclosed. (April 2025 to March 2026).</p> <p>Preparation for McCloud compliant annual benefit statements. (April 2025 to June 2025)</p>	<p>No additional staffing costs.</p> <p>All costs included within the administration budget for 2025/26.</p>

		Processing of teachers' excess service cases (TBC by Department of Education and Local Government Association)	
Processing of undecided leaver records.	<p>The Fund has a backlog of approximately 6,500 unprocessed leaver records where a member has left a period of pensionable employment and is not entitled to immediate payment of benefits.</p> <p>The number of cases has been steadily decreasing since November 2022 from 9,299 to 7,268 at February 2025. The intention is to reduce this backlog by 5,000 further cases over the next 3 years. This has been extended by a further year from last year's Business Plan due to the number of competing statutory projects that are taking place in 2025.</p> <p><i>(Cases that are older than six months since date of notification from the employer are considered backlog).</i></p>	<p>Reduce the backlog by 1,000 (April 2025 – March 2026)</p> <p>Reduce the backlog by 2,000 (April 2026 – March 2027)</p> <p>Reduce the backlog by 2,000 (April 2027 – March 2028)</p>	<p>No additional staffing costs.</p> <p>All costs included within the administration budget for 2025/26.</p>
Implement the upgraded member self-service portal, Heywood Engage.	<p>The Fund's current member self-service portal (MSS) reaches its end of life on 31 January 2026. The upgraded member self-service portal, Engage, has many enhanced features to provide scheme members with a better understanding of their future pension entitlement, including additional security features, SMS MFA and electronic identity verification (EIDV).</p> <p>A contract has been signed to commence implementation with an expected go-live date of November 2025.</p>	<p>Complete fact-finding documentation to inform project documentation and Implementation Study (May 2025 – June 2025)</p> <p>Installation of Engage and user acceptance testing (July 2025 – September 2025)</p> <p>Engage to made available to scheme members (November 2025)</p>	<p>No additional staffing costs.</p> <p>Ongoing costs mirror and replace current MSS costs except for added functionality: EIDV = £14k pa MFA = £7.1k pa All ongoing costs are included in the 2025/26 budget.</p> <p>Implementation costs of circa</p>

			£42.5k have been charged in 2024/25.
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Investment related activities

Activity	Background	Key Milestones	Resources required
Support the build of the ACCESS FCA regulated entity.	<p>The fund is a member of the ACCESS asset pool, contracting with Waystone, an FCA-regulated operator, with a small support function.</p> <p>Based on the LGPS Fit for the Future consultation published in November 2024, all pools must be established as FCA-regulated investment management companies, possessing the expertise and capacity to implement investment strategies.</p> <p>The government encourages all pools to carefully consider all options, including establishing a new pool company, merging with another pool, or becoming a client of another pool company for some or all required services.</p> <p>The pool is required to achieve the pooling requirements by March 2026.</p>	<p>Support the pool to: Identify the cost/performance benefits of different models. (Q1 2025)</p> <p>Approval from Government of submitted transition plan for build option (Q1 2025).</p> <p>Implementation planning & regulatory applications (Q2 2025)</p> <p>Approval of shareholder agreement by Council (Q2 2025)</p> <p>Transition to new structure (Build or Merge) (March 2026)</p>	Costs will be dependent upon the transition plan chosen by the ACCESS and approved by Government.
Implement the governance structure to support local	The LGPS Fit for the Future consultation outlines detailed local investment proposals, requiring funds to define their approach to local investment within their Investment Strategy Statement (ISS), including setting a target percentage of the fund.	Develop an approach to local investments within the ISS, including target % range (Q1 2026)	TBC

investment decisions.	It mandates collaboration with combined authorities and similar bodies to identify local investment opportunities, conducting due diligence on potential investments, and reporting annually on the extent and impact of local investments.	<p>Develop an approach to ensure local investment opportunities can be:</p> <ul style="list-style-type: none"> - reviewed by each ACCESS Fund; - submitted to ACCESS for due diligence; and - invested in equitably in accordance with each Fund's local investment allocation. (Q1 2026) <p>ACCESS to develop the capability to conduct suitable due diligence on local investment opportunities (Q2 2026)</p>	
Finalise the transfer of legacy assets into the ACCESS pool.	<p>The key asset pooling proposals outlined in the LGPS Fit for the Future consultation require the Fund to transfer legacy assets to the management of the pool.</p> <p>The Fund currently holds investments outside of the pool, the consultation ask pools to transfer these "legacy" assets to the pool by March 2026.</p>	<p>Review final legacy asset proposals arising from consultation (Q1 2025)</p> <p>Share details of the Fund's legacy assets with ACCESS. (Q2 2025)</p> <p>Undertake due diligence on proposed ACCESS legacy assets management arrangements (Q3 2025)</p> <p>Transfer management of the Fund's legacy assets to ACCESS. (March 2026)</p>	TBC
Survey members and employers to identify the sustainability issues they consider most important in	To ensure the Fund's investment strategy is developed with knowledge of stakeholder priorities, the Fund will identify key sustainability issues through a member and employer survey. Investment consultants may be engaged to support this process, ensuring robust analysis and alignment with responsible investment trends.	<p>Discuss scope with Consultants (February 2025)</p> <p>Agree timeline and questions (February 2025)</p>	Inclusion in Investment Consultant Budget

relation to Fund investments and responsible investment practices.	The findings will inform the Fund's broader investment strategy, integrating sustainability considerations to meet long-term goals and stakeholder expectations.	Issue Survey to scheme members and employers (March 2025) Review survey responses and discuss findings with consultants. (April 2025) Develop investment strategy (Q1 2026)	
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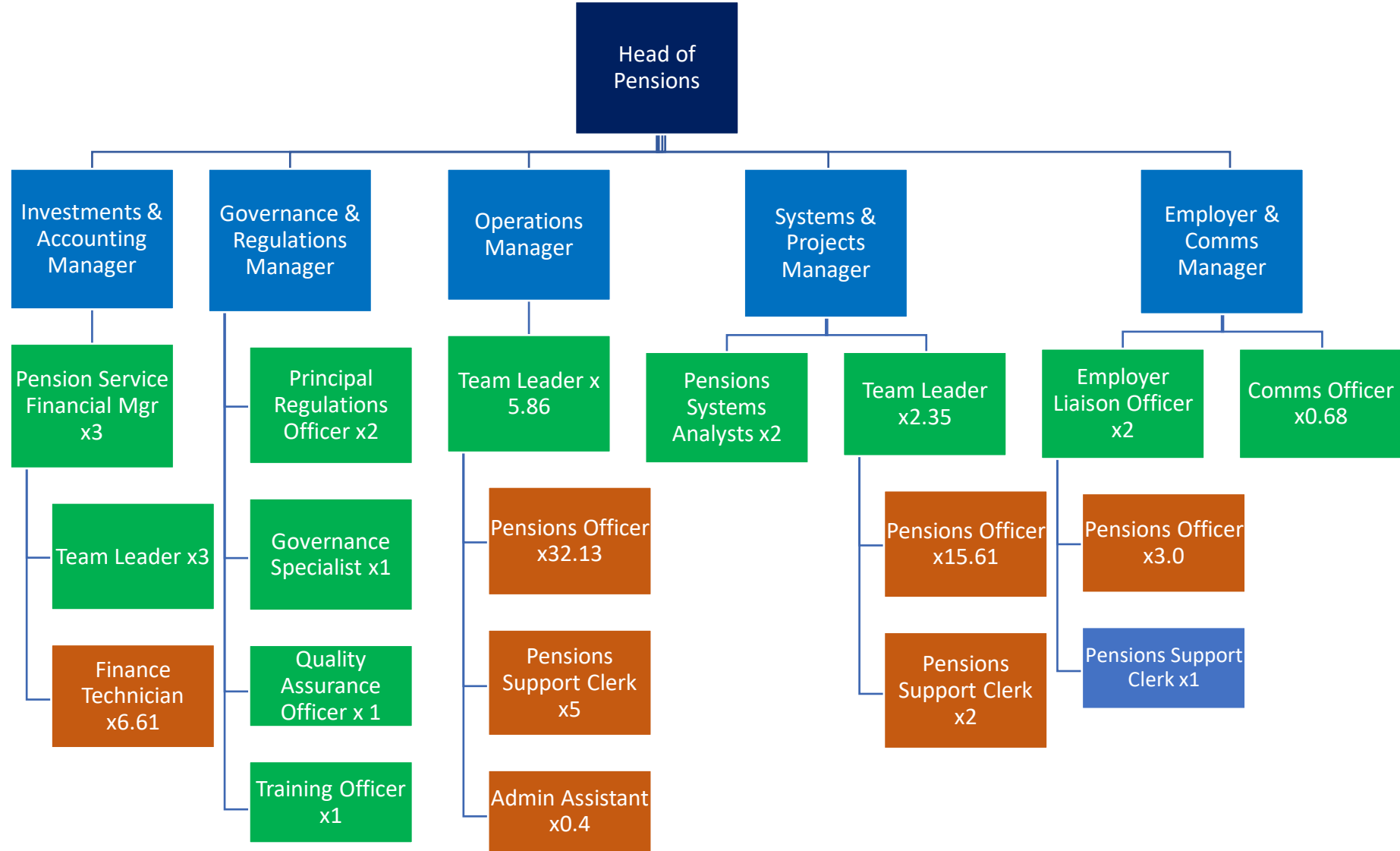
Scheme employer projects

Activity	Background	Key Milestones	Resources required
Complete the 2025 Fund Valuation.	Work with the Fund's actuarial advisors to complete the 2025 valuation of the Pension Fund. The valuation date is 31 March 2025 but the work is carried out during 2025/26 with results to be published by 31 March 2026 and new employer contribution rates effective from 1 April 2026.	Develop and seek approval for Funding Strategy Statement and associated funding policies. (April to June 2025) Provision, validation and sign-off of valuation data. (June to August 2025) Whole Fund valuation results provided by the Fund Actuary. (October 2025) Issue draft employer results and Funding Strategy Statement for consultation. (October to November 2025) Seek final approval for Funding Strategy Statement. (December 2025) Consultation and discussions with	Final costs will depend on the amount of work required to cleanse the valuation data, advice needed on specific employer issues, further analysis to be agreed and other potential unknown factors. Based on previous valuations and potential issues that might arise, £220,000 has

		employers to agree contribution strategies. (November 2025 to January 2026) Publication of final valuation report and rates and adjustments certificate. (March 2026)	been budgeted for the completion of this work.
Undertake specific modelling of potential options for implementing multiple investment strategies.	Work together with the Fund Actuary and the Fund's investment advisors to develop and model specific alternative employer investment strategies and agree a process for implementation of such strategies.	Initial meeting with Fund Actuary and investment advisors to agree scope and strategies to be modelled. (Apr - May 2025) Agreed strategies to be modelled (May – June 2025) Consultation with appropriate employer types. (June to July 2025) Seek approval from the Pension Committee over proposed investment strategies . (October 2025) Agree and start implementation process. (March 2026) Implement agreed strategies for all employer types. (April 2026)	Costs to be determined after initial meeting to agree scope of activities. The Pensions Committee will be given chance to approve the work and associated costs before additional modelling is undertaken.

Proposed 2026/2027 & 2027/2028 Business Plan activities can be located in appendix C.

Appendix A: Pensions Service structure (95.64 fte staff, of which approximately 48 undertake Cambridgeshire Pension Fund administration):



Appendix B: Processes and procedures requiring expert knowledge and experience.

Area	Activities
Investment	<ul style="list-style-type: none"> • Monitoring and reporting on the Fund's funding position. • Carrying out a review of the investment strategy at appropriate intervals. • Managing the Fund's assets through the asset pool arrangements or directly for non-pool aligned assets. • Monthly monitoring and implementation of the tactical asset allocation decisions. • Working with other LGPS Funds within ACCESS to ensure the pool meets the Fund's strategic investment requirements.
Governance	<ul style="list-style-type: none"> • Setting the agenda, reporting, and presenting to the Pension Committee, Investment Sub-Committee and Local Pension Board. • Implementing and monitoring areas such as the training, risk management, reporting breaches of the law and compliance with the Pensions Regulator's general code of practice and changing LGPS regulations and over-riding legislation. • Ensuring adherence to the administering authority's policies and legal requirements for procurement, cyber security, and data protection. • Ensuring Fund policies and strategies are in place and appropriately maintained. • Procurement of advisers and other services. • Assisting internal and external auditors in their role. • Responding to freedom of information requests. • Participation in the Joint Committee of the ACCESS pool.
Accountancy	<ul style="list-style-type: none"> • Preparing and publishing the Fund's annual report. • Completing the annual accounts and assisting external auditors. • Preparing the annual budget, monitoring, and reporting quarterly. • Preparation of statutory and non-statutory returns as required. • Conducting monthly bank reconciliations. • Cash flow management. • Monthly monitoring of income and expenditure including employer and scheme member contributions. • Invoicing of employers for pensions strain and unfunded benefits.

Area	Activities
Funding activities	<ul style="list-style-type: none"> • Agreeing the draft funding strategy with the Fund Actuary, for Committee approval, every three years, consulting with employers and monitoring continued appropriateness annually. • Managing the triennial valuation alongside the Fund Actuary, providing membership and cash flow data, and appropriately communicating with scheme employers. • Monitoring the covenant of scheme employers including their ability to pay contributions and managing those who wish to join or cease membership of the scheme. • Managing the FRS/IAS reporting cycles alongside the Fund Actuary, based on employer specifications and appropriately communicating with Scheme Employers.
Payroll activities	<ul style="list-style-type: none"> • Calculating and paying monthly pensions to pensioners and beneficiaries. • Issuing of payslips at appropriate times. • Issuing P60s. • Investigating returned payments and dealing with any under or overpayment of pensions. • Updating and maintaining accuracy of pensioner member details.
Administration activities	<ul style="list-style-type: none"> • Providing ongoing information to scheme members and their beneficiaries as they join, leave, or change status. • Calculating and notifying scheme members of their entitlement to pension and death benefits. • Providing quotations of retirement benefits including any additional costs to scheme employers. • Providing information on how scheme members can increase their pension benefits. • Maintaining accurate scheme member records. • Receiving monthly membership data from scheme employers, checking its validity and ensuring it is accurately uploaded to scheme member records. • Providing an online scheme member self-service facility. • Administering the internal dispute resolution procedure.

Area	Activities
Communication	<ul style="list-style-type: none"> • Providing annual benefit statements to all active and deferred scheme members. • Providing all other statutory communications to members. • Providing information to members via one-to-one sessions, workshops and newsletters. • Launch new Fund website. • Providing new scheme employers with information about their responsibilities. • Providing ongoing training and technical updates to employers. • Prepare for the next triennial valuation
Technical	<ul style="list-style-type: none"> • Maintaining and updating the pensions administration and pensioner payroll system. • Ensuring presence, accuracy, and regular review of scheme member data in line with the expectations of the Pensions Regulator and to comply with the General Data Protection Regulations. • Providing guidance on changes in processes following new or amending legislation. • Monitoring and reporting on progress against key performance indicators and daily work management. • Providing reports and extracts for GAD and other government departments. • Reporting and making payments to HMRC. • Processing bulk updates to member records such as new joiners and leavers, pensions increase, CARE revaluation and monthly pensionable pay and contribution data.

Appendix C: 2026/2027 & 2027/2028 Business Plan activities on the horizon

Procurements	2026/27				2027/28			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Investment Consultancy Services.	✓							
Governance and Benefits Consultancy Services (1 year extension available).							✓	

Activities	2026/27				2027/28			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Review the Strategic Asset Allocation.	✓	✓						
Review the Investment Strategy Statement.			✓	✓				
Continue to prepare for the implementation of Pension Dashboards.	✓	✓	✓	✓				
Continue to implement equality, diversity and inclusion (EDI) best practices.	✓	✓	✓	✓				
Processing of undecided leaver records	✓	✓	✓	✓	✓	✓	✓	✓
Continue to implement the governance structure to support local investment decisions.	✓	✓	✓	✓				

The Fund's current objectives are detailed as follows;

- To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies, and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.
- To manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers.
- To ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment.
- To continually monitor and measure clearly articulated objectives through business planning.
- To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.
- To ensure regular monitoring of employer covenants, putting in place mitigations of adequate strength to protect the Fund.
- To ensure appropriate exit strategies are put in place both in the lead up to and termination of a scheme employer.
- To put in place performance standards for the Fund and its employers and ensure these are monitored and developed as necessary.
- To ensure employer contributions are as stable as possible, recognising the characteristics, circumstances and affordability constraints of each employer.
- To administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration.
- To maintain accurate records and ensure data is protected and used for authorised purposes only.
- To promote the scheme as a valuable benefit.
- To deliver accessible communications to stakeholders.
- To provide scheme members with up-to-date information about the scheme in order that they can make informed decisions about their benefits.
- To seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund
- To ensure cash flows in to and out of the Fund are timely and of the correct amount.
- To ensure the long-term solvency of the Fund, taking a prudent long-term view, so that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment.
- To put in place a Strategic Asset Allocation ensuring it is appropriately maintained taking into account the Funding Strategy.
- To maximise investment returns over the long term within agreed risk tolerances.
- To ensure an appropriate cash management strategy is in place so that net cash outgoings can be met as and when required.
- To invest sustainably to achieve better long-term outcomes for the Fund and its stakeholders by ensuring environmental, social and governance factors are taken account of across all investment decision making.

Cambridgeshire Pension Fund - Climate Action Plan**Calendar Year 2025****Quarter 1 2025**

Analysis of climate metrics as at 30 June 2024	
Review of interim decarbonisation targets and in-scope assets	
Consider setting more granular targets across: - Sustainable/Climate solutions - Transition alignment - Stewardship	

Quarter 2 2025

Consider potential connections to biodiversity/natural capital such as enhancing reporting to cover biodiversity and nature footprinting in relation to Timberland and other relevant asset classes	
Engage with the ACCESS pool to apply extra pressure on active managers to implement carbon reduction measures and increase the sustainability of the portfolios they manage, with a focus on the Fund's most carbon-exposed portfolio companies (a climate engagement target list)	
Follow up engagement with private asset managers to fill gaps in carbon data availability and quality while challenging reporting metrics to understand what managers are doing to improve net zero alignment	

Quarter 3 2025

Analysis of climate metrics as at 30 June 2025, including attribution of changes to climate metrics	
ISC consider proposals for UK impact/ natural capital (Private Equity / property) as part of the Fund's investment strategy review	
Use insights and recommendations to shape discussions and support climate change reporting (TCFD) - awaiting outcomes of consultation	

Quarter 4 2025

Reconsider including Scope 3 data in Fund's climate-related targets after completing 30 June 2025 assessment, if there is evidence that data quality is sufficiently robust	
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Prior Calendar Years

2024

Quarter 1 2024

ISC consider proposals for including asset classes beyond listed equity in climate reporting and target setting	✓
ISC consider incorporating an additional metric, SBTi (Science Based Targets Initiative) alignment, into the Fund's climate reporting, effective 30 June 2024, along with Transition Capacity Analysis	✓
ISC receive report on availability of data and approach on alternative assets	✓
ISC consider proposals for UK impact/ natural capital (Timberland/ Social and affordable housing)	✓
Review progress against targets and appropriateness of metrics	✓
Consider draft UK Stewardship Report ahead of submission to FRC	✓
ISC consider feasibility of including Scope 3 within emissions reduction reporting and targets	✓

Quarter 2 2024

Submit approved UK Stewardship Report to FRC	✓
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Quarter 3 2024

Re-submit UK Stewardship Report to FRC	✓
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Quarter 4 2024

ISC consider proposals for UK impact/ natural capital (Timberland/ Social and affordable housing)	✓
Submit approved UK Stewardship Report to FRC	✓

2023

Quarter 1 2023

Agree managers and portfolio structures for climate aware passive investing	✓
Analysis of climate metrics as at 30/06/22	✓

Quarter 2 2023

Review progress against targets and appropriateness of metrics.	✓
Continue to engage with existing active equity managers around decarbonisation approaches - as required	✓
Engage with private asset managers to improve carbon data provision for portfolios and increased ESG integration	✓

Implement carbon aware passive equity in Q2 2023	✓
ISC consider proposals for impact investing in private markets - Infrastructure	✓

Quarter 3 2023

Engage with ACCESS on sustainable/impact infrastructure managers (based on Committee preferences following Q2 2022 discussion)	✓
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Quarter 4 2023

Analysis of climate metrics as at 30/06/23	✓
ISC consider proposals for sustainable/impact investing in listed equity as part of equity portfolio review	✓

2022

Quarter 1 2022

Agree decarbonisation pathway and targets that align the beliefs and ambitions of the Investment Sub Committee (ISC). The ISC agreed target reductions in absolute carbon emissions of the Fund's listed equity holdings of at least: <ul style="list-style-type: none"> • 23% from June 2021 baseline by 2024 • 57% from June 2021 baseline by 2030 	✓
Communicate agreed targets and aspirations to investment managers	✓
Instruct advisers to investigate high level approaches to climate aware passive equity investing	✓
Publish Climate Action Plan	✓

Quarter 2/3 2022

ISC receive training on strategic options to decarbonise the Pension Fund's active equity portfolio, including setting targets for existing managers and considering sustainable and impact equity and/or UN Sustainable Development Goals (SDG) alignment	✓
ISC receive report on high level climate aware passive equity options	✓

Quarter 3/4 2022

Receive implementable proposal on carbon aware passive equity portfolio	✓
Prepare and publish reporting in line with the Task-Force on Climate-Related Financial Disclosures (TCFD) disclosure requirements for the 2021-22 Fund annual report	✓

To: Pension Fund Committee

Meeting date: 20 March 2025

Report by: Michelle Oakensen
Governance and Regulations Manager
michelle.oakensen@westnorthants.gov.uk

Subject: Cambridgeshire Pension Fund Training Strategy

Purpose of the report: To provide the Pension Committee with an updated Training Strategy for approval. Approval from both governance bodies impacted by the strategy is required.

Recommendations: The Pension Committee is asked to approve the Cambridgeshire Pension Fund Training Strategy.

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

1. Background

- 1.1 The Training Strategy is required to assist the Pension Committee, Local Pension Board and senior officers of the Cambridgeshire Pension Fund to ensure the Fund is managed and assisted by individuals who have the appropriate level of knowledge and skills as required by the Pensions Act 2004 and as enforced by the Pensions Regulator.
- 1.2 The Training Strategy was originally approved on 16 December 2016 and has been subject to regular reviews with each update published on the Pension Service website.
- 1.3 Due to the requirements of the General Code of Practice, Pension Review (incorporating Good Governance Review recommendations) and reflection of the online training facility it is appropriate for the Pension Committee to review the proposed changes to the strategy.

2. Executive summary

- 2.1 This report provides the Pension Fund Committee with proposed changes to the Training Strategy since the last review in July 2023. Changes have largely been driven by enhanced industry standards.

3. Issues and choices

The Pension Regulator's (TPR's) General Code of Practice

- 3.1 On 28 March 2024, the Pension Regulator's General Code of Practice came into force, which consolidated ten of the previous codes of practice into one. The Fund has been reviewing compliance against the Code and putting in place an appropriate plan to secure full compliance.
- 3.2 One area of partial compliance was the requirement for the governing body to regularly carry out an audit of its members' skills and experience to identify gaps and imbalances.
- 3.3 A National Knowledge Assessment exercise is conducted by Hymans Robertson on a biennial basis that provides an insight into the level of knowledge that decision makers have and identifies training needs. The assessment facilitates the demonstration of compliance against the Code in a formal manner and allows for benchmarking against other LGPS funds.
- 3.4 It is therefore proposed that the Fund participates in the National Knowledge Assessment to understand the skillset of the Committee and Board to assist with the shaping of future training.
- 3.5 In addition, members will be encouraged to continue to participate in effectiveness reviews to self-assess confidence levels in specific areas with training tailored accordingly.

Pension Review (incorporating the Good Governance recommendations)

- 3.6 The "LGPS: Fit for the Future" consultation contained several proposals in relation to Fund governance, one of which focuses on the requirements of knowledge and skills for those involved in the management of LGPS funds.
- 3.7 The government proposes that committee members, the senior officer and officers should

have the appropriate level of knowledge and understanding for their roles, and that the requirements for pension committee members and local pension board members should be aligned. This change aims to ensure that those involved in the management of LGPS funds have the capability to carry out their duties as needed and can exercise the correct level of oversight on investments, governance, and administrative matters.

- 3.8 The participation in the National Knowledge Assessment will also satisfy this requirement as tangible information will be available and benchmarked against other Funds.
- 3.9 The government is also proposing to require Administering Authorities to set out within their governance and training strategy how they will ensure that any committee, sub-committee, or officer will meet the new knowledge requirements.
- 3.10 Enhancing the strategy further at this stage puts the Fund in a good place if/when the proposals come into force as compliance will already be demonstrated.

Review of the online learning training platform (LOLA)

- 3.11 The LGPS Online Learning Academy (LOLA) was introduced in July 2023 as the mechanism for the Fund to demonstrate that core training was being delivered to Committee and Board members. The platform is split into 8 framework topics and progress against each is recorded to enable evidence of learning.
- 3.12 It was agreed that after the first cycle of training was completed, Officers would obtain feedback to ensure the product was fit for purpose.
- 3.13 A survey was circulated in July 2024 and members provided feedback on 11 questions. 60% of the 10 members who responded were either very satisfied or satisfied with the online training they received, with 30% dissatisfied and 10% of a neutral opinion. There were some general comments received that we have fed back to Hymans primarily around the length and delivery of some of the modules and repetition. Two general comments were received around comparable training and the value of face to face training.
- 3.14 Comparable training was considered but considered not to be a viable option at this time due to only one other supplier in the market at very early stages of development. Officers also recognise the value of face to face training and will deliver via this method when the opportunity arises, Valuation Training as part of meetings for example.
- 3.15 On the basis that the LOLA platform is currently deemed the most appropriate method for conducting mandatory training, the proposal is to continue to use the LOLA platform to meet the training requirement needs of the Fund. This decision will be revisited again in line with the next strategy review.

Proposed revisions to the Strategy

- 3.16 As a result of the industry standards and proposals outlined above, conclusions drawn from the online platform survey and other developments, the following key revisions have been incorporated into the strategy which can be located in appendix 1.

Section no.	Section title	Proposed revision
	Throughout	General revisions made to the wording/formatting of the strategy that did not fundamentally change the nature of the original intention.
5.	The Pensions Regulator's General Code of Practice.	Updated to reflect the introduction of the TPR's General Code of Practice.
4.	Pension Review/Good Governance Review	Section reworded and updated to include the government's proposals with regards to knowledge and skills largely incorporating the Good Governance Review proposals.
12.	How training will be monitored	Updated to confirm that members can now add their own additional training to the portal.
13.	Measurement	Updated to reflect that the core modules should be undertaken within 6 months of appointment or when the modules are due for renewal (biennial).
		Updated to confirm that any non-compliance at the end of the 6-month deadline will also be reported to the Monitoring Officer.
		Updated to include that effectiveness reviews will also be used as a self-assessment tool with training delivered where gaps are identified.
14.	Demonstrating knowledge and identifying training needs	Section added to be compliant with the General Code of Practice and in anticipation of government proposals.
15.	Maintaining knowledge	Section updated to confirm continued participation with LOLA. With core modules to be revisited on a biennial basis. The LOLA platform will be kept under review and feedback shared with Hymans.

3.17 Should the Fund objectives be approved as part of the 2025/26 Business Plan at this meeting, the strategy will be updated accordingly.

4. Relevant Pension Fund objectives

The following objectives as per the Business Plan have been considered in this report:

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

5. Implications (including financial implications)

5.1 Resources and financial

- 5.1.1 The National Knowledge Assessment exercise would be conducted by Hymans Robertson and the charge for participation will be £2,625.

5.2 Legal

- 5.2.1 No material issues have been identified which may give rise to legal liability and/or risk from an administering authority perspective.

5.3 Consultation with Key Advisers

- 5.3.1 Squire Patton Boggs conducted a review of the paper for legal implications with no material issues raised.

5.4 Risk management

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

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

- 5.4.2 The Fund's full risk register can be found on the Fund's website at the following link: [Cambridgeshire Risk Register](#)

5.5 Consultation

- 5.5.1 Not applicable.

6. Background papers

- 6.1 None.

7. Appendices

- 7.1 Appendix 1 – Cambridgeshire Pension Fund Training Strategy

Training Strategy 2025



West
Northamptonshire
Council



Cambridgeshire
County Council

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1. Introduction

- 1.1 This is the Training Strategy for the Cambridgeshire Pension Fund.
- 1.2 The Training Strategy is established to aid members of the Pensions Committee and Local Pension Board as well as Fund Officers and the Section 151 Officer in performing and developing in their roles and to equip them with the necessary skills and knowledge to act effectively in line with their responsibilities. Local Government Pension Scheme (LGPS) Funds are expected to follow the CIPFA Knowledge and Skills Framework.
- 1.3 The objective of CIPFA's Knowledge and Skills Framework is to determine and set out the knowledge and skills sufficient to enable the effective analysis and challenge of decisions made by Officers and advisers to the Fund.
- 1.4 This Training Strategy takes into consideration the requirements of the Scheme Advisory Board Good Governance Review, the Pensions Regulator's General Code of Practice, the Markets in Financial Instruments Directive (MiFID II), and the CIPFA Knowledge and Skills Framework, to ensure it encompasses best practice.

2. Fund Objectives

- 2.1 The Cambridgeshire Pension Fund objectives relating to knowledge and skills are to:
- To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.
 - To ensure 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.

3. Effective date and reviews

- 3.1 The Strategy was first approved by the Pension Fund Committee on 8 December 2016 and was effective from 9 December 2016. The Strategy has since been subject to the following reviews:

Date of review	Review type
13 December 2018	Committee
14 December 2021	Committee
20 July 2023	Committee – material changes
20 March 2025	Committee -material changes

- 3.2 This Strategy will be reviewed by the Pension Fund Committee every three years, and if necessary, more frequently to ensure it remains accurate and relevant. Officer reviews will



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be conducted on an annual basis.

4. CIPFA's Code of Practice on Public Sector Pensions Finance, Knowledge and Skills (the "Code of Practice")

4.1 CIPFA's Code of Practice, was first issued in 2013, and embedded the requirements for the adequacy, acquisition, retention and maintenance of appropriate knowledge and skills required. It recommends (amongst other things) that LGPS administering authorities:

- Formally adopt the CIPFA Knowledge and Skills Framework in its knowledge and skills statement.
- Ensure the appropriate policies and procedures are put in place to meet the requirements of the Framework (or an alternative training programme).
- Publicly report how these arrangements have been put into practice each year.

4.2 The Code of Practice was updated in 2021 and provides an overview of the standards that all CIPFA members must adhere to when administering and managing pension funds and benefits on behalf of employee's and scheme members. The code includes focus on the increasing need for knowledge and skills and ongoing maintenance of this knowledge.

5. CIPFA Knowledge and Skills Framework

5.1 In July 2021, CIPFA published its revised Knowledge and Skills Framework aimed at Pension Committee and Board members as well as Senior Officers. The contents of the framework have been updated with transparency in mind with particular emphasis on decision makers.

5.2 The principles of the guide include the need for formal objectives, policies, practices and strategies concerning the knowledge and skills of those responsible for the fund. Administering authorities must maintain effective, ongoing maintenance and development of knowledge, addressing gaps where required and increasing skills as appropriate.

5.3 Cambridgeshire Pension Fund has adopted the Hymans Robertson Online Training Academy to deliver training that mirrors the Knowledge and Skills Framework.

The areas covered are as follows:

- Committee Role and Pensions Legislation.
- Pensions Governance.
- Pensions Administration.
- Pensions Accounting and Audit Standards.
- Procurement and Relationship Management.
- Investment Performance and Risk Management.
- Financial Markets and Product Knowledge.
- Actuarial methods, Standards and Practice.

5.4 There are also current issues modules which are regularly updated and includes topics such



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as Pensions Dashboard, GAD Section 13 and Cyber Risk which are supplementary to the Framework.

6. The Pensions Regulator's General Code of Practice

- 6.1 In March 2024 the Pensions Regulator published its General Code of Practice, which placed a greater emphasis on knowledge and understanding and the Fund is required to maintain effective systems of governance.
- 6.2 The key areas are as follows:
1. Legal and Regulatory Knowledge.
 2. Scheme Specific Knowledge.
 3. Ongoing Learning and Development.
 4. Governance and Administration.
 5. Risk Management.
- 6.3 The requirements ensure that Committee and Board members, and Officers, can effectively manage the Fund and make informed decisions in the best interests of scheme members.

7. The Pensions Regulator's E-learning toolkit

- 7.1 The Regulator has an online toolkit designed to help those running public service schemes to understand the governance and administration requirements in the General Code of Practice. The toolkit is an easy-to-use resource and covers 7 compulsory short modules. These are:
- Conflicts of Interests.
 - Managing Risk and Internal Controls.
 - Maintaining Accurate Member Data.
 - Maintaining Member Contributions.
 - Providing Information to Members and Others.
 - Resolving Internal Disputes.
 - Reporting Breaches of the Law.
- 7.2 These modules are designed to apply to all public service schemes and are not LGPS specific.
- 7.3 Completion of the toolkit in conjunction with the CIPFA core competencies will provide Pension Committee and Local Pension Board members with a good grounding for their respective roles. Officers will issue details of the toolkit upon appointment and will request this to be completed within 6 months.

8. Pension Review/Good Governance Review

- 8.1 The government's aim is to encourage continuous improvement across the scheme, combined with consistent standards on knowledge and understanding and improved reporting. The majority of the proposals are based on the Scheme Advisory Board's Good



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Governance Project which concluded in 2021.

- 8.2 For knowledge and skills specifically the government proposes to require that Committee members, the Senior Officer and Officers should have the appropriate level of knowledge and understanding for their roles, and that the requirements for pension committee members and local pension board members should be aligned. This change aims to ensure that those involved in the management of LGPS funds have the capability to carry out their duties as needed and can exercise the correct level of oversight on investments, governance, and administrative matters.

9. Markets in Financial Instruments Directive II (MIFID II)

- 9.1 The Cambridgeshire Pension Fund needs to demonstrate a high level of skills and knowledge across the Committee and Board to enable the Fund to opt-up and be recognised as a professional investor rather than a retail investor to continue to receive advice and access to investment products at a level commensurate with the types of investment required for the Fund.
- 9.2 Failure to adequately demonstrate a high level of collective skills and knowledge across the Pension Committee and Local Pension Board could result in the loss of professional investor status and therefore access to the appropriate investment opportunities.

10. Meeting the deliverables in the Annual Business Plan and Medium-Term Strategy

- 10.1 There will be times in when targeted training will need to be delivered in order to assist the Pension Fund Committee and Local Pension Board in their roles in connection with the key deliverables as detailed in the Annual Business Plan and Medium-Term Strategy.
- 10.2 These deliverables include, but are not limited to, activity such as the review and approval of the Funding Strategy Statement as part of the triennial Actuarial Valuation and Responsible Investing as part of the Investment Strategy Statement. Specific training in relation to these matters will be delivered at the appropriate times to ensure effective decisions are made.

11. Delivery of training

- 11.1 The Hymans Robertson online platform is designed to support the training needs of Pension Committees, Pension Boards and Fund Officers, and is designed to supplement training plans. The learning consists of a series of short video presentations with supplemental learning materials and quizzes. The training is delivered in an efficient and engaging way in order that member can access it when convenient.
- 11.2 The training consists of the 8 CIPFA Framework topics and current issues facing the LGPS.
- 11.3 The completion of the LOLA modules and the Pensions Regulator e-learning programme are a compulsory requirements of the Training Strategy



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11.4 The online platform will be regularly updated, and members will be notified of the updates via email.

11.5 In addition to the compulsory training above, the following training is also encouraged -

- In-house and shared training events with Cambridgeshire Pension Fund where it improves economy, efficiency and effectiveness.
- Self-improvement and familiarisation with regulations and documents.
- Attending relevant courses, seminars and external events.
- Internally developed training days and pre/post meeting sessions.
- Shared training with other Funds or Asset Pools.
- Regular updates from Officers and/or advisers.
- Circulated reading material.

12. How training will be monitored

12.1 Detail of Pension Committee and Board member training that is undertaken will be recorded and provided to the Chair on an annual basis. Any individual that has not completed the core training will be encouraged to do so. The Monitoring Officer will have discretion regarding appropriate action if an individual does not undertake the minimum requirements and the Chair will be informed prior to any action taken.

12.2 Progress reports provide the following information:

- Enrolment status of each of the 8 modules in the learning plan and the introduction and current Issues module.
- The date each course was first accessed.
- The date each course was last accessed.
- The date the user was enrolled on a course.
- The final score a user received on a course knowledge check.
- How much of the course has been completed.

12.3 Additional training undertaken outside of the platform will be added to form a training record for consistency and ease of reference for Officers and Members. Members should update any additional training to the platform.

13. Measurement

13.1 In order to identify whether the objectives of this Strategy are being met, the following actions are undertaken:

- 1) Monitor the attendance of training on a regular basis.
- 2) To ensure the Pension Regulator's toolkit is offered shortly after appointment and request it is undertaken within 6 months.
- 3) To request that Committee and Board members participate in the LOLA training and complete the 8 core modules within 6 months of appointment or from approval of the



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Strategy for current members, with any non-compliance reported to the Chair and Monitoring Officer.

- 4) To ensure that members are aware of the current issues LOLA modules and request they should be undertaken within 3 months of release/access to the platform.
- 5) The monitoring of attendance at meetings where training items are being delivered Manage areas where individuals feel additional support is required.
- 6) To manage areas where individuals feel additional support is required.
- 7) To undertake effectiveness reviews periodically to allow members to self-assess confidence levels in specified areas.

14. Demonstrating knowledge and identifying training needs

- 14.1 Members will participate in the National Knowledge Assessment biennially which is aligned to the 8 core LOLA modules. The assessment is flexible within a 2–3-week window and the results feed into the benchmarking analysis.
- 14.2 The results of the exercise will help to shape future training schedules to ensure that any knowledge gaps identified are addressed.

15. Maintaining knowledge

- 15.1 Members should complete the current issues LOLA modules within 3 months of release/access to the platform and are expected to maintain their knowledge of ongoing developments through attendance at internal/external events and seminars where appropriate.
- 15.2 Once completed, members are expected to revisit the full suite of LOLA mandatory training biennially to keep knowledge up to date.
- 15.3 If a LOLA module materially changes in between prescribed completion dates, members will have 3 months to revisit the amended module.
- 15.4 Appropriate attendance at events for representatives of the Pension Board and Pension Committee will be determined by Officers of the Fund.
- 15.5 Owing to the changing world of pensions, it will also be necessary to have ad hoc training on emerging issues or on a specific subject on which a decision it to be made in the near future.
- 15.6 The suitability of the LOLA training platform will be kept under review to ensure it remains fit for purpose. Any comments raised by members will be shared with Hymans to facilitate improvements where viable.



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16. Risk Management

16.1 The risks associated with the delivery of a successful training Strategy is as follows:

Risk	Mitigation
Frequent changes in membership of the Pension Fund Committee or Pension Board	Training Strategy in operation and reviewed regularly, with the Pension Regulators toolkit to be undertaken within 6 months of appointment and core mandatory framework modules to be undertaken within 12 months of appointment or approval of the Strategy. With current issues training undertaken within 3 months of release/access to the platform and other supplementary training undertaken when available.
Poor individual commitment	Attendance and training are monitored by Officers of the Fund and the Chair of the Committee/Board. Attendance is reported in the Fund's Annual Report and Statement of Accounts and the Committee and Board Reports are presented to Full Council Both lack of attendance and lack of training is addressed with the individual when deemed appropriate.
Resources not being available	Additional training opportunities will be highlighted to the Committee and Board via the Governance and Compliance Report. Every effort will be made to ensure that members are provided with what they need to receive the training required.
Poor standards of training	Where appropriate, external advisors who are experts in their field, deliver training to cover the CIPFA skills and knowledge framework. Other in-house training is delivered by Officers with specific knowledge in a particular area. External courses are vetted to ensure they are relevant before being added to the list of courses available. Feedback is sought after events are attended.

16.2 The risks will be monitored within the scope of the Training Strategy and the Risk Register will be amended where appropriate.

17. Reporting

17.1 Training events will be highlighted at every meeting as part of the Governance and Compliance Report. Committee and Board members are expected to make Officers aware of any events that are of interest. Core training is expected to be taken up in the first instance as it has been specifically designed to cover the CIPFA core competencies and is therefore compulsory.

17.2 The Chairs of the Pension Fund Committee and Local Pension Board will be provided with attendance at meetings where training has been delivered and all training undertaken by their members during the year.



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17.3 Training undertaken by members will be published in the relevant annual reports.

18. Costs

18.1 All training costs relating to this Training Strategy are met by Cambridgeshire Pension Fund.



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To: Pension Fund Committee

Meeting date: 20 March 2025

Report by: Sharon Grimshaw
Communications Officer
sharon.grimshaw@westnorthants.gov.uk

Subject: Communications strategy and plan

Purpose of the report: To get approval for the:

- Communications strategy
- Communications plan.

Recommendations: The Pension Fund Committee is asked to approve the:

- Communications strategy
- Communications plan.

Enquiries to: Sharon Grimshaw
Communications Officer
sharon.grimshaw@westnorthants.gov.uk

1. Background

- 1.1 Paragraph 61 of the LGPS regulations states that the administering authority must prepare, maintain, and publish a written statement setting out its policy concerning communications with:
- scheme members (active, deferred, retired and dependant)
 - representatives of scheme members
 - prospective scheme members.
- 1.2 The updated communications strategy for 2025 is included as appendix 1. The communications plan for 2025/26 is also included as appendix 2.

2. Executive summary

- 2.1 The Pension Fund Committee is asked to approve the Communications strategy and plan for 2025.
- 2.2 The Communications strategy has been updated to:
- reflect current membership and employer numbers
 - include reference to The Pensions Regulator (TPR) 'General principles for member communications'
 - reference the use of equality impact assessments (EqIAs)
 - include a section on statutory communications like annual benefit statements
 - show how online pension account take up compares to other Funds
 - introduce a new section on artificial intelligence (AI).
- 2.3 The communication plan includes activities on:
- key initiatives like McCloud, Pensions dashboards, and enhanced self-service portal
 - customer satisfaction of the new website
 - statutory communications like pension statements and pensioner newsletters
 - valuation of the Fund.

3. Issues and Choices

Communication strategy

- 3.1 The following changes have been made to the communications strategy for 2025 which is included as appendix 1:
- 3.2 Restructured to follow the agreed Cambridgeshire Pension Fund policy template.
- 3.3 Updated the number of employers from 352 to 361 and member records from over 92,000 to over 99,000.

3.4 Updated the member records per category as follows:

Category	Previous strategy	2025 communications strategy
Active members	28,911	29,036
Deferred members	42,384	47,379
Pensioner members	21,340	23,424

3.5 Added the TPR's 'General principles for member communications' in section 7.1 as principles the administering authority adheres to with its communications:

- making sure that all communications sent to members are:
 - accurate
 - clear
 - concise
 - relevant
 - in plain English
- regularly reviewing member communications, taking account of:
 - member feedback
 - any changes to scheme design
 - developments in law
 - TPR's code of practice
- considering any technology that may be appropriate for member communications
- using various communication methods, including:
 - accessible online content
 - audio
 - Braille
 - large font
 - languages other than English
- include any extra information members need to make decisions about their benefits.

3.6 Made reference to Equality impact assessments in section 7.6. 'We assess the impact of our communications on vulnerable people protected by the Equality Act 2010 where appropriate. This is called an Equality impact assessment (EqIA)'.

3.7 Added a new section under 7.8.

Statutory communications

This section sets out how we will comply with statutory communication requirements, including:

- **Material changes to basic scheme information**

The occupational and personal pension schemes rules - when there's a significant change to the scheme. The administering authority must tell members and beneficiaries within three months of the change being made. If we send any communications after three months, we must report them as a breach to TPR.

- **Annual benefit statements**

The Local Government Pension Committee (LGPC) have published a guide of what must be included in an annual benefit statement. Some of the key criteria is listed below:

- include a description of the benefits earned by members during their pensionable service
- issue the statement by no later than 31 August of the year following the period to which it relates
- follow any HM Treasury directions. For example, any other information that must be included and how it must be given to members.

3.8 Updated section 8.2 to compare online pension account take up rates to other Funds. In March 2024, the LGA conducted a digital engagement survey. They recorded the sign up rate for each member type per administering authority. The table below shows that online pension account sign-up rates for the Cambridgeshire Fund were higher than the LGPS average.

Member type	Proportion signed up for online pension account	Median sign up rate of other LGPS administering authorities	Difference
All members	52%	33%	+19%
Actives	56%	45%	+11%
Deferreds	46%	33%	+13%
Pensioners	62%	33%	+29%

The new SAB guidance for annual reports requires reporting member portal registration rates. Going forwards the SAB annual report will include an average of these figures for England and Wales. We'll compare how we're performing against other administering authorities each year.

3.9 Introduced a new section in 8.3 on AI.

We're keen to harness the benefits of artificial intelligence (AI) in our communications. AI systems use algorithms to solve complex problems and automate simple or repetitive tasks. AI tools can help us to:

- research a topic
- generate ideas
- work on drafts
- improve our work and make it more efficient by speeding up manual tasks.

We won't publish anything that's been completely written by AI tools or text generators. Human interaction is necessary to check for:

- bias
- mistakes
- tone
- appropriate content for our audience.

Another way AI can help is to streamline our communication processes. For example, a chatbot on a website to answer questions and resolve common issues. This helps to free up time for customer service reps to tackle bigger and/or more complex tasks.

3.10 Updated the document for plain English.

4. Communication plan

- 4.1 The communications plan in appendix 2 outlines communication activities for 2025/26, on a monthly basis, for each of the Funds stakeholders.
- 4.2 The plan shows communications for key projects like:
- McCloud
 - pensions dashboard
 - enhanced member self service portal.
- 4.3 The plan includes a customer satisfaction review of the new website to find out what key stakeholders think.
- 4.4 It also shows the various employer communication activities for the valuation of the Fund.
- 4.5 The plan also includes timings for:
- issuing statutory communications
 - cyclical newsletters
 - surveys
 - employer training.

5. Relevant Pension Fund objectives

To promote the scheme as a valuable benefit.
To deliver consistent accessible communications to stakeholders
To give members up to date information so they can make informed decisions about their benefits.

6. Risk management

- 6.1 We're required by legislation to:
- prepare
 - maintain and
 - publish a written statement
- setting out our policy about communications with members and scheme employers.

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

Risk	Residual risk rating
Information may not be provided to stakeholders as required.	Green
Those charged with governance are unable to fulfil their	Green

responsibilities effectively.	
-------------------------------	--

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

7. Communication implications

Direct communications	The communications strategy and communications plan will be published on the Fund's website.
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8. Finance & resources implications

- 8.1 There are no direct finance and resourcing implications of the communications plan in general. Ongoing communication costs are picked up in the administration budget. The cost of communication activities will be included in the business plan where appropriate.

9. Legal implications

- 9.1 Not applicable

10. Consultation with key advisers

- 10.1 Squire Patton Boggs conducted a review of the paper for legal implications with no material issues raised.

11. Alternative options considered

- 11.1 Not applicable

12. Background papers

- 12.1 Not applicable

13. Appendices

- 13.1 Appendix 1 Communications strategy 2025.

- 13.2 Appendix 2 Communications plan 2025-26.

14. Accessibility

- 14.1 The information contained in this report and appendices is available in accessible format on request from the report author.

Communications strategy 2025



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1. Introduction

- 1.1 This is the communications strategy of Cambridgeshire Pension Fund managed by Cambridgeshire County Council (the administering authority).
- 1.2 The Fund has around 361 employers and over 99,000 member records. These members records are split into the following categories:

Category	Cambridgeshire Pension Fund number of member records
Active scheme members	29,036
Deferred scheme members	47,379
Pensioner members	23,424

- 1.3 This document outlines our strategic approach to communications. It's effective from 1 April 2025. It gives detail of how we're:
- moving towards more electronic based communications
 - plan to use technology to enhance our service
 - reducing costs where appropriate.
- 1.4 We want as many people as possible to be able to access our communications. We aim to meet everyone's needs and welcome feedback to improve accessibility.

2. Objectives

- 2.1 We'll deliver this communications strategy in line with the following objectives. To:
- promote the scheme as a valuable benefit
 - deliver consistent accessible communications to stakeholders
 - give members up to date information so they can make informed decisions about their benefits.
- 2.2 You can see how we measure these objectives in the 'Implementation of Communication Key Objectives' section.
- 2.3 It also helps us to deliver these further objectives. 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
 - administer the Fund professionally and efficiently, using technology and collaboration.

3. Purpose

- 3.1 The purpose of this strategy is to show how we plan to:
- educate members
 - keep stakeholders updated
 - promote engagement
 - stay compliant with the regulations.

4. Scope

4.1 The strategy applies to:

- active scheme members
- scheme employers
- prospective scheme members and opt-outs
- deferred scheme members
- retired/dependant scheme members
- staff
- Pension Fund Committee
- Pension Fund Board
- External authorities:
 - 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)
 - Scheme Advisory Board (SAB)

5. Effective date

5.1 This policy was first approved by the Pension Fund Committee on 23 October 2014.

6. Review

6.1 This policy will be reviewed by Fund Officers annually and by the Pension Fund Committee every three years, and if necessary, more frequently to ensure it remains accurate and relevant.

6.2 The policy has been subject to the following reviews:

Date of review	Effective date	Type of review
23 March 2017	24 March 2017	Full review
31 January 2020	1 February 2020	Full review
30 March 2023	31 March 2023	Full review
20 March 2025	21 March 2025	Full review

7. Communication strategy

7.1 Regulatory framework and governance

7.1.1 Local Government Pension Scheme (LGPS) regulations 2013

This document sets out our communication strategy as required by paragraph 61 of the LGPS regulations:

- Prepare, maintain, and publish a written statement. It says we need to set out our policy concerning communications with:
 - scheme members (active, deferred, retired and dependant)
 - representatives of scheme members

- prospective scheme members
- scheme employers.
- In particular the statement must set out our 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.
- Review and update the statement if the policy changes significantly. If revisions are made, a revised statement must be published.

Members also need to be given the choice to opt out of electronic communications.

7.1.2 The Pensions Regulator – General code of practice

We also adhere to TPR's 'General principles for member communications.' For example:

- making sure that all communications sent to members are:
 - accurate
 - clear
 - concise
 - relevant
 - in plain English
- regularly reviewing member communications, taking account of:
 - member feedback
 - any changes to scheme design
 - developments in law
 - TPR's code of practice
- considering any technology that may be appropriate for member communications
- using various communication methods, including:
 - accessible online content
 - audio
 - Braille
 - large font
 - languages other than English
- include any extra information members need to make decisions about their benefits.

7.2 Brand identity

Our visual identity is a key asset that shapes how people see and remember us. It boosts our reputation and unifies our look. When branding our communications, we make sure:

- our Fund has a unique identity separate from Cambridgeshire County Council (CCC)
- our communications show both the Pension Fund and West Northamptonshire Council and CCC administered in partnership branding
- we follow our brand guidelines to maintain a professional and consistent appearance.

7.3 Confidentiality

The Fund is registered under the Data Protection Act 2018 as part of Cambridgeshire County Council. Information is shared between Cambridgeshire County Council and West Northamptonshire Council for pensions administration. Information about scheme members and organisations is treated with respect by all our staff.

7.4 Disclosure

We may, if we choose, pass certain details to a third party, for example, our notification providers. When exchanging data with third parties we use secure portals. We publish our full privacy notice on the [key documents page](#) of our website.

7.5 Cyber security

Cyber security concerns the protection for computers and communications networks. We take the security of personal information very seriously. Most pension records are held electronically, and members can access their records online. The Data Protection Act 2018, and guidance from TPR, sets out rules we must follow to make sure we've good cyber security.

We:

- ensure our suppliers protect systems holding personal information
- have procedures in place to check that processes and people are kept up to date
- regularly test systems to keep them secure and reduce the risk of security incidents
- ensure our suppliers have up-to-date cyber-security certificates.

7.6 Equality and accessibility

We're committed to making sure our communications are accessible to everyone. We assess the impact of our communications on vulnerable people protected by the Equality Act 2010 where appropriate. This is called an Equality impact assessment (EqIA).

We give all members the option to opt out of electronic communications or to get them in the best format for them. For example:

- Braille
- audio CD
- alternative languages
- large font
- other reasonable adjustments.

We also make sure that our communications are easy to understand. For example, through:

- Plain English accreditation
- readability scores
- accessibility tools.

A scheme member can opt out of electronic communications by writing to us or by email.

For web communications, we use tools to ensure we meet accessibility standards. For example:

- 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 include a text description to explain what they are unless they're only decorative.
- We write our links so that they make sense when screen readers analyse them.

7.7 Freedom of information

This communications strategy identifies the classes of information that we publish or intend to publish in compliance with the Freedom of Information Act. Anyone has a right under this Act to request any information held by us 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 we reserve the right to refuse a request if:

- the cost of providing the information is disproportionately high
- following prompting the request is unclear
- when the requests are vexatious or repeated.

7.8 Statutory communications

To make sure our communications are compliant, we follow these pension rules:

- **Material changes to basis scheme information**

The occupational and personal pension schemes rules - when there's a significant change to the scheme. We must tell members and beneficiaries within three months of the change being made. If we send any communications after three months, we must be report them as a breach to TPR.

- **Annual benefit statements**

The Local Government Pension Committee (LGPC) have published a guide of what must be included in an annual benefit statement. We've listed some of the key criteria below:

- include a description of the benefits earned by members during their pensionable service
- issue the statement by no later than 31 August of the year following the period to which it relates
- follow any HM Treasury directions. For example, any other information that must be included and how it must be given to members.

7.9 Electronic communications

It's important for us to use the latest technology to adopt new ways of communicating with our stakeholders and make sure:

- stakeholders have a better experience when interacting with us
- our staff have the skills, knowledge, and tools to communicate with stakeholders in the most secure and efficient ways
- we can deliver our objectives 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 strategy states how we'll use technologies to meet our communication objectives.

Electronic 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.

7.10 Lifestyle communications

We aim to make pensions more engaging by tuning into other events that happen in members lives. We then explain what actions they may need to take with their pension at these different stages. For example, for someone that's getting married or moving in with their partner, we'd suggest they should:

- check their death grant nomination
- update us if there's a change of name
- update us if there's a change of address.

Or for someone starting a family or buying their first home and looking to save money, we may suggest they think about the 50:50 scheme. Or for someone that's recently been promoted they may want to think about paying more into their pension.

8. Delivery and monitoring

8.1 Implementation of communication objectives

This table sets out the implementation of our key communication objectives.

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

Objective	Electronic 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) ○ 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 • Effective promotion of new media or change of processes to all stakeholders 	<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) • Surveys and polls on websites. Focus groups. Monitor incoming telephone call and email volumes • Bulk email engagement ratings (% opened & clicked links)
Deliver consistent accessible	<ul style="list-style-type: none"> • Emails (through 3rd party bulk notification systems) • Texts (through 3rd party bulk notification systems) 	<ul style="list-style-type: none"> • Effective and timely communications to be sent to all 	<ul style="list-style-type: none"> • Monitor enquiries from stakeholders following key events and communications.

Objective	Electronic implementation	Measures of success	Review process
communications to stakeholders	<ul style="list-style-type: none"> 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"> 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"> (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.

8.2 Performance indicators

In March 2024, the LGA conducted a digital engagement survey. They recorded the sign up rate for each member type per administering authority. The table below shows that our online pension account sign-up rates were higher than the LGPS average.

Member type	Proportion signed up for online pension account	Median sign up rate of other LGPS administering authorities	Difference
All members	52%	33%	19%
Actives	56%	45%	11%
Deferreds	46%	33%	13%
Pensioners	62%	33%	29%

The new SAB guidance for annual reports requires reporting member portal registration rates. Going forwards the SAB annual report will include an average of these figures for England and Wales. We'll compare how we're performing against other administering authorities each year.

8.3 Methods of communication and key messages/objectives for stakeholders

We aim to use the most appropriate method of communication with our stakeholders. This may involve more than one communication method.

We hope that our website will be the first port of call for most stakeholders where appropriate. We're committed to using technology to enhance our service and reduce costs, where appropriate. Electronic communication is our primary means of contact for most stakeholders. We'll continue to explore and develop further use of electronic communications through our:

- website
- emails

- webinars
- self-service.

a) 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. It allows them to:

- review and update their personal information
- view information about their pension benefits
- carry out benefit projection calculations.

We aim to move to a position where most communications are sent to members through their online pension account. Electronic notifications are used to let them know when they're ready to view online. This replaces postal communications for these members.

Active and deferred members get their annual pension statements through their online account. Pensioners can also see their payslips and P60s via their online account.

We're also looking to upgrade our member self service portal.

b) Electronic notifications

We use bulk notification systems to deliver bulk communication to members and employers. We use these systems to provide important information and increase stakeholder engagement.

We use emails for:

- promotional campaigns
- important scheme updates to both members and employers
- to notify members that documents are available through their online pension account.

We also use texts to let members know documents are available on their online account.

These communication methods help:

- provide a better, more secure experience for both members and employers
- reduce the cost and time of communicating with these stakeholders.

We'll measure the success of these communications using reporting tools on how many:

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

This helps us decide:

- how engaging a communication is
- whether we need to make any changes
- whether we need to send a follow-up communication.

A scheme member can opt out of electronic communications, at any time, by writing to us or sending us an email.

c) Videos

We use videos in a variety of ways. For example, with bite size employer training videos and LGPS member pensions made simple videos.

d) MS Teams

MS Teams allows users to:

- have virtual meetings
- make calls
- video calls
- engage in chat over the Internet.

We use this application to:

communicate with team members working remotely

- deliver training webinars to employers
- have conference calls with employers, other pension Funds and other third parties.

MS Teams helps us to work smarter by:

- eliminating travel time
- reducing costs
- increasing capacity.

e) Secure web portals

We accept and share data with employers and other third parties securely through the use of web based data portals. These include:

- **i-connect** - employers upload their data monthly either through an extract to the portal, or input via a web-form in the portal. This has streamlined the approach to providing data for employers. It's also improved the experience for members who've access to more up to date information through their online account.
- **Tell Us Once** – this site shares death information by local authorities on behalf of the Department for Work and Pensions (DWP). We receive and provide data for the use of Tell Us Once.
- **National Insurance database** – this enables us to check whether members are entitled to refunds. We receive and provide 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.

f) AI

We're keen to harness the benefits of artificial intelligence (AI) in our communications. AI systems use algorithms to solve complex problems and automate simple or repetitive tasks. AI tools can help us to:

- research a topic
- generate ideas
- work on drafts
- improve our work and make it more efficient by speeding up manual tasks.

We won't publish anything that's been completely written by AI tools or text generators. Human interaction is necessary to check for:

- bias
- mistakes
- tone
- appropriate content for our audience.

Another way AI can help is to streamline our communication processes. For example, a chatbot on a website to answer questions and resolve common issues. This helps to free up time for customer service reps to tackle bigger and/or more complex tasks.

The table shows our main methods of communicating with the different stakeholder groups. It also states the key messages and objectives we hope to achieve:

Stakeholder	Communication	Key message/objective
Active scheme members	<ul style="list-style-type: none"> • Annual newsletter (electronic) • Annual benefit statements (electronic) • Calculations and costings (e.g. estimates) • Short guide to LGPS • Website (in particular 'Latest news' page) • Member self service • External training sessions as requested by employer • Roadshows • Direct mailings • Videos 	<p>Key messages:</p> <ul style="list-style-type: none"> • Your pension is a valuable benefit • You need to make sure you're saving enough for retirement <p>Objectives:</p> <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	<ul style="list-style-type: none"> • Quarterly newsletters • Pension bulletins • Ad hoc email alerts • Biannual forums • Website (in particular 'Latest news' page) • Webinars/workshops • Bespoke/targeted ad hoc training sessions • Induction packs • Fact sheets • Videos 	<p>Key messages:</p> <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 <p>Objectives:</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
Prospective scheme members and opt-outs	<ul style="list-style-type: none"> • Information on website • Scheme information leaflets • Promotional material distributed through employers • Videos 	<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
Deferred scheme members	<ul style="list-style-type: none"> • Annual benefit statements (electronic) • Annual newsletter (electronic) • Calculations and costings (e.g. estimates) • Scheme information leaflets 	<p>Key messages:</p> <ul style="list-style-type: none"> • It is important to keep in touch 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
	<ul style="list-style-type: none"> Videos 	<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	<ul style="list-style-type: none"> Retirement packs Website Annual newsletter Payslips (when criteria is met) P60 Lifetime allowance Calculations and costings (e.g. estimates) Videos 	<p>Key messages:</p> <ul style="list-style-type: none"> It is important to keep in touch 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
Staff	<ul style="list-style-type: none"> Monthly service meetings Team meetings Ad hoc meetings Consultations 1:1 / Appraisals Training & development Quarterly newsletters 	<p>Objectives:</p> <ul style="list-style-type: none"> To ensure staff are kept up to date with: <ul style="list-style-type: none"> important information about the service the employing authority the wider world of pensions. For staff to feel a fully integrated member of the team For management to feedback to staff about their progress. To give staff a chance to feedback their views and suggestions.
Pension Fund Committee	<ul style="list-style-type: none"> Committee papers Presentations Consultations Agendas Minutes 	<p>Objectives:</p> <ul style="list-style-type: none"> To update on the implementation of a policy To monitor success against the agreed measures
Pension Fund Board	<ul style="list-style-type: none"> Committee papers Presentations Consultations Agendas Minutes 	<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
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) • Scheme Advisory Board (SAB) 	<ul style="list-style-type: none"> • Response to enquiries and consultations. • Response to changes in legislation. 	Objectives: <ul style="list-style-type: none"> • To respond to enquiries/statutory requirements.

9. Contact

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

Pensions Service
West Northamptonshire Council
One Angel Square
Angel Street
Northampton
NN1 1ED
01604 526463

pensions@westnorthants.gov.uk

pensions.cambridgeshire.gov.uk

Cambridgeshire Pension Fund

Communications plan 2025/26

Month	Active members	Scheme employers	Prospective members	Deferred members	Retired & dependant members	Fund staff
APR	<ul style="list-style-type: none"> • Member satisfaction survey • Benefits of LGPS promotion 	<ul style="list-style-type: none"> • Benefits of LGPS promotion 	<ul style="list-style-type: none"> • Benefits of LGPS promotion 	<ul style="list-style-type: none"> • Member satisfaction survey 	<ul style="list-style-type: none"> • Payslip – online pension promotion • Member satisfaction survey 	
MAY	<ul style="list-style-type: none"> • Member satisfaction survey • McCloud webinars for protected members 	<ul style="list-style-type: none"> • Employer training • McCloud webinars for protected members 		<ul style="list-style-type: none"> • Member satisfaction survey • McCloud webinars for protected members 	<ul style="list-style-type: none"> • Payslip – online pension promotion • Member satisfaction survey • McCloud webinars for protected members 	
JUN	<ul style="list-style-type: none"> • Member satisfaction survey • Website satisfaction survey 	<ul style="list-style-type: none"> • Employer training • Website satisfaction survey 	<ul style="list-style-type: none"> • Website satisfaction survey 	<ul style="list-style-type: none"> • Member satisfaction survey • Annual benefit statements • Member newsletter <ul style="list-style-type: none"> - Pensions dashboards - Anti-fraud communication - McCloud 	<ul style="list-style-type: none"> • Member satisfaction survey • Website satisfaction survey 	<ul style="list-style-type: none"> • Website satisfaction survey
JUL	<ul style="list-style-type: none"> • Online pension promotion • Member satisfaction survey 	<ul style="list-style-type: none"> • Employer training • Online pension promotion pack 	<ul style="list-style-type: none"> • Online pension promotion 	<ul style="list-style-type: none"> • Member satisfaction survey 	<ul style="list-style-type: none"> • Member satisfaction survey 	
AUG	<ul style="list-style-type: none"> • Annual benefit statements • Member newsletter <ul style="list-style-type: none"> - Pensions dashboards - Anti-fraud communication 	<ul style="list-style-type: none"> • Active annual benefit statement comms materials for employers 	<ul style="list-style-type: none"> • Online pension promotion 	<ul style="list-style-type: none"> • Member satisfaction survey 	<ul style="list-style-type: none"> • Member satisfaction survey 	

Month	Active members	Scheme employers	Prospective members	Deferred members	Retired & dependant members	Fund staff
	<ul style="list-style-type: none"> - McCloud • Member satisfaction survey 					
SEPT	<ul style="list-style-type: none"> • Pensions awareness week / pension attention campaign • Online pension promotion • Member satisfaction survey 	<ul style="list-style-type: none"> • Employer training • Pensions awareness week/ pension attention campaign • Employer forum save the date 	<ul style="list-style-type: none"> • Pensions awareness campaign • Online pension promotion 	<ul style="list-style-type: none"> • Pensions awareness week / pension attention campaign • Online pension promotion • Member satisfaction survey 	<ul style="list-style-type: none"> • Member satisfaction survey 	
OCT	<ul style="list-style-type: none"> • National pension tracing day • Member satisfaction survey • Enhanced self service portal 	<ul style="list-style-type: none"> • Employer training • National pension tracing day • Enhanced self service portal 	<ul style="list-style-type: none"> • National pension tracing day 	<ul style="list-style-type: none"> • National pension tracing day • Member satisfaction survey • Enhanced self service portal • 	<ul style="list-style-type: none"> • Member satisfaction survey • Enhanced self service portal 	<ul style="list-style-type: none"> • Enhanced self service portal
NOV	<ul style="list-style-type: none"> • Member satisfaction survey • Enhanced self service portal 	<ul style="list-style-type: none"> • Employer training • Employer forum • Fund strategy statement consultation. • Individual employer valuation results and draft contribution rates. • Enhanced self service portal 		<ul style="list-style-type: none"> • Member satisfaction survey • Enhanced self service portal 	<ul style="list-style-type: none"> • Member satisfaction survey • Enhanced self service portal 	<ul style="list-style-type: none"> • Enhanced self service portal
DEC	<ul style="list-style-type: none"> • Member satisfaction survey • Enhanced self service portal 	<ul style="list-style-type: none"> • Employer contribution rate consultations • Enhanced self service portal 		<ul style="list-style-type: none"> • Member satisfaction survey • Enhanced self service portal 	<ul style="list-style-type: none"> • Member satisfaction survey • Enhanced self service portal 	<ul style="list-style-type: none"> • Enhanced self service portal
JAN	<ul style="list-style-type: none"> • Member satisfaction survey 	<ul style="list-style-type: none"> • Employer training • Employer contribution rate consultations • Employer survey. 		<ul style="list-style-type: none"> • Member satisfaction survey 	<ul style="list-style-type: none"> • Member satisfaction survey 	

Month	Active members	Scheme employers	Prospective members	Deferred members	Retired & dependant members	Fund staff
FEB	<ul style="list-style-type: none"> • Member satisfaction survey 	<ul style="list-style-type: none"> • Employer training Confirmation of final employer contribution rates. 		<ul style="list-style-type: none"> • Member satisfaction survey 	<ul style="list-style-type: none"> • Member newsletter <ul style="list-style-type: none"> - Pensions dashboards - Anti-fraud communication - McCloud • Member satisfaction survey 	
MAR	<ul style="list-style-type: none"> • Member satisfaction survey • Midlife MOTs promotion 	<ul style="list-style-type: none"> • Employer newsletter • Valuation report and rates and adjustments certificate. • Midlife MOTs promotion 	<ul style="list-style-type: none"> • Midlife MOTs promotion 	<ul style="list-style-type: none"> • Member satisfaction survey • Midlife MOTs promotion 	<ul style="list-style-type: none"> • Payslip – online pension promotion • Member satisfaction survey 	

To:	Pension Fund Committee
Meeting date:	20 March 2025
Report by:	Michelle Oakensen Governance and Regulations Manager michelle.oakensen@westnorthants.gov.uk
Subject:	Cambridgeshire Pension Fund Risk Strategy
Purpose of the report:	To present the Pension Fund Committee with the Cambridgeshire Pension Fund Risk Strategy and Risk Register proposal.
Recommendations:	The Pension Committee is asked to approve the Risk Strategy and note the new Risk Register format to be used from 1 April 2025.
Reasons for Recommendation:	<ul style="list-style-type: none">• To ensure adequate oversight of the risks impacting the Cambridgeshire Pension Fund.• To ensure that there are processes in place to manage risks effectively within the Fund.
Enquiries to:	Michelle Oakensen Governance and Regulations Manager michelle.oakensen@westnorthants.gov.uk

1. Background

- 1.1 The Cambridgeshire Risk Strategy and Risk Register first came in to effect in March 2019, with the strategy subsequently reviewed in December 2022 and the risk register reviewed regularly at meetings.
- 1.2 At this time it was agreed that the Local Pension Board would monitor risks on a quarterly basis and the Pension Committee would review on a bi-annually basis unless any concerns were raised by the Board prior to this.
- 1.3 The proposed Risk Strategy can be located in appendix 1 and the proposed Risk Register template can be located in appendix 2.

2. Executive summary

- 2.1 This report provides the Committee with the proposed Risk Strategy which has been fully reviewed as a result of the Pension Regulator's General Code of Practice coming into force.

3. Issues and choices

Review of Cambridgeshire Pension Fund Risk Strategy

- 3.1 The Risk Strategy was reviewed in conjunction with Hymans Robertson, the Fund's governance advisors to ensure it met the requirements as set out within the Pension Regulators General Code of Practice.
- 3.2 As a result of the review the following changes to the strategy are proposed:

Section No	Section	Proposed change
	Throughout	Minor grammatical changes that do not affect the original intended purpose.
8.	CIPFA and the Pension Regulator's Requirements	Updated to General Code of Practice and associated requirements. Particularly updating internal control requirements.
10.	The Cambridgeshire Pension Fund Risk Management Process	Definition of what a risk is has been included. The CIPFA model has been updated inline with the 2024 guidance and associated sections updated to reflect current best practice.
11.	Reporting	Updated for clarity of the reporting process and inclusion of the risk categories. Updated to confirm that the Pension Committee will also be provided with the risk register for review at each meeting.
14.	Roles and responsibilities	New section added to demonstrate that the Fund has a clear separation of duties.
	Appendix 1	Updated risk examples against criteria for assessing impact and likelihood.

- 3.3 The Cambridgeshire Pension Fund Risk Strategy can be located in appendix 1 and a tracked changed version in appendix 2.

The Cambridgeshire Pension Fund Risk Register

- 3.4 Following the introduction of the Code and audit comments previously received, the move to a new risk register format is required to ensure compliance, best practice and improved functionality.
- 3.5 The new template can be located in appendix 3 and includes the following features:
- All relevant information captured in one table.
 - Separated risk, cause, impact and treatment.
 - Risks are assigned a risk area (governance, administration and communication, investment and funding).
 - Responsible owners assigned to each risk within the main register.
 - Inclusion of target dates.
 - Ability to differentiate between public and private risks for reporting purposes.
 - Treatment of risks incorporated (termination, reduction, retention, transfer).
 - Heat pad analysis to provide a visual view on medium to high risks.
- 3.6 The assurance analysis and risk management dashboard will continue to be updated and presented for additional context.
- 3.7 The new template will be populated from April 2025 and presented at the June 2025 Committee meeting.
- 3.8 Should the Fund objectives be approved as part of the 2025/26 Business Plan at this meeting, the strategy and risk register will be updated accordingly.
4. Relevant Pension Fund objectives
- The following objectives as per the Business Plan have been considered in this report -
- 4.1 To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.
- 4.2 To manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers.
- 4.3 To ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment.
5. Implications (including financial implications)
- 5.1 Resources and financial
- 5.1.1 There are no resources or financial implications arising from the report.
- 5.2 Legal
- 5.2.1 No material issues have been identified which may give rise to legal liability and/or risk from an administering authority perspective.

5.3 Consultation with Key Advisers

5.3.1 Squire Patton Boggs conducted a review of the paper for legal implications.

5.4 Risk management

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

Risk	Residual risk rating
Those charged with governance are unable to fulfil their responsibilities effectively	Green
Failure to provide relevant information to the Pension Fund Committee/Pension Board to enable informed decision making	Green
Failure to understand and monitor risk compliance.	Green
Failure to recognise and manage conflicts of interest.	Green
Failure to administer the scheme in line with regulations and guidance.	Green
Failure to act appropriately upon expert advice and/or risk of poor advice.	Green

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

[Cambridgeshire Risk Register](#)

5.5 Consultation with key advisers

5.5.1 Squire Patton Boggs conducted a review of the paper for legal implications with no material issues raised.

6. Background papers

6.1 None.

7. Appendices

7.1 Appendix 1 – Cambridgeshire Pension Fund Risk Strategy - clean

7.2 Appendix 2 – Cambridgeshire Pension Fund Risk Strategy – tracked

7.3 Appendix 3 – Template Risk Register

Risk Strategy

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1. Introduction

- 1.1 This is the Risk Strategy of the Cambridgeshire Pension Fund ("the Fund"), part of the Local Government Pension Scheme ("LGPS") managed and administered by Cambridgeshire County Council ("the Administering Authority"). The Risk Strategy details the Fund's approach to managing risk including:
- the risk philosophy for the management of the Fund and, in particular, attitudes to, and appetite for, risk
 - how risk management is implemented
 - risk management responsibilities
 - the procedures that are adopted in the Fund's risk management process
 - the key internal controls operated by the Administering Authority and other parties responsible for the management of the Fund

2. Strategy objectives

- 2.1 In relation to understanding and monitoring risk, the Administering Authority aims to:
- integrate risk management into the culture and day-to-day activities of the Fund
 - raise awareness of the need for risk management by all those connected with the management of the Fund (including advisers, employers and other partners)
 - anticipate and respond positively to change
 - minimise the probability of negative outcomes for the Fund and its stakeholders
 - establish and maintain a robust framework and procedures for identification, analysis, assessment and management of risk and the reporting and recording of events, based on best practice
 - ensure consistent application of the risk management methodology across all Fund activities, including projects and partnerships.
- 2.2 To assist in achieving these objectives in the management of the Fund, the Administering Authority will aim to comply with:
- the CIPFA Managing Risk publication and
 - the Pensions Act 2004 and the Pensions Regulator's general code of practice for Public Service Pension Schemes as they relate to managing risk.

3. Purpose of the strategy

- 3.1 The Administering Authority recognises that effective risk management is an essential element of good governance in the LGPS. By identifying and managing risks through an effective policy and risk management strategy, the Administering Authority can:
- demonstrate best practice in governance
 - improve financial management
 - minimise the risk and effect of adverse conditions
 - identify and maximise opportunities that might arise
 - minimise threats

- 3.2 The Administering Authority adopts best practice risk management, which supports a structured and focused approach to managing risks and ensures risk management is an integral part in the governance of the Fund at a strategic and operational level.

4. Effective date

- 4.1 This policy was first approved by the Pension Committee on 18th March 2016 and has been subject to the following reviews:

Date of review	Type of review
March 2019	Full review.
12 December 2022	Full review – minor amendments made.
19 March 2025	Full review in line with the general code of practice.

5. Review

- 5.1 The Policy will be reviewed by the Pension Committee every three years and by Officers on an annual basis. If the risk management arrangements or other matters included within it merit reconsideration this can be at any point prior.

6. Scope

- 6.1 This Risk Strategy applies to all members of the Pension Committee, Investment Sub-Committee and Local Pension Board, including scheme member and employer representatives. It also applies to officers involved in the management of the Fund including the Chief Finance Officer (Section 151 Officer) and the Head of Pensions.
- 6.2 Advisers and suppliers to the Fund are also expected to be aware of this Policy, and assist officers, Committee and Sub-Committee members and Board members as required, in meeting the objectives of this Policy.

7. Risk Management Philosophy

- 7.1 The Administering Authority recognises that it is not possible nor even desirable, to eliminate all risks. Accepting and actively managing risk is therefore a key part of the risk management strategy for the Fund. A key determinant in selecting the action to be taken in relation to any risk will be its potential impact on the Fund's objectives in the light of the Administering Authority's risk appetite, particularly in relation to investment matters. Equally important is striking a balance between the cost of risk control actions against the possible effect of the risk occurring.
- 7.2 In managing risk, the Administering Authority will:
- ensure that there is a proper balance between risk taking and the opportunities to be gained.

- adopt a system that will enable the Fund to anticipate and respond positively to change.
- minimise loss and damage to the Fund and to other stakeholders who are dependent on the benefits and services provided.
- make sure that any new areas of activity (new investment strategies, further joint-working, framework agreements etc.) are only undertaken if the risks they present are fully understood and taken into account in making decisions.

7.3 The Administering Authority also recognises that risk management is not an end in itself; nor will it remove risk from the Fund or the Administering Authority, however it is a sound management technique that is an essential part of the Administering Authority's stewardship of the Fund. The benefits of a sound risk management approach include better decision-making, improved performance and delivery of services, more effective use of resources and the protection of reputation.

8. CIPFA and the Pension Regulator's Requirements

CIPFA Managing Risk Publication

- 8.1 CIPFA has published technical guidance on managing risk in the LGPS. The publication explores how risk manifests itself across the broad spectrum of activity that constitutes LGPS financial management and administration and how, by using established risk management techniques, those risks can be identified, analysed and managed effectively.
- 8.2 The publication also considers how to approach risk in the LGPS in the context of the role of the administering authority as part of a wider local authority and how the approach to risk might be communicated to other stakeholders.

The Pension Regulator's General Code of Practice

- 8.3 The Public Service Pensions Act 2013 added the following provision to the Pensions Act 2004 relating to the requirement to have internal controls in public service pension schemes.

"249B Requirement for internal controls: public service pension schemes

(1) The scheme manager of a public service pension scheme must establish and operate internal controls which are adequate for the purpose of securing that the scheme is administered and managed—

- (a) in accordance with the scheme rules, and*
(b) in accordance with the requirements of the law.

(2) Nothing in this section affects any other obligations of the scheme manager to establish or operate internal controls, whether imposed by or by virtue of any enactment, the scheme rules or otherwise.

(3) In this section, "enactment" and "internal controls" have the same meanings as in section 249A."

- 8.4 Section 90A of the Pensions Act 2004 requires the Pensions Regulator to issue a code of practice relating to internal controls. The Pensions Regulator has issued such a code in which it encourages scheme managers (i.e. administering authorities

in the LGPS) to employ a risk-based approach to assessing the adequacy of their internal controls and to ensure that sufficient time and attention is spent on identifying, evaluating, recording and managing risks and developing and monitoring appropriate controls.

8.5 The Pensions Regulator's general code of practice guidance on internal controls requires scheme managers to carry out a risk assessment and produce a risk register which should be reviewed regularly. The risk assessment should ensure the following are in place:

- The arrangements and procedures to be followed in the administration and management of the scheme.
- The systems and arrangements for monitoring that administration and management.
- Arrangements and procedures to be followed for the safe custody and security of the assets of the scheme.

8.6 The general code of practice goes on to say that schemes should consider the likelihood of risks arising and the effect if they do arise when determining the order of priority for managing risks and focus on those areas where the impact and likelihood of a risk materialising is high. Schemes should then consider what internal controls are appropriate to mitigate the main risks they have identified and how best to monitor them. The general code of practice includes the following examples as issues which schemes should consider when designing internal controls to manage risks:

- how the control is to be implemented and the skills of the person performing the control.
- the level of reliance that can be placed on information technology solutions where processes are automated.
- whether a control is capable of preventing future recurrence or merely detecting an event that has already happened.
- the frequency and timeliness of a control process.
- how the control will ensure that data are managed securely
- the process for flagging errors or control failures, and approval and authorisation controls.
- whether professional advice is needed when designing internal controls

8.7 The general code states that risk assessment is a continual process and should take account of a changing environment and new and emerging risks. It further states that an effective risk assessment process will provide a mechanism to detect weaknesses at an early stage and that schemes should periodically review the adequacy of internal controls in:

- mitigating risks.
- supporting longer-term strategic aims, for example relating to investments.
- identifying success (or otherwise) in achieving agreed objectives.
- providing a framework against which compliance with the scheme regulations and legislation can be monitored.

- identifying when obtaining third party advice is appropriate.
- obtaining assurance that service providers are meeting their own standards.

8.8 Under section 13 of the Pensions Act 2004, the Pensions Regulator can issue an improvement notice (i.e. a notice requiring steps to be taken to rectify a situation) where it is considered that the requirements relating to internal controls are not being adhered to.

8.9 The Administering Authority adopts the principles contained in CIPFA's Managing Risk in the LGPS document and the Pension Regulator's general code of practice in relation to the Fund. This Risk Strategy highlights how the Administering Authority strives to achieve those principles through use of risk management processes and internal controls incorporating regular monitoring and reporting.

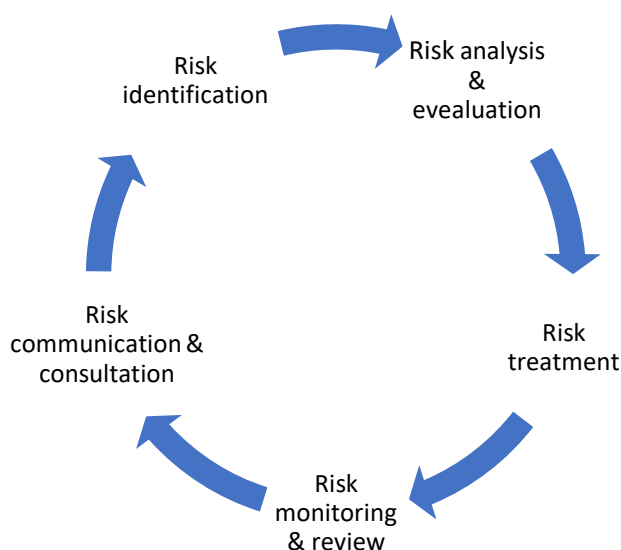
9. Responsibility

9.1 The Administering Authority must be satisfied that risks are appropriately managed. For this purpose, the officers are responsible for ensuring the process outlined below is carried out, subject to the oversight of the Pension Committee and Pension Board.

It is the responsibility of each individual covered by this Strategy to identify any potential risks for the Fund and ensure that they are fed into the risk management process.

10. The Cambridgeshire Pension Fund Risk Management Process

10.1 An action or event that affects the ability of the Fund to achieve its objectives is defined as a risk. The Administering Authority's risk management process is in line with that recommended by CIPFA and is a continuous approach which systematically looks at risks surrounding the Fund's past, present and future activities. The main processes involved in risk management are identified in the figure below and detailed in the following sections.



Risk identification

- 10.2 Two common terms in risk identification exercises are:
1. cause, which is an event or situation that can cause harm
 2. risk, which is the chance that an adverse outcome will occur as a result of a cause.
- 10.3 The risk identification process is both a proactive and reactive one: looking forward i.e. horizon scanning for potential risks, and looking back, by learning lessons from reviewing how previous decisions and existing processes have manifested in risks to the organisation.
- 10.4 Risks are identified by a number of means including, but not limited to:
- formal risk assessment exercises overseen by the Pension Committee and Pension Board.
 - performance measurement against agreed objectives.
 - monitoring against the Fund's business plan.
 - findings of internal and external audit and other adviser reports.
 - feedback from the Pension Committee, Local Pension Board, employers, advisors, scheme members and other stakeholders.
 - informal meetings of senior officers or other staff involved in the management of the Fund.
 - liaison with other organisations, regional and national associations, professional groups such as SAB and CIPFA.
 - legal determinations of Pension Ombudsman and TPR.
 - business continuity plans.
 - regular reviews of the Fund's Investment Strategy Statement and Funding Strategy Statement.
 - regular monitoring of the Fund's employers.
- 10.5 Once identified, risks will be documented on the Fund's risk register, which is the primary control document for the subsequent analysis, control and monitoring of those risks.

Risk analysis and evaluation

- 10.6 Once potential risks have been identified, the next stage of the process is to analyse and profile each risk. Risks will be assessed by considering the likelihood of the risk occurring and the effect if it does occur, with the score for likelihood multiplied by the score for impact to determine the current overall risk rating, as illustrated in the table below.

5. Catastrophic	5	10	15	20	25
4. Major	4	8	12	16	20
3. Moderate	3	6	9	12	15
2. Minor	2	4	6	8	10
1. Insignificant	1	2	3	4	5

Potential impact if risk occurred/likelihood of risk occurring.	1. Rare (5%)	2. Unlikely (15%)	3. Possible (40%)	4. Likely (65%)	5. Almost certain (80%)
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10.7 When considering the risk rating, the Administering Authority will have regard to the existing controls in place and the cost effectiveness of implementing any additional controls.

10.8 The criteria for impact and likelihood are detailed in **Appendix 1**.

Risk treatment

10.9 The Governance and Regulations Manager will review the extent to which the identified risks are covered by existing internal controls and determine whether any further action is required to control the risk, including reducing the likelihood of a risk event occurring or reducing the severity of the consequences should it occur. Where an action to mitigate a risk involves significant additional spend or a change of strategic direction, it will require Pension Committee approval. The result of any change to the internal controls could result in any of the following:

- Risk termination/avoidance – for example, stop doing whatever it is that causes the risk and use alternative processes.
- Risk reduction – for example, choosing a course of action that has a lower probability of risk or putting in place procedures to manage risk when it arises.
- Risk retention/tolerance – for example, decide that a risk is acceptable and make proper financial arrangements should it occur.
- Risk transfer – for example, transferring the risk to another party either by insurance or through a contractual arrangement.

10.10 The Fund's risk register details further actions in relation to a risk, the responsible lead for that action and relevant Fund objective. Mitigations are categorised as either proposed, in progress or implemented to draw attention and focus to actions to be undertaken.

10.11 The Fund treats all risks by applying mitigations to reduce the likelihood/and or impact of residual risks to the Fund as default. Discrete risks associated with projects are managed via a project RAID log to ensure the correct level of detail is captured and managed appropriately as an additional control.

10.12 In addition, the executive summary provides an overview detailing any changes between risk assessments and provides a target score to indicate whether the Fund is content or aiming to achieve a more desirable score by implementing additional mitigations. The comments section supports the rationale behind target scores and/or any changes to scores during the review period.

10.13 There is a need to balance the cost of a control against the possible result of the risk occurring and a cost benefit analysis will be undertaken where appropriate.

10.14 Where necessary, the Administering Authority will update the Fund's business plan in relation to any agreed action as a result of an identified risk.

Risk monitoring and review

10.15 In monitoring risk management activity, the Committee will consider whether:

- the risk controls taken achieved the desired outcomes.
- the procedures adopted and information gathered for undertaking the risk assessment were appropriate.
- greater knowledge of the risk and potential outcomes would have improved the decision-making process in relation to that risk.
- there are any lessons to be learned for the future assessment and management of risks.
- whether any further risks need adding to the register.

10.16 Progress in managing risks will be reported at every meeting to ensure that losses are minimised and intended actions are achieved. All reports contain a risk monitoring section to identify specific risks associated with a proposal.

10.17 The Fund has in place a risk management dashboard which tracks Fund risk movements and an assurance table which captures the highest risks facing the Fund which monitors specific tangible performance indicators to enable focus where needed.

Communication and consultation

10.18 Communication and consultation should occur with relevant stakeholders at all stages of the risk management process to ensure the Fund's objectives are being met.

11. Reporting

11.1 Progress in managing risks will be monitored and recorded on the risk register.

11.2 The risk register, including any changes to the internal controls, will be provided at each meeting to the Pension Committee and Pension Board.

11.3 For scenarios where a risk has changed by a residual score of 3 or more or a new major risk with a score 15 or more is identified the Chair of the Pension Committee and Chair of the Local Pension Board will be notified ahead of the next scheduled meeting via email, further discussion may be required and the Committee and Board will be notified subsequently.

11.4 In order to identify whether the objectives of this policy are being met, the Administering Authority will review the delivery of the requirements of this Strategy on an annual basis taking into consideration any feedback from the Pension Board.

11.5 Risks will be categorised as follows:

- Governance risk.
- Administration and Communications risk.
- Investment risk.

- Funding risk.

12. Key risks to the effective delivery

12.1 The key risks to the delivery of this Strategy are outlined below. The Pension Committee will monitor these and other key risks and consider how to respond to them following updates and recommendations from officers.

- Risk management becomes mechanistic, is not embodied into the day to day management of the Fund and consequently the objectives of the Policy are not delivered
- Changes in Pension Committee and/or Pension Board membership and/or senior officers mean key risks are not identified due to lack of knowledge
- Insufficient resources are available to satisfactorily assess or take appropriate action in relation to identified risks
- Risks are incorrectly assessed due to a lack of knowledge or understanding, leading to inappropriate levels of risk being taken without proper controls
- Lack of engagement or awareness of external factors means key risks are not identified
- Conflicts of interest or other factors lead to a failure to identify or assess risks appropriately

13. Costs

13.1 All costs related to this Risk Strategy are met directly by the Fund.

14. Roles and responsibilities

14.1 The Fund has a clear separation of duties in assessing the risk profile of the Fund as follows:

Pension Committee

The Pension Committee have responsibility for management of the Fund which includes risk management. As such they should be:

- Setting risk strategy for the Fund
- Updated about Fund risk regularly via the risk register and any further reports from Officers
- Monitoring risks and interrogating the effectiveness of controls that are in place.

Pension Board

The Pension Board act as an advisory body to the Fund. As such they should:

- Regularly review the Fund's risk register providing oversight and challenge on how risks are reported.
- Evaluate the controls and mitigations put in place by the Pension Committee to manage risk.
- Assess the appropriateness of decisions made in relation to risk management.
- Ensure risk mitigation plans are put in place by the Pension Committee where necessary

Head of Fund/Senior officers

Fund officers are responsible for the day-to-day running of the Fund. As such they will:

- Produce and maintain a risk register and present reports to the Pension Committee and Pension Board on a regular basis.
- Monitor risks and seek to identify and new or emerging risks.
- Work with the Pension Committee and Board to assess risks, implement controls and monitor the effectiveness of these controls.

15. Further information

- 15.1 For further information about anything in or related to this Risk Strategy, please contact:

Michelle Oakensen
Governance and Regulations Manager
Pensions Service
E-mail: michelle.oakensen@westnorthants.gov.uk

- 15.2 Further information on the Cambridgeshire Pension Fund can be found on the Pensions Service website;
<http://pensions.cambridgeshire.gov.uk>

Appendix 1 – Criteria for assessing impact and likelihood

Impact

Description	Risk Appetite	Example
Catastrophic (5)	<ul style="list-style-type: none"> Unacceptable level of risk exposure which requires immediate action to be taken. >£10m. Section 151 or government intervention or criminal charges. Critical long term disruption to service delivery. Significant and sustained local opposition to policies and/or sustained negative media reporting in national media. 	Payroll failure resulting in pensioners not being paid with no mitigations in place to prevent this situation.
Major (4)	<ul style="list-style-type: none"> Unacceptable level of risk exposure which requires regular active monitoring (at least quarterly) and measures put in place to reduce exposure. <£10m. Major civil litigation setting precedent and/or national public enquiry. Major disruption to service delivery. Sustained negative coverage in local media or negative reporting in the national media. 	Failure to collect and record receipt of contributions from employers and employees on time and in line with Regulation guidelines.
Moderate (3)	<ul style="list-style-type: none"> Acceptable level of risk exposure subject to regular active monitoring measures, at least quarterly. <£5m. Major civil litigation and/or local public enquiry. Moderate direct effect on service delivery. Significant negative front page reports/editorial comment in the local media. 	Failure to recruit, retain and develop staff resulting in reduced service standards.

Description	Risk Appetite	Example
Minor (2)	<ul style="list-style-type: none"> Acceptable level of risk subject to regular passive monitoring measures, at least half yearly. <£1m. Minor regulatory enforcement. Minor disruption to service delivery. Minimal negative local media reporting. 	Major incident resulting in staff being unable to reach the workplace however, the Fund have mitigations in place in the form of the Business Continuity Plan and work from home policy
Insignificant (1)	<ul style="list-style-type: none"> Acceptable level of risk subject to periodic passive monitoring measures, at least annually. <£0.5m. Minor civil litigation or regulatory criticism. Insignificant disruption to service delivery. No reputational impact. 	Employers leaving Scheme or closing to new members resulting in orphaned liabilities falling to remaining employers.

Likelihood

Description	% risk of happening	Or	Potential timescale
Rare (1)	5		Once in 20 or more years
Unlikely (2)	15		Once in 10 to less than 20 years
Possible (3)	40		Once in 3 to less than 10 years
Likely (4)	65		Once in 1 to less than 3 years
Almost certain (5)	80		At least once in a year

Risk Strategy



West
Northamptonshire
Council



Cambridgeshire
County Council

Administered in partnership

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(2) Nothing in this section affects any other obligations of the scheme manager to establish or operate internal controls, whether imposed by or by virtue of any enactment, the scheme rules or otherwise.

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- the level of reliance that can be placed on information technology solutions where processes are automated.
- whether a control is capable of preventing future recurrence or merely detecting an event that has already happened.
- the frequency and timeliness of a control process.
- how the control will ensure that data are managed securely.
- the process for flagging errors or control failures, and approval and authorisation controls.
- whether professional advice is needed when designing internal controls

8.7 The general code states that risk assessment is a continual process and should take account of a changing environment and new and emerging risks. It further states that an effective risk assessment process will provide a mechanism to detect weaknesses at an early stage and that schemes should periodically review the adequacy of internal controls in:

- mitigating risks.
- supporting longer-term strategic aims, for example relating to investments.
- identifying success (or otherwise) in achieving agreed objectives.
- providing a framework against which compliance with the scheme regulations and legislation can be monitored.

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- identifying when obtaining third party advice is appropriate.
- obtaining assurance that service providers are meeting their own standards.

8.8 Under section 13 of the Pensions Act 2004, the Pensions Regulator can issue an improvement notice (i.e. a notice requiring steps to be taken to rectify a situation) where it is considered that the requirements relating to internal controls are not being adhered to.

8.9 The Administering Authority adopts the principles contained in CIPFA's Managing Risk in the LGPS document and the Pension Regulator's general code of practice in relation to the Fund. This Risk Strategy highlights how the Administering Authority strives to achieve those principles through use of risk management processes and internal controls incorporating regular monitoring and reporting.

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9. Responsibility

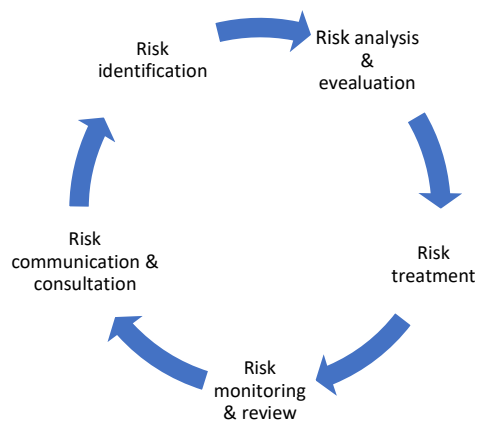
9.1 The Administering Authority must be satisfied that risks are appropriately managed. For this purpose, the officers are responsible for ensuring the process outlined below is carried out, subject to the oversight of the Pension Committee and Pension Board.

It is the responsibility of each individual covered by this Strategy to identify any potential risks for the Fund and ensure that they are fed into the risk management process.

10. The Cambridgeshire Pension Fund Risk Management Process

10.1 An action or event that affects the ability of the Fund to achieve its objectives is defined as a risk. The Administering Authority's risk management process is in line with that recommended by CIPFA and is a continuous approach which systematically looks at risks surrounding the Fund's past, present and future activities. The main processes involved in risk management are identified in the figure below and detailed in the following sections.

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Risk identification

10.2 Two common terms in risk identification exercises are:

1. cause, which is an event or situation that can cause harm
2. risk, which is the chance that an adverse outcome will occur as a result of a cause.

10.3 The risk identification process is both a proactive and reactive one: looking forward i.e. horizon scanning for potential risks, and looking back, by learning lessons from reviewing how previous decisions and existing processes have manifested in risks to the organisation.

10.4 Risks are identified by a number of means including, but not limited to:

- formal risk assessment exercises overseen by the Pension Committee and Pension Board.
- performance measurement against agreed objectives.
- monitoring against the Fund's business plan.
- findings of internal and external audit and other adviser reports.
- feedback from the Pension Committee, Local Pension Board, employers, advisors, scheme members and other stakeholders.
- informal meetings of senior officers or other staff involved in the management of the Fund.
- liaison with other organisations, regional and national associations, professional groups such as SAB and CIPFA.
- legal determinations of Pension Ombudsman and TPR.
- business continuity plans.
- regular reviews of the Fund's Investment Strategy Statement and Funding Strategy Statement.
- regular monitoring of the Fund's employers.

10.5 Once identified, risks will be documented on the Fund's risk register, which is the primary control document for the subsequent analysis, control and monitoring of those risks.

Risk analysis and evaluation

10.6 Once potential risks have been identified, the next stage of the process is to analyse and profile each risk. Risks will be assessed by considering the likelihood of the risk occurring and the effect if it does occur, with the score for likelihood multiplied by the score for impact to determine the current overall risk rating, as illustrated in the table below.

5. Catastrophic	5	10	15	20	25
4. Major	4	8	12	16	20
3. Moderate	3	6	9	12	15
2. Minor	2	4	6	8	10
1. Insignificant	1	2	3	4	5

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Potential impact if risk occurred/likelihood of risk occurring.	1. Rare (5%)	2. Unlikely (15%)	3. Possible (40%)	4. Likely (65%)	5. Almost certain (80%)
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10.7 When considering the risk rating, the Administering Authority will have regard to the existing controls in place and the cost effectiveness of implementing any additional controls.

10.8 The criteria for impact and likelihood are detailed in **Appendix 1.**

Risk treatment.

10.9 The Governance and Regulations Manager will review the extent to which the identified risks are covered by existing internal controls and determine whether any further action is required to control the risk, including reducing the likelihood of a risk event occurring or reducing the severity of the consequences should it occur. Where an action to mitigate a risk involves significant additional spend or a change of strategic direction, it will require Pension Committee approval. The result of any change to the internal controls could result in any of the following:

- Risk termination/avoidance, – for example, stop doing whatever it is that causes the risk and use alternative processes.
- Risk reduction – for example, choosing a course of action that has a lower probability of risk or putting in place procedures to manage risk when it arises.
- Risk retention/tolerance – for example, decide that a risk is acceptable and make proper financial arrangements should it occur.
- Risk transfer – for example, transferring the risk to another party either by insurance or through a contractual arrangement.

10.10 The Fund's risk register details further actions in relation to a risk, the responsible lead for that action and relevant Fund objective. Mitigations are categorised as either proposed, in progress or implemented to draw attention and focus to actions to be undertaken.

10.11 The Fund treats all risks by applying mitigations to reduce the likelihood/and or impact of residual risks to the Fund as default. Discrete risks associated with projects are managed via a project RAID log to ensure the correct level of detail is captured and managed appropriately as an additional control.

10.12 In addition, the executive summary provides an overview detailing any changes between risk assessments and provides a target score to indicate whether the Fund is content or aiming to achieve a more desirable score by implementing additional mitigations. The comments section supports the rationale behind target scores and/or any changes to scores during the review period.

10.13 There is a need to balance the cost of a control against the possible result of the risk occurring and a cost benefit analysis will be undertaken where appropriate.

10.14 Where necessary, the Administering Authority will update the Fund's business plan in relation to any agreed action as a result of an identified risk

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Risk monitoring and review

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10.15 In monitoring risk management activity, the Committee will consider whether:

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- the risk controls taken achieved the desired outcomes.
- the procedures adopted and information gathered for undertaking the risk assessment were appropriate.
- greater knowledge of the risk and potential outcomes would have improved the decision-making process in relation to that risk.
- there are any lessons to be learned for the future assessment and management of risks.
- whether any further risks need adding to the register.

10.16 Progress in managing risks will be reported at every meeting to ensure that losses are minimised and intended actions are achieved. All reports contain a risk monitoring section to identify specific risks associated with a proposal.

10.17 The Fund has in place a risk management dashboard which tracks Fund risk movements and an assurance table which captures the highest risks facing the Fund which monitors specific tangible performance indicators to enable focus where needed.

Communication and consultation

10.18 Communication and consultation should occur with relevant stakeholders at all stages of the risk management process to ensure the Fund's objectives are being met.

11. Reporting

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11.1 Progress in managing risks will be monitored and recorded on the risk register.

11.2 The risk register, including any changes to the internal controls, will be provided at each meeting to the Pension Committee and Pension Board.

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11.3 For scenarios where a risk has changed by a residual score of 3 or more or a new major risk with a score 15 or more is identified the Chair of the Pension Committee and Chair of the Local Pension Board will be notified ahead of the next scheduled meeting via email, further discussion may be required and the Committee and Board will be notified subsequently.

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11.4 In order to identify whether the objectives of this policy are being met, the Administering Authority will review the delivery of the requirements of this Strategy on an annual basis taking into consideration any feedback from the Pension Board.

11.5 Risks will be categorised as follows:

- Governance risk.
- Administration and Communications risk.
- Investment risk.

- Funding risk.

12. Key risks to the effective delivery

12.1 The key risks to the delivery of this Strategy are outlined below. The Pension Committee will monitor these and other key risks and consider how to respond to them following updates and recommendations from officers.

- Risk management becomes mechanistic, is not embodied into the day to day management of the Fund and consequently the objectives of the Policy are not delivered
- Changes in Pension Committee and/or Pension Board membership and/or senior officers mean key risks are not identified due to lack of knowledge
- Insufficient resources are available to satisfactorily assess or take appropriate action in relation to identified risks
- Risks are incorrectly assessed due to a lack of knowledge or understanding, leading to inappropriate levels of risk being taken without proper controls
- Lack of engagement or awareness of external factors means key risks are not identified
- Conflicts of interest or other factors lead to a failure to identify or assess risks appropriately

13. Costs

13.1 All costs related to this Risk Strategy are met directly by the Fund.

14. Roles and responsibilities

14.1 The Fund has a clear separation of duties in assessing the risk profile of the Fund as follows:

Pension Committee

The Pension Committee have responsibility for management of the Fund which includes risk management. As such they should be:

- Setting risk strategy for the Fund
- Updated about Fund risk regularly via the risk register and any further reports from Officers
- Monitoring risks and interrogating the effectiveness of controls that are in place.

Pension Board

The Pension Board act as an advisory body to the Fund. As such they should:

- Regularly review the Fund's risk register providing oversight and challenge on how risks are reported.
- Evaluate the controls and mitigations put in place by the Pension Committee to manage risk.
- Assess the appropriateness of decisions made in relation to risk management.
- Ensure risk mitigation plans are put in place by the Pension Committee where necessary.

Head of Fund/Senior officers

Fund officers are responsible for the day-to-day running of the Fund. As such they will:

- Produce and maintain a risk register and present reports to the Pension Committee and Pension Board on a regular basis.
- Monitor risks and seek to identify and new or emerging risks.
- Work with the Pension Committee and Board to assess risks, implement controls and monitor the effectiveness of these controls.

15. Further information

- 15.1 For further information about anything in or related to this Risk Strategy, please contact:

Michelle Oakensen
Governance and Regulations Manager
Pensions Service
E-mail: michelle.oakensen@westnorthants.gov.uk

- 15.2 Further information on the Cambridgeshire Pension Fund can be found on the Pensions Service website;
<http://pensions.cambridgeshire.gov.uk>

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Appendix 1 – Criteria for assessing impact and likelihood

Impact

Description	Risk Appetite	Example
Catastrophic (5)	<ul style="list-style-type: none"> Unacceptable level of risk exposure which requires immediate action to be taken. >£10m. Section 151 or government intervention or criminal charges. Critical long term disruption to service delivery. Significant and sustained local opposition to policies and/or sustained negative media reporting in national media. 	<p><u>Payroll failure resulting in pensioners not being paid with no mitigations in place to prevent this situation.</u></p> <p>Deleted: Data breach containing the personal information of more than 80% of the Fund where no mitigations were put in place to minimise impact.¶</p>
Major (4)	<ul style="list-style-type: none"> Unacceptable level of risk exposure which requires regular active monitoring (at least quarterly) and measures put in place to reduce exposure. <£10m. Major civil litigation setting precedent and/or national public enquiry. Major disruption to service delivery. Sustained negative coverage in local media or negative reporting in the national media. 	<p><u>Failure to collect and record receipt of contributions from employers and employees on time and in line with Regulation guidelines.</u></p> <p>Deleted: Data breach containing the personal information of more than 50% of the Fund where no mitigations were put in place to minimise impact.¶</p>
Moderate (3)	<ul style="list-style-type: none"> Acceptable level of risk exposure subject to regular active monitoring measures, at least quarterly. <£5m. Major civil litigation and/or local public enquiry. Moderate direct effect on service delivery. Significant negative front page reports/editorial comment in the local media. 	<p><u>Failure to recruit, retain and develop staff resulting in reduced service standards.</u></p> <p>Deleted: Data breach containing the personal information of more than 20% of the Fund where some mitigations were put in place to minimise impact.¶</p>

Description	Risk Appetite	Example
Minor (2)	<ul style="list-style-type: none"> Acceptable level of risk subject to regular passive monitoring measures, at least half yearly. <£1m. Minor regulatory enforcement. Minor disruption to service delivery. Minimal negative local media reporting. 	<p><u>Major incident resulting in staff being unable to reach workplace however, the Fund have mitigations in place in the form of the Business Continuity Plan and work from home policy</u></p>
Insignificant (1)	<ul style="list-style-type: none"> Acceptable level of risk subject to periodic passive monitoring measures, at least annually. <£0.5m. Minor civil litigation or regulatory criticism. Insignificant disruption to service delivery. No reputational impact. 	<p><u>Employers leaving Scheme or closing to new members resulting in orphaned liabilities falling to remaining employers.</u></p>

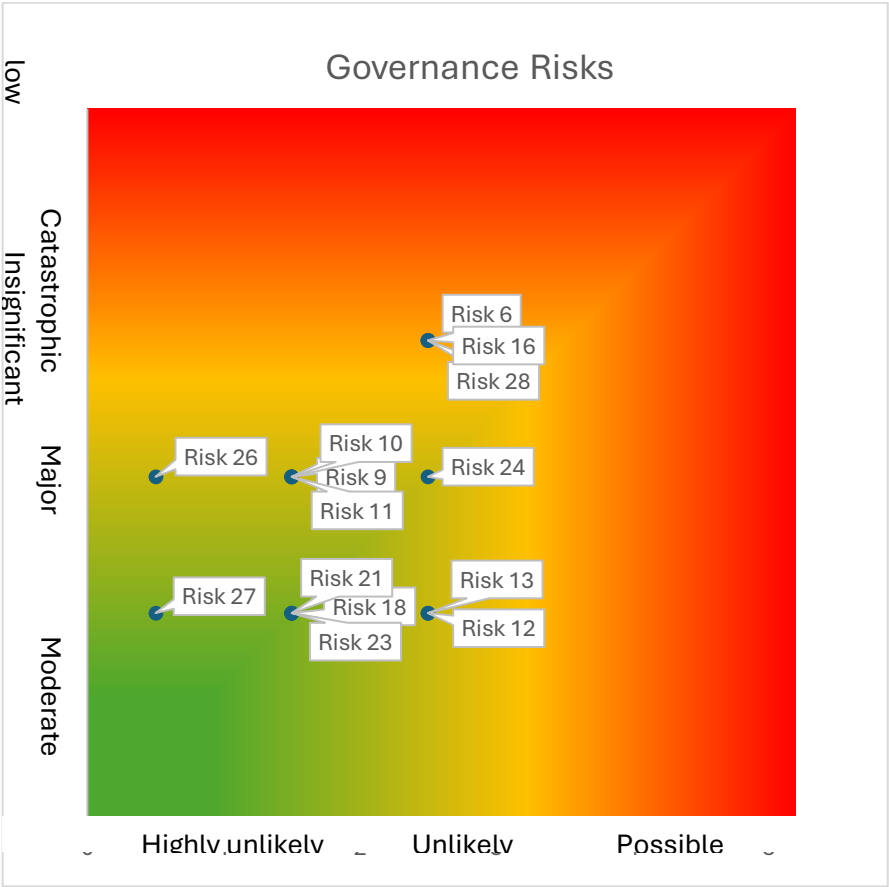
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Likelihood

Description	% risk of happening	Or	Potential timescale
Rare (1)	5		Once in 20 or more years
Unlikely (2)	15		Once in 10 to less than 20 years
Possible (3)	40		Once in 3 to less than 10 years
Likely (4)	65		Once in 1 to less than 3 years
Almost certain (5)	80		At least once in a year

Risk No.	Description of Risk	Cause of risk	Impact if this occurs	Strategic objective(s) linked to	Current Impact	Current likelihood	Current Risk Rating (RAG)	Target Impact	Target Likelihood	Target date	Treatment of risk	Internal controls/ mitigations for risk	Status of Internal controls/ mitigations for risk	Further action and who has responsibility	Date of completion	Risk manager	New review date	Exempt	Further comments



To: Pension Fund Committee

Meeting date: 20 March 2025

Report by: Ben Barlow
Funding and Investment Manager
ben.barlow@westnorthants.gov.uk

Subject: Payment of Employee and Employer Pension
Contribution Policy Review

Purpose of the report: To present the reviewed Payment of Employee
and Employer Pension Contributions Policy to the
Committee.

Recommendations: The Pension Fund Committee is asked to approve
the changes to the Payment of Employee and
Employer Pension Contributions Policy.

Reasons for Recommendation: To ensure good governance and compliance with
the Local Government Pension Scheme
Regulations and other relevant legislation and
guidance.

Enquiries to: Ben Barlow, Funding and Investment Manager
ben.barlow@westnorthants.gov.uk

1. Background

- 1.1 In March 2022 the Payment of Employee and Employer Pension Contribution Policy was reviewed and presented to the Pension Fund Committee for approval. The aim of the policy is to ensure that scheme employers are aware of their statutory obligations in regard to the payment of both employee and employer pension contributions to the Fund.

2. Executive summary

- 2.1 The review has been conducted on its effectiveness after 12 months since the last review.
- 2.2 The policy details have mostly remained unchanged, but minor changes to update contents to align with the latest General Code of Practice issued by the Pensions Regulator.

3. Review and proposed changes to the policy

- 3.1 As a result of the review by officers, the following changes are being proposed with this paper for review and approval by the Pension Fund Committee.

Section	Proposed change
6 – Legal requirements	6.3 is updated to reflect the latest General Code of Practice by the Pension Regulator.
8 – Reporting late payments of contributions to the Pensions Regulator	Updated 8.1 with the examples of payment failure which are likely to be recognised as material, to align with the guidance on the latest General Code of Practice.
9 – Administration fees and interest payable in respect of late and inaccurate payments and schedules	Updated 9.1 the amounts of Administration Fees in accordance with the Fund's latest Administration Strategy.
Appendix 1 – Internal escalation process for dealing with late submission of payments and /or schedules	The escalation log specifically to record the details of payment failure has been added to the existing escalation process to address the guidance on the latest General Code of Practice.

- 3.2 Should revised Fund objectives be approved as part of the 2025/26 Business Plan at this meeting, the policy will be updated accordingly.

4. Relevant Pension Fund objectives

The following objectives have been considered in this report:

- 4.1 Have robust governance arrangement in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.
- 4.2 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.

- 4.3 Monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.
- 4.4 Put in place performance standards for the Fund and its employers and ensure these are monitored and developed as necessary.
- 4.5 Administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration.
- 4.6 Ensure cashflows in and out of the Fund are timely and of the correct amount.
- 4.7 Ensure the long-term solvency of the Fund, taking a prudent long term view, so that sufficient funds are available to meet all members'/dependents' benefits as they fall due for payment.

5. Implications (including financial implications)

5.1 Resources and financial

- 5.1.1 There are no resources and financial implications associated with this proposal.

5.2 Legal

- 5.2.1 No legal implications associated with this proposal.

5.3 Risk management

- 5.3.1 Risks associated with this proposal

Risk	Residual risk rating
There are no significant risks arising from the proposed recommendations in this report.	

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

[Cambridgeshire Risk Register](#)

5.4 Consultation

- 5.4.1 Squire Patton Boggs conducted a review of the paper for legal implications with no material issues raised.

6. Background papers

- 6.1 Not applicable.

7. Appendices

- 7.1 Appendix 1 – Payment of Employee and Employer Pension Contributions Policy

Payment of Employee and Employer Pension Contributions Policy

March 2025

Cambridgeshire Pension Fund



Administered in partnership

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1. Introduction

- 1.1 This is the Payment of Employee and Employer Contributions Policy for Cambridgeshire Pension Fund which is administered by Cambridgeshire County Council (the Administering Authority).
- 1.2 This policy sets out the expectations of each Scheme Employer with regards to the payment of employee and employer pension contributions and the associated reconciliation processes performed by the Administering Authority.
- 1.3 The ultimate aim of the policy is to ensure that employee and employer pension contributions and associated schedules to inform the breakdown of the payments are received on time (on or before the 19th of the month following the month of deduction) in accordance with prevailing legislation and are reconciled by the Fund in an appropriate timescale to aid swift resolution of any unpaid monies.
- 1.4 It is essential that contribution income is received on time to ensure that the Fund has sufficient cash available to meet its benefit payment obligations.

2. Policy objectives

- 2.1 The Fund's objectives relating to this Policy are:
 - Ensure benefits are paid to, and income collected from, the right people at the right time in the right amount.
 - Maintain accurate records and ensure data is protected and has authorised use only.

- Administer the Fund in a cost effective and efficient manner utilising technology.
- Ensure the Fund and its stakeholders are aware of and understand their roles and responsibilities under the LGPS regulations and in the delivery of the administration function of the Fund.
- Put in place standards for the Fund and its employers and ensure these standards are monitored and developed as necessary.
- To ensure that sufficient resources are available to meet all liabilities as they fall due.

3. Purpose of the policy

3.1 The purpose of the policy is to –

- have a robust process in place for managing payments and schedules received both on time and after the statutory deadline;
- ensure employers are given appropriate information in regards to the consequences of making payments and providing schedules after the statutory deadline; and
- meet the required needs in relation to the Fund's objectives.

4. Effective date and reviews

4.1 The policy was first approved by the Pension Fund Committee in April 2016 and has been subject to the following reviews:

Date of review	Effective Date	Type of review
March 2018	March 2018	Committee Review
March 2022	March 2022	Committee Review
April 2024	April 2024	Full Officer Review
April 2025	April 2025	Committee Review

4.2 This policy will be reviewed annually, and if necessary, more frequently to ensure it remains accurate and relevant.

5. Scope

5.1 This policy applies to the following –

- officers of the Fund;
- members of the Pension Committee;
- members of the Local Pension Board; and
- employers of the Fund.

6. Legal requirements

- 6.1 Regulation 69 of The Local Government Pension Scheme Regulations 2013 states that a scheme employer must pay contributions to the Fund within the prescribed period referred to in Section 49(8) of the Pensions Act 1995. Regulation 69 allows the administering authority to determine an appropriate schedule of required payments by a scheme employer. The Fund's Administration Strategy sets out that payments and associated schedules must be received by the Fund no later than the 19th of the month following the month of collection.
- 6.2 Regulation 5 of The Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014 provides that the Administering Authority keep accurate records of transactions which emphasises the requirement for employers to submit accurate and timely schedules along with their payments.
- 6.3 The General Code of Practice issued by the Pensions Regulator provides that governing bodies of pension schemes are responsible for preparing and understanding the payment schedule, schedule of contributions, or direct payment arrangement, which details the contributions due to be paid. They must also put in place processes to monitor contributions and the transmission of payment information between the employer, member, and scheme administrator, so that any employer payment failures can be investigated and resolved promptly. The Code of Practice also requires governing bodies and managers of pension schemes to report any material payment failure to the Pensions Regulator.

7. Monitoring late payments

- 7.1 A late payment (including contributions expressed as a monetary amount, e.g. a cash deficit payment) is constituted by either late submission of a payment schedule and/or late payment of contributions to the Fund.
- 7.2 All contribution payments must be cleared in the Cambridgeshire Pension Fund bank account by the 19th day of the month following deduction. The accompanying payment schedules must also be received by the Fund by the 19th of the month following deduction.
- 7.3 As a default, monetary deficit payments should be paid on a monthly basis. Any arrangement to pay at other frequencies must be approved by the Head of Pensions.

8. Reporting late payments to the Pensions Regulator

- 8.1 The following incidents are likely to be recognised as a material payment failure to be reported to the Pension Regulator in line with the Code of Practice;
- Three consecutive late payments or three late payments in a rolling six month period.
 - Any events where contributions have been outstanding for 90 days from the due date.

- Where a matter could not be resolved within the fund's internal escalation process listed in Appendix 1 and Fund has reasonable cause to believe that a material payment failure exist in accordance with Code of Practice.
- The Head of Pensions has the ability to exercise their discretion on the reporting of late or non-payment to the Pension Regulator where they are deemed to be immaterial.

9. Administration fees and interest payable in respect of late and inaccurate payments and schedules

- 9.1 In line with the Cambridgeshire Pension Fund Administration Strategy if a scheme employer submits a schedule and/or payment late the Fund has the discretion to charge the following:

Description	Administration Fee (per occurrence)
Late/inaccurate submission of payment schedule	£100
Late/inaccurate payment of contributions	£100 if no interest charge Additional £120 if interest charges need to be calculated <i>(Interest payable at prevailing rate if payment more than 30 days late)</i>

- 9.2 In addition, the Cambridgeshire Pension Fund will also charge for any additional costs that are incurred by the Fund in relation to late payments. This includes the cost of contacting members if a breach is deemed of material significance under the Pensions Regulator Code of Practice and in line with the Cambridgeshire Pension Fund Reporting Breaches of the Law to the Pensions Regulator Policy.
- 9.3 Cambridgeshire Pension Fund will also reserve the right to charge interest in accordance with Regulation 44 of The Local Government Pension Scheme Regulations 2013, which states interest should be charged at the Bank of England Base Rate plus one percent compounded in 3 month rests.

10. Internal escalation process for dealing with late submission of payments and/or schedules

- 10.1 In circumstances where a scheme employer fails to meet the statutory requirements the protocol as detailed in appendix 1 will be applied.

11. Potential additional consequences for the scheme employer of repeated non-compliance

- 11.1 All late/non-payments will be reported to the Pension Fund Committee and the Local Pension Board at the next available meeting. All payment failures will also be entered onto the Pension Service internal breaches log for monitoring and oversight.

11.2 For any scheme employers where a resolution has not been reached, the Employer Services and Communications Manager, with the Head of Pensions, will submit a proposal to the Chair of the Pension Fund Committee for potential courses of further action. Further courses of action could take the form of the following:

- If the scheme employer is an admission body the Fund has the ability to terminate the Admission Agreement under the terms of that Agreement.
- Impose a statutory debt.
- Involvement from the Administering Authority's Section 151 Officer as agreed by the Head of Pensions and Chairman of the Pensions Committee. Appropriate action will be on a case by case basis.
- Involvement from the Schools Commissioners Group.
- Any other course of action in line with the regulations as deemed appropriate by the Pension Fund Committee.

Appendix 1 - Internal escalation process for dealing with late submission of payments and/or schedules

Stage	Owner	Action	Timescale to respond	Detail
1.	Investments and Accounting Manager	Contact the scheme employer/payroll provider by the end of the calendar month that the payment/schedule falls due i.e. if payment was due 19 th May the scheme employer/payroll provider must be contacted by the 31 st May*/**	Scheme Employer/Payroll provider is given a further 5 working days to submit schedule/payment	The scheme employer/payroll provider is informed of non-compliance. Pensions to record incidence of non-compliance for future reference. The point of contact for stage 1 should be the individual that usually submits the payment/schedule.
2.	Investments and Accounting Manager	If not received within 5 working days, the Funding Team issue second reminder within 3 working days */**	The scheme employer/payroll provider is given a further 5 working days to submit schedule/payment	The scheme employer/payroll provider is informed of non-compliance and informed that the next step is escalation to the Employers Team. Where applicable, payroll providers are advised that the Employers Team will raise the issue with the scheme employer. Pensions to record incidence of non-compliance for future reference. The point of contact for stage 2 should be the Line manager of contact in stage 1.
3.	Investments and Accounting Manager	If not received within 5 working days, the Funding Team escalate to the Employers Team within 2 working days **		The event of continuous non-compliance is logged to the Pensions' escalation log with the details of the payment failure and communication histories between the scheme employer/payroll provider and Pensions for the further escalation and monitoring by Employer team.
4.	Employer and Communications Manager	The Employers Team to contact the scheme employer within 3 working days after escalation **	5 working days to submit schedule/payment	The scheme employer is informed of possible ramifications if payment is not received within 5 days. If payment is not received the Employer Services and Communication Manager will make a decision on what action to take and inform the Chairman of the Pension Fund Committee. This communication should be to the highest appropriate level of authority due to the severity. If the payroll provider has failed to submit schedule/payment the scheme employer is

				advised and reminded that overall responsibility rests with them and they have a further 5 working days to have the matter resolved.
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* If the Employer advises they are unable to pay, escalate straight to the Employers Team

** All contact with a Scheme Employer/Payroll provider must be followed up by e-mail

The Fund has the right to extend deadlines where exceptional circumstances arise and where it is not feasible for an action to be carried out within the above timescales. Any extension must be agreed by the Head of Pensions (or delegated authority).

If it is the second consecutive month or second month in a rolling six month period, the start point should be stage 2 above.

If it is the third consecutive month or third month in a rolling six month period, the start point should be stage 4 above.

To:	Pension Fund Committee
Meeting date:	20 March 2025
Report by:	Michelle Oakensen Governance and Regulations Manager michelle.oakensen@westnorthants.gov.uk
Subject:	Cambridgeshire Pension Fund - General Code of Practice Compliance (best practice).
Purpose of the report:	To present to the Pension Fund Committee a report on the compliance of the Cambridgeshire Pension Fund against the General Code of Practice (best practice).
Recommendations:	The Pension Committee is asked to note the best practice compliance check against the General Code of Practice.
Reasons for Recommendation:	<ul style="list-style-type: none">• To ensure adequate oversight of the regulatory compliance against the General Code of Practice.• To ensure adequate transparency of the governance of the Fund, ensuring that the Fund is meeting its statutory requirements.
Enquiries to:	Michelle Oakensen Governance and Regulations Manager michelle.oakensen@westnorthants.gov.uk

1. Background

- 1.1 On 28 March 2024, TPR's General Code of Practice came into force. The Code consolidated ten of the previous codes of practice into one including Code of Practice No.14. The General Code of Practice can be found [here](#).

2. Executive summary

- 2.1 The report contains the results of the compliance check against TPR's General Code of Practice regulatory requirements.
- 2.2 The Code is split into 51 modules covering 5 areas as follows:
- The Governing Body
 - Funding and Investment
 - Administration
 - Communication and Disclosure
 - Reporting to TPR.
- 2.3 The review demonstrates that the Cambridgeshire Pension Fund is largely compliant with the 26 best practice requirements of the Code, with full compliance across all requirements with the exception of a single area of partial compliance. Detail of the Fund's compliance is located in 3.2 and the action plan to achieve full compliance in the area identified is located in 3.4.

3. Issues and choices

Cambridgeshire Pension Fund Code of Practice Compliance Review (best practice)

- 3.1 Whilst the LGPS is generally regarded as a well governed scheme, the introduction of the Code provides the opportunity for funds to reassess their own systems of governance, address any gaps identified and look to add value and enhance current arrangements.
- 3.2 Below is a summary of compliance against the 26 best practice requirements within the 14 modules that apply to the LGPS. A chart demonstrating the aggregate position can also be located in appendix 1.

The Governing Body		
Board Structure and activities	1 best practice requirements	Fully met the compliance standard.
Governance of knowledge and understanding	2 best practice requirements	Fully met the compliance standard.
Advisors and Service Providers	4 best practice requirements	Fully met the compliance standard.
Risk Management	2 best practice requirements	1 requirement fully met the compliance standards. 1 requirement was partially compliant with one action to be

		undertaken as detailed in section 6.4 below.
Scheme Governance	No best practice requirements	N/A
Funding and Investment		
Investment	7 best practice requirements	Fully met the compliance standard.
Administration		
Scheme Administration	No best practice requirements	N/A
Information handling	3 best practice requirements	Fully met the compliance standard.
IT & Cyber Security	2 best practice requirements	Fully met the compliance standard.
Contributions	No best practice requirements	N/A
Communications and Disclosure		
Information to members	No best practice requirements	N/A
Public Information	4 best practice requirements	All fully met the compliance standards.
Reporting to TPR		
Regular reports	1 best practice requirement	Fully met the compliance standards.
Reporting Breaches	No best practice requirements	N/A

3.3 The assessment scorecard containing details of each requirement can be located in appendix 2.

Actions to be undertaken

3.4 As indicated above there was one best practice requirement that failed to meet full compliance in risk management and information to members as detailed below:

Module	Best practice requirement	Action	Due/ completion date
Risk Management	Governing bodies should consider having a continuity plan that meets the requirements listed in the Code. (Scheme continuity planning - page 54 para 4)	The Fund has Business Continuity Plan (BCP) in place that feeds into the West Northamptonshire Council corporate plan. The BCP is periodically reviewed but a regular review cycle will be implemented. The BCP was tested as part of a war game exercise in 2023 but a testing schedule will be developed to ensure the activity is not overlooked going forwards.	During 2025 in line with the next BCP review.

Independent review

- 3.5 The Hymans Robertson General Code of Practice compliance checker tool was used to assess compliance against the best practice requirements of the Code. In addition, Hymans conducted an independent desk top exercise following the completion of the tool to ensure that the evidence was adequate, and that the compliance position reached by Officers was reflective of the evidence provided.

Next steps

- 3.6 Later this year, the Committee will receive a progress report detailing the implementation of the General Code of Practice action plan, as outlined in Appendix 3.
- 3.7 Annual reviews against the Code will be conducted to ensure compliance remains fully met.

4. Relevant Pension Fund objectives

The following objectives as per the Business Plan have been considered in this report -

- 4.1 To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.
- 4.2 To manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers.
- 4.3 To ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment.

5. Implications (including financial implications)

5.1 Resources and financial

- 5.1.1 Officers conducted the review using the Hymans Robertson compliance checker tool. Hymans subsequently analysed the Funds results for objectivity.

5.2 Legal

- 5.2.1 No material issues have been identified which may give rise to legal liability and/or risk from an administering authority perspective. Failure to assess requirements against the Code could result in statutory obligations being missed.

5.3 Consultation with Key Advisers

- 5.3.1 Squire Patton Boggs conducted a review of the paper for legal implications with no material issues raised.

5.4 Risk management

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

Risk	Residual risk rating
Those charged with governance are unable to fulfil their responsibilities effectively	Green
Failure to provide relevant information to the Pension Fund Committee/Pension Board to enable informed decision making	Green

Risk	Residual risk rating
Failure to understand and monitor risk compliance.	Green
Failure to recognise and manage conflicts of interest.	Green
Failure to administer the scheme in line with regulations and guidance.	Green
Failure to act appropriately upon expert advice and/or risk of poor advice.	Green

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

[Cambridgeshire Risk Register](#)

5.5 Consultation

5.5.1 Not applicable.

6. Background papers

6.1 None.

7. Appendices

7.1 Appendix 1 – Aggregate position for each best practice expectation module

7.2 Appendix 2 – Scorecard summary of the best practice expectations.

7.3 Appendix 3 – General Code of Practice consolidated action plan.

8. Accessibility

8.1 The information contained in this report and appendices is available in accessible format on request from the report author.

Appendix 1 – Aggregate position for each TPR expectation module



The following gives an overview of the current compliance position against the General Code of Practice.

The Governing Body: Board Structure and Activities	
Best Practice	Current rating
Expectations of a chair in particular the skills and behaviours which are expected to be shown are set out (see Appendix 2 for more detail)	Fully met
The Governing Body: Knowledge & Understanding	
Best Practice	Current rating
Scheme managers or their delegates should achieve at least basic competence in knowledge and skills.	Fully met
Members of the pension board can work towards completing TPR public service toolkit or equivalent learning programmes	Fully met
The Governing Body: Advisers and Service Providers	
Best Practice	Current rating
Follow the processes set out for selecting advisers and service providers. (see Appendix 7 for more detail)	Fully met
Follow the processes set out for appointing advisers and service providers. (see Appendix 8 for more detail)	Fully met
Follow the processes set out for managing advisers and service providers. (see Appendix 9 for more detail)	Fully met
Follow the processes set out for replacing advisers and service providers. (see Appendix 10 for more detail)	Fully met
The Governing Body: Risk management	
Best Practice	Current rating
Governing bodies should consider having a continuity plan that meets the requirements of Appendix 14.	Partially met
Where management of conflicts of interest does not form part of the scheme manager's internal controls the following expectation apply; - Members of governing bodies should understand when potential and actual conflicts arise - Legal and professional requirements and legislation that apply to English local authorities should apply - The requirements in Appendix 15 are met.	Fully met
Administration: Investment	
Best Practice	Current rating
It is best practice for governing bodies to meet the requirements set out in Appendix 16	Fully met
It is best practice for governing bodies to meet the requirements set out in Appendix 17	Fully met
In respect of any DC arrangement, best practice is for governing bodies to meet the requirements set out in Appendix 18	Fully met
The governing body should: - Have governance policies that ensure the form and structure of liabilities, the strength of the employer covenant, the risk of sponsor default, life expectancy of members, and the need to access cash at particular times are taken into account in investment decision-making	Fully met

- Clearly communicate the policies above to advisers, investment managers, and other relevant stakeholders	
In relation to investment monitoring, governing bodies should follow the steps in Appendix 19	Fully met
Governing bodies should set clear expectations for their investment managers	Fully met
The expectations for governing bodies in relation to climate change are set out in Appendix 20	Fully met
Administration: Information Handling	
Best Practice	Current rating
Governing bodies may consider the record keeping requirements set out in Appendix 27 as best practice [can we link to an appendix listing page 106 para 7]	Fully met
When maintaining administrative systems governing bodies may consider the measures laid out in Appendix 28 as best practice	Fully met
Governing bodies may consider educating employers to understand where member information must and should be shared to the scheme and/or another employer	Fully met
Administration: IT & Cyber	
Best Practice	Current rating
When assessing cyber risk governing bodies should follow the procedures set out in Appendix 33	Fully met
When managing cyber risk governing bodies should follow the procedures set out in Appendix 34	Fully met
Communications and Disclosure: Public Information	
Best Practice	Current rating
Scheme managers may consider publishing information about pension board business, for example, board papers, agendas, and minutes of meetings. These may be redacted to the extent that they contain confidential information and/or data protected by law.	Fully met
Scheme managers may consider how best to publish information, making use of the principles outlined in General principles for member communications.	Fully met
See appendix 37	
Scheme managers may also publish: - the employment and job title (where relevant) and any other relevant position each board members holds - details of the pension board recruitment process - who each pension board member represents - the full terms of reference for the pension board, including details of how it will operate - any specific roles and responsibilities of individual pension board members	Fully met
The governing body should keep members informed about dispute resolution. This can include: - Publishing and making readily available timescales for an application - Making their procedure accessible on the Fund's website - Keeping applicants advised of the progress of their dispute and expected timescales	Fully met
Communications and Disclosure: Regular reports	
Best Practice	Current rating
Governing bodies should have measures in place to review and ensure the accuracy of the information in their scheme return	Fully met

Agenda Item No. 12 - Appendix 3 - General Code of Practice consolidated action plan

Requirement type	Module	Requirement	Action	Due/completion date
Regulatory	Risk Management	<p>Partial compliance – Regarding the pension board, scheme managers of public service pension schemes should:</p> <ul style="list-style-type: none"> - Circulate the register of interests and the other relevant documents to the pension board for ongoing review - Publish these documents (for example, on a scheme's website) 	The Fund has in place a register that captures interests and potential conflicts. This had not been shared with Board or published prior to the review but both actions have now been undertaken.	Completed.
	Information to members	<p>Partial compliance - Where a member has a right to a cash transfer sum or a contribution refund the information in s101AC of the Pension Schemes Act 1993 must be provided within a reasonable period.</p>	<p>Processes are in place to identify leavers who are entitled to either a refund or refund and cash transfer sum quote and appropriate workflow is allocated. However, there is no reporting in place to establish whether all cases are meeting the requirement.</p> <p>The Annual Report guidance developed by CIPFA, and SAB has identified the need to report on refund payment cases and this is currently in development.</p> <p>Reporting will also be developed wider to address the notification stage of this process and the intention to have a KPI in place by December 2024, with reporting against the KPI to be delivered thereafter.</p>	Completed.

TPR Expectations	Governance of knowledge and understanding (knowledge & understanding page 25, para 1 of the Code).	The governing body should regularly carry out an audit of its members' skills and experience to identify gaps and imbalances.	To consider whether knowledge assessments/confidence assessments should be undertaken to further enhance evidence surrounding knowledge and understanding.	In line with the Training Strategy review due to be presented to the Committee in March 2025.
	Risk Management	The governing body should make sure that their internal controls are documented (internal controls page 48, para 7 of the Code).	A training officer has recently been appointed and part of the role will be to document all processes for consistency and compliance purposes. Starting with the ones that fall outside of workflow i.e. IDRP processes.	During 2025.
	Information handling	Where the governing body believe they will not meet the legislative deadlines, they should make an application to TPR before the deadline (transfers out- page 103 para 7e of the Code).	A process will need introducing to identify cases where a transfer out payment will not be made by the statutory deadline. It must be noted that these are only expected in exceptional circumstances as protocol would be to either pay within the guarantee period or cancel the request.	31 March 2025.
	Contributions	Governing bodies should maintain a record of their investigation and the communications between themselves and the employer (resolving overdue contributions page 127, para 5 of the Code).	To create an escalation log specifically for late/missed contributions payments. The Funding team will add an additional column to their day to day log if a case has been escalated. All communications will be stored within employer files within teams.	31 March 2025.

	Information to members	Scheme managers should follow the principles set out in the section entitled ""General Principles for Member Communications"" when drafting benefit information statements (benefit information statements page 137, para 3 of the Code).	To ensure that the information included in benefit statements is also contained within the Communication Strategy.	Completed.
	Information to members	The term "reasonable period" in the phrase above should be construed as 3 months from leaving. Governing bodies should advise members where it is likely to take more than 3 months to provide the information (notification of right to cash transfer sum or contribution refund page 142, para 3 of the Code).	Most members will be provided with information within 3 months. For cases where this may not be possible a process will be developed to ensure the member is updated before the deadline is missed.	31 May 2025.
Best practice	Risk Management	Governing bodies should consider having a continuity plan that meets the requirements listed in the Code. (Scheme continuity planning - page 54 para 4)	The Fund has Business Continuity Plan (BCP) in place that feeds into the West Northamptonshire Council corporate plan. The BCP is periodically reviewed but a regular review cycle will be implemented. The BCP was tested as part of a war game exercise in 2023 but a testing schedule will be developed to ensure the activity is not overlooked going forwards	During 2025 in line with the next BCP review.

To: Pension Fund Committee

Meeting date: 20 March 2025

Report by: Ben Barlow
Investments and Fund Accounting Manager
Ben.Barlow@westnorthants.gov.uk

Subject: Final Statement of Accounts 2023-24

Purpose of the report: To present the final Statement of Accounts of the Pension Fund and audit findings report for the 2023-24 financial year.

Recommendations: The Pension Fund Committee is asked to note:

- a) The Statement of Accounts.
- b) The Audit results report.

Enquiries to: Ben Barlow
Investments and Fund Accounting Manager
Ben.Barlow@westnorthants.gov.uk

1. Background

- 1.1 The Pension Fund's Statement of Accounts (SOA) form part of the Council's Statement of Accounts. These are audited by the Council's external auditor KPMG. 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 1 April 2023 to 31 March 2024 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 Northern Trust, and assumptions and estimations utilising the professional judgement of officers and Fund professional advisers in order to give a true and fair statement of the Fund's financial position.
- 1.3 The Chartered Institute of Public Finance and Accountancy (CIPFA) has issued the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24 (the Code), which governs the preparation of the financial statements for Local Government Pension Scheme funds. A CIPFA template is used each year to ensure that the reporting meets the requirements of the Code and is compliant with International Financial Reporting Standards (IFRS).
- 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.

2. Executive summary

- 2.1 The report covers the main changes to the SOA since the Pension Committee reviewed them in July 2024.
- 2.2 The report covers the findings of the external audit for the Cambridgeshire Pension Fund 2023-24. KPMG's work is substantially complete and their anticipated opinion on the financial statements is unqualified.
- 2.3 There are adjusted audit differences with an impact on net assets of £26.8m identified during the audit due to estimates used for Level 3 investments.
- 2.4 There are two control deficiencies identified from the audit and associated recommendations for management.
- 2.5 The final cost for the audit for the year is £98,600, compared to the proposed fee of £87,000. Non-audit fees for IAS 19 assurance letters issued to employers is £48,000.
- 2.6 The Audit and Accounts Committee approved the SOA (Appendix 1) at its meeting of 30 January 2025.

3. Issues and choices

Key Changes from the Draft Accounts

- 3.1 The draft SOA was brought to Committee at the July meeting. The changes made since this meeting are as follows:
 - 3.1.1 £11.8m adjustment made to Private Equity, Infrastructure and Property following 31 March 2024 valuations,
 - 3.1.2 Page 76 – Updated Going Concern Statement

Findings and feedback from External Audit fieldwork

- 3.2 The SOA have been subject to external audit fieldwork and KPMG will offer an opinion on the Pension Fund's Annual Report and Statement of Accounts within their final Audit Results Reports.

- 3.3 The Fund's audit by KPMG is not yet complete, however, they issued a Draft Year End Report to the Audit and Accounts Committee (Appendix 2 to this report) to report their findings and provided their updates to the Audit and Accounts Committee on 30 January 2025.
- 3.4 Their report communicated:
- 3.4.1 There are no unadjusted audit differences.
 - 3.4.2 There are adjusted audit differences with an impact on net assets of £26.8m identified during the audit. The investment asset balances included a number of estimated asset valuations for Level 3 assets, based on December 2023 actual valuations adjusted for cashflows to 31 March 2024. The adjustments were made after the December 2024 actual valuations became available for these assets (page 20 of Year End Report to Audit and Accounts Committee for more details).
 - 3.4.3 There were no matters to report from the audit that, are significant to the oversight of the financial reporting process.
 - 3.4.4 There is no anticipation for a modified opinion to be issued for Cambridgeshire Pension Fund
- 3.5 There are two control deficiencies identified from the audit and recommendations for management listed below. Management are liaising with the auditor to understand the control weakness and increase assurance processes.
- i Review of Cambridge and Counties Bank valuation
 - ii Authorising and approving transactions with related parties
- 3.6 Assessment on the valuation of Cambridge and Counties Bank is now complete and there are no significant issues identified.
- 3.7 Final fees are included on page 15 of the Year End Report to the Audit and Accounts Committee:

Audit Fees	Final Fee (£)
Scale Fee	87,000
ISA 315	4,300
IAS 19 Assurance letters	48,000
Additional works for Cambridge and Counties Bank valuation	7,300
Total	146,600

- 3.8 The Audit and Accounts Committee approved the Statement of Accounts (Appendix 1) at its meeting of 30 January 2025.

4. Relevant Pension Fund objectives

- 4.1 To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies, and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.
- 4.2 To manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and

employers.

- 4.3 To ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment.
- 4.4 To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.
- 4.5 To administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration.
- 4.6 To maintain accurate records and ensure data is protected and used for authorised purposes only.
- 4.7 To promote the scheme as a valuable benefit.
- 4.8 To deliver accessible communications to stakeholders.
- 4.9 To provide scheme members with up-to-date information about the scheme in order that they can make informed decisions about their benefits.
- 4.10 To seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund.

5. Implications (including financial implications)

5.1 Resources and financial

- 5.1.1 The total audit fee for the 2023-24 audit is £98,600. Non-audit fees for IAS 19 assurance letters issued to employers is £48,000.

5.2 Legal

- 5.2.1 Squire Patton Boggs have reviewed the paper for legal implications.

5.3 Risk management

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

Risk	Residual risk rating
Failure to administer the scheme in line with regulations and guidance.	Green
Information may not be provided to stakeholders as required	Green
Those charged with governance are unable to fulfil their responsibilities effectively	Green
Risk of fraud and error	Green
Incorrect production of accounts, notices, publications and management reports leading to possible financial and reputational damage.	Green

- 5.3.2 The executive summary of the Cambridgeshire Pension Fund risk register can be found [here](#).

5.4 Consultation

- 5.4.1 The Pension Fund Annual Report is produced utilising information and advice provided by Investment Managers, the Fund's Custodian, Northern Trust, and the Fund's Actuary, Hymans Robertson.

5.5 Background papers

5.5.1 [Report to Pension Fund Committee in July 2024 - Statement of Accounts 2023/24.](#)

5.6 Appendices

5.6.1 Appendix 1 – Statement of Accounts 2023-24

5.6.2 Appendix 2 – Draft Year End Report to the Audit and Accounts Committee for the year ended 31 March 2024

Fund Account

31-Mar-23 £000	Notes	31-Mar-24 £000
Dealings with members, employers and others directly involved in the fund:		
148,915 Contributions	Note 7	166,530
18,402 Transfers in from other pension funds	Note 8	23,390
167,317		189,920
-123,517 Benefits	Note 9	-138,653
-11,281 Payments to and on account of leavers	Note 10	-15,918
-134,798		-154,571
32,519 Net additions/(withdrawals) from dealing with members		35,349
-24,894 Management expenses	Note 11	-25,473
7,625 Net additions/(withdrawals) including fund management expenses		9,876
Returns on investments:		
52,598 Investment income	Note 13	62,246
0 Taxes on income		-36
-133,859 Profit and (losses) on disposal of investments and changes in the value of investments	Notes 14a and 17b	454,093
-81,261 Net return on investments		516,303
-73,636 Net increase/(decrease) in the net assets available for benefits during the year		526,179
4,305,432 Opening net assets of the scheme		4,231,796
4,231,796 Closing net assets of the scheme		4,757,975

Notes on pages 75 to 105 form part of the financial statements.

Net Asset Statement

31-Mar-23			31-Mar-24
£000		Notes	£000
4,213,959	Investment assets		4,739,295
-2,699	Investment liabilities		-1,770
4,211,260	Total net investments	Note 14	4,737,525
26,287	Current assets	Note 21	27,851
-5,751	Current liabilities	Note 22	-7,401
20,536	Net Current Assets		20,450
4,231,796	Closing net assets of the scheme	Note 17a	4,757,975

Notes on pages 75 to 105 form part of the financial statements.

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

Notes to the Pension Fund Accounts

1. DESCRIPTION OF THE FUND

The Cambridgeshire County Council Fund is part of the Local Government Pension Scheme (LGPS) and is administered by Cambridgeshire County Council. The County Council is the reporting entity for this Pension Fund. The following description of the Fund is a summary only. For more detail, reference should be made to the Annual Report 2023-24 and the underlying statutory powers underpinning the scheme.

General

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

- the LGPS Regulations 2013 (as amended);
- the LGPS (Transitional Provisions, Savings and Amendments) Regulations 2014 (as amended);
- the LGPS (Management and Investment of Funds) Regulations 2016;
- The Local Government Pension Scheme (Amendment) Regulations 2018.

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

Membership

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

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

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

As at 31 March 2024 there was 197 (2023: 198) active employers within the Cambridgeshire Pension Fund, including the County Council itself.

	31-Mar-23	31-Mar-24
Number of employers with active members	198	197

The Fund has over 99,800 individual members, as detailed below:

Number of employees in scheme:	31-Mar-23	31-Mar-24
County council	9,299	9,407
Other employers	18,768	19,629
Total	28,067	29,036

Number of Pensioners:

County council	10,003	10,310
Other employers	12,411	13,114
Total	22,414	23,424

Deferred pensioners:

County council	15,772	16,343
Other employers	19,481	20,737
Total	35,253	37,080

Undecided Leavers:

County council	4,525	3,971
Other employers	6,887	6,328
Total	11,412	10,299

Total members	97,146	99,839
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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 2024. Employers' contributions are set as part of the triennial actuarial funding valuation. The last such valuation was at 31 March 2022. Employers' contributions comprise a percentage rate on active payroll between 0% and 43.3% and deficit payments of fixed cash amounts set for each employer as part of the triennial funding valuation.

Benefits

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

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

Career Average Revalued Earnings (CARE)

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

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

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

2. BASIS OF PREPARATION

The statement of accounts summarises the Fund's transactions for the 2023-24 financial year and its financial position at 31 March 2024. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on a going concern basis.

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

Going Concern

The Funding Level as per the recent triennial valuation exercise (March 2022) was 125%. The Funding Level at year ending March 2024 was 167%.

There are 361 individual active employers as at 31 March 2024. All employers are paying their contributions as per the rates and adjustment certificate. No employer has deferred their payments. Benefits paid for the year were £139m, with contributions of £167m, showing a net cash inflow.

The actual annual investment return for March 2024 was 11.7% and the Fund value had increased to £4.76 billion, meaning the fund has increased by £526 million during the year. At 31 March 2024, the Pension Fund has 47% of its investments allocated to equities and 23% allocated to Bonds, with £75 million in cash, which are all assets that could be liquidated quickly to pay benefits should the need arise.

Notes to the Pension Fund Accounts (continued)

The Pension Fund has reviewed its cash flow forecast for the going concern period to 31 March 2026. The Pension Fund has sufficient cash liquidity to meet its payments without the need to sell any investments.

The Pension Fund is satisfied it has sufficient liquidity to conclude that it is a going concern, since the value of pension fund assets that can be liquidated at short notice if needed is £3.4 billion which significantly exceeds the annual expenditure of the fund.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Account – Revenue Recognition

Contribution Income

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

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

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

Transfers to and from Other Schemes

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

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

Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipt basis and are included in Transfers In (see Note 8). Bulk (group)

transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement. There have been no group transfers in during 2022-23 and 2023-24.

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.

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.

Notes to the Pension Fund Accounts (continued)

Taxation

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

Management Expenses

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

Administrative Expenses

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

Oversight and Governance Costs

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

Investment Management Expenses

Investment Management expenses are accounted for on an accruals basis.

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

Investment fees are charged directly to the fund as part of management

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

Where an Investment Manager's fee note has not been received by the year end date, an estimate based upon the market value of their mandate as at the end of the year is used for inclusion in the Fund Account. In 2023-24, £390k of fees are based upon such estimates (2022-23: £240K). In addition, manager fees deducted from pooled funds of £20.7m (2022-23: £20.1m) are based upon information received from fund managers.

Net Assets Statement

Financial Assets

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

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

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

Notes to the Pension Fund Accounts (continued)

Foreign Currency Transactions

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

Derivatives

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

Cash and Cash Equivalents

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

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

Financial Liabilities

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

Actuarial Present Value of Promised Retirement Benefits

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

Additional Voluntary Contributions

The Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from those of the Pension Fund. The Fund's AVC providers are Prudential and Utmost Life. AVCs are

deducted from the individual member's pay and paid to the AVC provider by employers and are specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year.

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

Contingent Assets and Liabilities

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

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

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

4. CRITICAL JUDGEMENT IN APPLYING ACCOUNTING POLICIES

Pension Fund Liability

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

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

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

Notes to the Pension Fund Accounts (continued)

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

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

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

The items in the Net Assets Statement as 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Actuarial Present Value of Promised Retirement Benefits

- **Uncertainties:** Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rates at which salaries and pensions are projected to increase, changes in retirement ages, mortality rates and expected returns on Pension Fund assets. An independent firm of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied.
- **Effect if Actual Results Differ from Assumptions:** The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability by approximately £75m. A 0.1% increase in assumed earnings inflation would increase the value of liabilities by approximately £3m, and a 1-year increase in assumed life expectancy would increase the liability by approximately £161m. Although the example above is based on an increase, a decrease to discount rate and assumed life expectancy could also occur.

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 £84.8m. There is a risk that this investment may be under or overstated in the accounts. As set out in the independent, professional valuation report, the valuation of the Cambridge and Counties Bank is in the range of £81.1m to £88.5m. The mid-point of this valuation range has been applied within the Fund's accounts.

Other Private Equity and Infrastructure Uncertainties:

- **Uncertainties:** All other private equity and infrastructure investments are valued at fair value. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation. See Note 16a.
- **Effect if actual results differ from assumptions:** Total private equity and infrastructure investments (excluding Cambridge and Counties Bank – see above) at fair value in the financial statements are £857.6m. 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 23.9%, which indicates that Other private equity and infrastructure values may range from £652.6m to £1,062.6m.

6. EVENTS AFTER THE BALANCE SHEET DATE

There have been no events since 31 March 2024, and up to the date when these accounts were authorised that require any adjustments to these accounts.

Notes to the Pension Fund Accounts (continued)

7. CONTRIBUTIONS RECEIVABLE

By Category:

31-Mar-23	31-Mar-24
£000	£000
33,124 Employees' contributions	36,248
Employers' contributions:	
100,571 Normal contributions	109,679
15,220 Deficit recovery contributions	21,158
0 Employers in surplus (exit credits paid)	-555
115,791 Total employers' contributions	130,282
148,915	166,530

By Authority:

31-Mar-23	31-Mar-24
£000	£000
31,699 Administering authority	35,202
108,666 Scheduled bodies	128,104
8,550 Admitted bodies	3,224
148,915	166,530

8. TRANSFERS IN FROM OTHER PENSION FUNDS

31-Mar-23	31-Mar-24
£000	£000
18,402 Individual transfers	23,390
18,402	23,390

9. BENEFITS PAYABLE

By category:

31-Mar-23	31-Mar-24
£000	£000
102,737 Pensions	115,544
17,863 Commutation and lump sum retirement benefits	20,353
2,917 Lump sum death benefits	2,756
123,517	138,653

By authority:

31-Mar-23	31-Mar-24
£000	£000
39,425 Administering authority	43,452
73,760 Scheduled bodies	84,069
10,332 Admitted bodies	11,132
123,517	138,653

10. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

31-Mar-23	31-Mar-24
£000	£000
1,053 Refunds to members leaving service	806
10,228 Individual transfers	15,112
11,281	15,918

11. MANAGEMENT EXPENSES

31-Mar-23	31-Mar-24
£000	£000
2,868 Administrative costs	3,010
20,968 Investment management expenses	21,345
1,058 Oversight and governance costs*	1,118
24,894	25,473

*Base fees payable to External Auditors, included within Oversight and Governance costs were £87k during the year (2022-23 £26k). The scale fee variation will be communicated in due course.

Notes to the Pension Fund Accounts (continued)

12. INVESTMENT MANAGEMENT EXPENSES

	Management fees	Performance related fees	Transaction costs	Other costs	Total
	£000	£000	£000	£000	£000
2023/24					
Equities	10	0	0	346	356
Bonds	38	0	0	0	38
Pooled investments	8,287	0	11	515	8,813
Pooled property investments	1,456	0	334	192	1,982
Private Equity/Infrastructure	5,793	1,958	96	2,274	10,121
Custody Fees	0	0	0	35	35
Total	15,584	1,958	441	3,362	21,345

	Management fees	Performance related fees	Transaction costs	Other costs	Total
	£000	£000	£000	£000	£000
2022/23					
Bonds	235	0	0	0	235
Pooled Investments	9,036	0	13	453	9,502
Pooled property investments	534	0	368	179	1,081
Private Equity/Infrastructure	5,156	3,527	154	1,274	10,111
Custody fees	0	0	0	39	39
Total	14,961	3,527	535	1,945	20,968

13. INVESTMENT INCOME

31-Mar-23	31-Mar-24
£000	£000
994 Income from bonds	762
0 Income from equities	4,409
27,542 Pooled investments – unit trusts and other managed funds	28,132
11,017 Pooled Property Investments	10,453
12,020 Private equity/infrastructure income	13,764
1,025 Interest on cash deposits	4,726
52,598	62,246

Notes to the Pension Fund Accounts (continued)

14. INVESTMENTS

31-Mar-23	31-Mar-24
£000	£000
Investment assets	
0 Equities	320,177
197,030 Bonds	0
2,854,045 Pooled investments	3,030,883
267,510 Pooled property investments	380,587
879,370 Private equity/infrastructure	942,397
11,448 Cash deposits	60,400
Derivatives contracts:	
4,141 · Options	0
0 · Futures	27
415 Investment income due	1,303
0 Amounts receivable for sales	3,521
4,213,959 Total investment assets	4,739,295
Investment liabilities	
Derivatives contracts:	
-2,699 · Options	0
0 · Futures	0
0 Amounts payable for purchases	-1,770
-2,699 Total investment liabilities	-1,770
4,211,260 Net investment assets	4,737,525

Notes to the Pension Fund Accounts (continued)

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

	Market value 01-Apr-23	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-24
	£000	£000	£000	£000	£000
Equities	0	215,860	-194,372	298,689	320,177
Bonds*	197,030	0	-9,708	-187,322	0
Pooled investments	2,854,045	891,228	-975,264	260,874	3,030,883
Pooled property investments	267,510	130,198	-10,237	-6,884	380,587
Private equity/infrastructure	879,370	82,884	-46,397	26,540	942,397
	4,197,955	1,320,170	-1,235,978	391,897	4,674,044
Derivative contracts:					
• Purchased/written options	1,442	1,760	0	-3,202	0
• Futures	0	6	-152	173	27
• Forward Currency Contracts	0	71	0	-71	0
	4,199,397	1,322,007	-1,236,130	388,797	4,674,071
Other investment balances:					
• Cash deposits	11,448				60,400
• Investment income due	415				1,303
• Amount receivable for sales	0				3,521
• Amounts payable for purchases of investments	0				-1,770
Net investment assets	4,211,260				4,737,525

*Investments in "Bonds" have transitioned to a pooled bond fund during 2023-24. This holding is now classified as "Pooled Investments".

Notes to the Pension Fund Accounts (continued)

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

	Market value 01-Apr-22	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-23
	£000	£000	£000	£000	£000
Bonds	210,791	56,005	-7,795	-61,971	197,030
Pooled investments	2,945,943	74,471	-97,973	-68,396	2,854,045
Pooled property investments	301,637	19,021	-12,550	-40,598	267,510
Private equity/infrastructure	799,689	112,735	-70,504	37,450	879,370
	4,258,060	262,232	-188,822	-133,515	4,197,955
Derivative contracts:					
• Purchased/written options	8,690	32,114	-39,013	-349	1,442
	4,266,750	294,346	-227,835	-133,864	4,199,397
Other investment balances:					
• Cash deposits	19,850				11,448
• Investment income due	286				415
• Amount receivable for sales	849				0
• Amounts payable for purchases of investments	-35				0
Net investment assets	4,287,700				4,211,260

Notes to the Pension Fund Accounts (continued)

Market value 31-Mar-23			Market value 31-Mar-24	
£000	% of net investment assets		£000	% of net investment assets
Investments managed under Pool Governance:				
1,687,761	40.0	Waystone Management Limited	1,763,383	37.2
0	0.0	Aviva Investors	98,376	2.1
0	0.0	IFM Infrastructure	91,805	1.9
0	0.0	JP Morgan	75,569	1.6
0	0.0	Osmosis Investment Management	321,415	6.7
884,740	21.0	UBS Global Asset Management	1,171,181	24.9
2,572,501	61.0	Total Investments managed under Pool Governance	3,521,729	74.4
Investments managed outside Pool Governance:				
200,494	4.8	Adams Street Partners	216,819	4.6
14,084	0.3	Allianz Global Investors	14,045	0.3
43,061	1.0	Ares Management	30,135	0.6
186,233	4.4	BlueBay Asset Management	0	0.0
69,700	1.7	Cambridge and Counties Bank	84,800	1.8
15,000	0.4	Cambridge Building Society	15,000	0.3
31,132	0.7	Equitix Investment Management	30,097	0.6
43,089	1.0	Foresight Group	61,607	1.3
191,922	4.6	HarbourVest Partners (UK)	224,970	4.7
88,116	2.1	IFM Infrastructure	0	0.0
75,350	1.8	JP Morgan	0	0.0
66,872	1.6	M&G Investments	74,499	1.6
73,198	1.7	M&G Real Estate	107,828	2.3
41,131	1.0	Partners Group (UK)	34,961	0.7
469,831	11.2	Schroders Investment Management	273,509	5.8
9,122	0.2	UBS Infrastructure	6,242	0.1
20,424	0.5	Cash with custodian	41,284	0.9
1,638,759	39.0	Total Investments managed outside Pool Governance	1,215,796	25.6
4,211,260	100.0	Net investment assets	4,737,525	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 31st March 2024.

Security	31-Mar-23	% of total fund	31-Mar-24	% of total fund
	£000	%	£000	%
UBS Global Asset Management - Life Climate Aware World Equity (Hedged)	0	0.0	765,982	16.1
UBS Global Asset Management- Over 5 years Index Linked Gilts Tracker	0	0.0	401,647	8.4
Waystone ACCESS Total Return Credit - BlueBay	0	0.0	307,872	6.5
Waystone ACCESS Alpha Opportunities - M&G	0	0.0	295,681	6.2
Waystone ACCESS Global Stock - Dodge and Cox	575,434	13.6	385,944	8.1
Waystone ACCESS Global Equity - J O Hambro	470,975	11.1	422,985	8.9
Waystone ACCESS Global Equity - Longview	438,535	10.4	350,900	7.4
	1,484,944		2,931,011	

15. ANALYSIS OF DERIVATIVES

Objectives and policies for holding derivatives

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

•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 2024 or 31 March 2023. 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-23	Notional Holdings	31-Mar-24
Assets				£000		£000
Overseas equity purchased	One to three months	Put	149,636	4,141	0	0
Total assets				4,141		0
Liabilities						
Overseas equity written	One to three months	Put	-192,388	-556	0	0
Overseas equity written	One to three months	Call	-149,636	-2,143	0	0
Total liabilities				-2,699		0
Net purchased/written options				1,442		0

• Futures

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

Type	Expires	Economic exposure	Market Value as at 31/03/2023	Economic exposure	Market Value as at 31/03/2024
Assets					
UK Equity Futures	Less than one year	0	0	160	6
Overseas Equity Futures	Less than one year	0	0	846	21
Total Assets					27
Total Liabilities		0	0	0	0
Net Futures					27

Notes to the Pension Fund Accounts (continued)

16. FAIR VALUE

Valuation of Financial Instruments Carried At Fair Value

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

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

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

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

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

The values of the investment in private equity are based on valuations provided by the general partners to the private equity funds in which the Cambridgeshire Fund has invested. These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines 2022, which follow the valuation principles of IFRS and US GAAP. Valuations are usually undertaken annually at the end of December. Cash flow adjustments are used to roll forward the valuations to 31 March as appropriate.

16a. Fair value hierarchy

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

Value at March 2024	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	£000	£000	£000	£000
Equites	320,177	0	0	320,177
Bonds	0	0	0	0
Pooled Investments	25,373	3,005,510	0	3,030,883
Pooled Property Investments	0	0	380,587	380,587
Private Equity/Infrastructure	0	0	942,397	942,397
Derivatives	27	0	0	27
Net Investment Assets	345,577	3,005,510	1,322,984	4,674,071

Value at March 2023	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	£000	£000	£000	£000
Bonds	197,030	0	0	197,030
Pooled Investments	28,440	2,825,605	0	2,854,045
Pooled Property Investments	0	0	267,510	267,510
Private Equity/Infrastructure	0	0	879,370	879,370
Derivatives	0	4,141	0	4,141
Net Investment Assets	225,470	2,829,746	1,146,880	4,202,096

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
Quoted Equities	Level 1	The published bid market price on the final day of the accounting period	Not required	Not required
Cash and cash equivalents	Level 1	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required
Futures	Level 1	Published exchange price at the year-end	Not required	Not required
Pooled investments – not exchange traded open ended funds	Level 2	Closing bid and offer prices are published. Closing single price where a single price is published	NAV based pricing set on a forward pricing basis.	Not required
Unquoted bonds and unit trusts	Level 2	Average of broker prices	Evaluated price feeds.	Not required
Pooled Property	Level 3	Valued by investment managers on a fair value basis each year using PRAG guidance	NAV-based pricing set on a forward pricing basis	Valuations could be affected by material events occurring between the date of the financial statements provided and the Fund's own reporting date.
Private equity and infrastructure- equity	Level 3	Comparable valuation of similar companies	Price/Earnings or EBITDA multiple	Valuations could be affected by material events occurring between the date of the financial statements provided and the Fund's own reporting date.
Private equity and infrastructure - other	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines (2022)	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 2024.

Asset Type	Market Value as at 31-Mar-24 £000	Assessed valuation range (+/-)	Value on Increase £000	Value on Decrease £000
Pooled property investments	380,587	15.6	439,959	321,215
Private equity and infrastructure - equity	84,800	4.4	88,500	81,100
Private equity and infrastructure - other	857,597	23.9	1,062,563	652,631
Total Assets	1,322,984		1,591,021	1,054,947

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

Period 2023-24	Market value 01- Apr-23 £000	Transfers in/out of Level 3 £000	Purchases during the year and derivative payments £000	Sales during the year and derivative receipts £000	Unrealised gains/(losses) £000	Realised gains/(losses) £000	Market value 31- Mar-24 £000
Pooled property investments	267,510	0	130,198	-10,237	-7,424	540	380,587
Private equity and infrastructure - equity	69,700	0	0	0	15,100	0	84,800
Private equity and infrastructure - other	809,670	0	82,884	-46,397	-4,122	15,562	857,597
Total	1,146,880	0	213,082	-56,634	3,554	16,102	1,322,984

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-23			31-Mar-24		
Fair value through profit and loss	Loans and receivables	Financial Liabilities	Fair value through profit and loss	Loans and receivables	Financial Liabilities
£000	£000	£000	£000	£000	£000
Financial assets					
0	0	0	Equities	320,177	0
197,030	0	0	Bonds	0	0
2,854,045	0	0	Pooled investments	3,030,883	0
267,510	0	0	Pooled property investments	380,587	0
879,370	0	0	Private equity/Infrastructure	942,397	0
4,141	0	0	Derivative contracts	27	0
0	25,360	0	Cash	0	74,544
0	415	0	Other investment balances	0	4,824
0	12,375	0	Debtors	0	13,707
4,202,096	38,150	0	4,674,071	93,075	0
Financial liabilities					
0	0	-2,699	Derivative contracts	0	0
0	0	0	Other investment balances	0	0
0	0	-5,751	Creditors	0	0
0	0	-8,450	0	0	-9,171
4,202,096	38,150	-8,450	4,674,071	93,075	-9,171
4,231,796 Total			4,757,975		

Notes to the Pension Fund Accounts (continued)

17b. Net Gains and Losses on Financial Instruments

31-Mar-23 £000	31-Mar-24 £000
Financial assets:	
-133,515 Fair value through profit and loss	391,897
5 Loans and receivables	65,658
Financial liabilities measured at amortised cost	
Financial liabilities:	
-349 Fair value through profit and loss	-3,100
0 Loans and receivables	-362
0 Financial liabilities measured at amortised cost	
-133,859 Total gains/(losses)	454,093

18. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Risk and risk management

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

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

a) Market risk

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

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

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

The Fund manages these risks in two ways:

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

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

Notes to the Pension Fund Accounts (continued)

Other price risk

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

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

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

Other price risk – sensitivity analysis

Following analysis of historical data and expected investment return movement during the financial year, in consultation with the Fund's investment advisers, the Council has determined that the following movements in market price risk would have reasonably been possible for the 2023-24 reporting period.

The sensitivities are consistent with the assumptions contained in the investment adviser's most recent review. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

Asset Type	Potential Market Movement +/- (%p.a.)
UK equities	16.0
Global equities	16.7
Index linked bonds	7.1
Pooled fixed interest bonds	7.0
Multi asset credit	7.1
Property	15.6
Cambridge and Counties Bank	4.4
Alternatives	23.9
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-24	Value as at	% (rounded)	Value on	Value on
Asset Type	31-Mar-24	Change	Increase	Decrease
	£000		£000	£000
UK equities	11,951	16.0	13,863	10,039
Global equities	2,234,037	16.7	2,607,121	1,860,953
Index linked bonds	401,647	7.1	430,164	373,130
Pooled fixed interest bonds	74,499	7.0	79,714	69,284
Multi asset credit	603,554	7.1	646,406	560,702
Property	380,587	15.6	439,959	321,215
Cambridge and Counties Bank	84,800	4.4	88,500	81,100
Alternatives	857,597	23.9	1,062,563	652,631
Cash and other investment balances	88,853	0.3	89,120	88,586
Total Assets	4,737,525		5,457,410	4,017,640

31-Mar-23	Value as at	% (rounded)	Value on	Value on
Asset Type	31-Mar-23	Change	Increase	Decrease
	£000		£000	£000
UK equities	81,468	18.2	96,295	66,641
Overseas equities	2,288,216	19.0	2,722,977	1,853,455
Index linked bonds	197,030	8.9	214,566	179,494
Pooled fixed interest bonds	66,872	7.5	71,887	61,857
Multi asset credit	389,050	7.8	419,396	358,704
Property	267,510	15.5	308,974	226,046
Cambridge and Counties Bank	69,700	4.2	72,600	66,800
Alternatives	809,670	24.0	1,003,991	615,349
Cash and Other investment balances	41,744	0.3	41,869	41,619
Total Assets	4,211,260		4,952,555	3,469,965

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 2024 and 31 March 2023 is set out to the right. These disclosures present interest rate risk based on the underlying financial assets at fair value.

Interest rate risk sensitivity analysis

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

31-Mar-23	Asset Type	31-Mar-24
£000		£000
11,448	Cash and cash equivalents	60,400
13,912	Cash balances	14,144
197,030	Index-linked securities	401,647
455,922	Fixed interest securities	678,053
678,312	Total	1,154,244

Exposure to interest rate risk	Asset values 31-Mar-24	Impact of 1% decrease	Impact of 1% increase
	£000	£000	£000
Cash and cash equivalents	60,400	60,400	60,400
Cash balances	14,144	14,144	14,144
Index-linked securities	401,647	405,663	397,631
Fixed interest securities	678,053	684,834	671,272
Total change in assets available	1,154,244	1,165,041	1,143,447

Exposure to interest rate risk	Asset values 31-Mar-23	Impact of 1% decrease	Impact of 1% increase
	£000	£000	£000
Cash and cash equivalents	11,448	11,448	11,448
Cash balances	13,912	13,912	13,912
Index-linked securities	197,030	199,000	195,060
Fixed interest securities	455,922	460,481	451,363
Total change in assets available	678,312	684,841	671,783

Notes to the Pension Fund Accounts (continued)

Exposure to interest rate risk	Interest receivable	Value on 1% increase	Value on 1% decrease
	2023-24		
	£000	£000	£000
Cash deposits, cash and cash equivalents	4,726	4,773	4,679
Index-linked securities	762	770	754
Fixed interest securities	10,158	10,260	10,056
Total	15,646	15,803	15,489

Exposure to interest rate risk	Interest receivable	Value on 1% increase	Value on 1% decrease
	2022-23		
	£000	£000	£000
Cash deposits, cash and cash equivalents	1,025	1,035	1,015
Index-linked securities	994	1,004	984
Fixed interest securities	6,689	6,756	6,622
Total	8,708	8,795	8,621

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

Currency risk

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

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

The Fund partially hedges its currency exposures on equity investments by transferring into currency hedged share classes of its passive equity funds.

Notes to the Pension Fund Accounts (continued)

Currency risk – sensitivity analysis

Following analysis of historical data with the Fund's advisers, the Council considers the likely volatility associated with foreign exchange rate movements to be 9.3% (the 1 year expected standard deviation). A 9.3%(31 March 2023: 9.9%) fluctuation in the currency is considered reasonable based on the Fund adviser's analysis of long-term historical movements in the month-end exchange rates over a rolling 36 month period. This analysis assumes that all other variables, in particular interest rates, remain constant. A 9.3% strengthening/weakening of the pound against the various currencies in which the fund holds investments would decrease/increase the net assets available to pay benefits as follows.

Assets exposed to currency risk	Value at 31-Mar-24 £000	Potential market movement £000	Value on increase £000	Value on decrease £000
Overseas equities - Hedged	765,983	0	765,983	765,983
Overseas equities - Unhedged	1,468,054	136,529	1,604,583	1,331,525
Overseas fixed income	382,371	35,561	417,932	346,810
Overseas cash fund	8,656	805	9,461	7,851
Total	2,625,064	172,895	2,797,959	2,452,169

Assets exposed to currency risk	Value at 31-Mar-23 £000	Potential market movement £000	Value on increase £000	Value on decrease £000
Overseas equities - Hedged	513,465	0	513,465	513,465
Overseas equities - Unhedged	1,774,751	175,700	1,950,451	1,599,051
Overseas fixed income	455,922	45,136	501,058	410,786
Overseas cash fund	11,941	1,182	13,123	10,759
Total	2,756,079	222,018	2,978,097	2,534,061

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.

Notes to the Pension Fund Accounts (continued)

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.

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 2024 was £74.5m (31 March 2023: £25.4m). This was held with the following institutions:-

	Rating	31-Mar-23 £000	31-Mar-24 £000
Money market funds			
Northern Trust Global Investors Global Cash Fund	AAA-m	1	0
Bank deposit account			
NatWest Bank	A-1	13,912	14,144
Bank current accounts			
Northern Trust custody accounts	A-1+	11,447	60,400
Total		25,360	74,544

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 2024 the value of illiquid assets was £1,323.0m, which represented 27.8% of the total Fund assets (31 March 2023: £1,147m, which represented 27.2% 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 2024 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 2022. The next valuation will take place as at 31 March 2025 and will be published in 2026.

The key elements of the funding policy are:

- take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient Funds to pay benefits to members and their dependants
- use a balanced investment strategy to minimise long-term cash contributions from employers and meet the regulatory requirement for long-term cost efficiency
- where appropriate, ensure stable employer contribution rates
- reflect different employers' characteristics to set their contribution rates, using a transparent Funding strategy
- use reasonable measures to reduce the risk of 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 2022 actuarial valuation, the Fund was assessed as 125% funded (100% at the March 2019 valuation). This corresponded to a surplus of £860m (2019 valuation: deficit of £11m) 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 2022 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 2023 to 31 March 2026	2023-2024	2024-2025	2025-2026
18.4%	£16,449,000	£14,485,000	£13,144,000

The Primary rate above includes an allowance of 0.8% of pensionable pay for the Fund's expenses. The average employee contribution rate is 6.4% of pensionable pay. Full details of the contribution rates payable can be found in the 2022 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-19	31-Mar-22
Price Inflation (CPI)/ Pension increases	2.3%	2.7%
Pay increases	2.8%	3.2%
Discount rate	4.1%	4.9%

Mortality assumptions

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

Assumed life expectancy at age 65	Active and Deferred Members		Current Pensioners	
	Male	Female	Male	Female
2019 valuation	22.7	25.5	22.0	24.0
2022 valuation	22.8	26.1	22.0	24.6

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) **Retirement age** - The earliest age at which a member can retire with their benefits unreduced
- 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 him and the dependent of a female member is assumed to be 3 years older than her.
- g) **Commutation** - 51% of future retirements elect to exchange pension for additional tax free cash up to HMRC limits.
- 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-23		31-Mar-24
£m		£m
-3,953	Present value of promised retirement benefits	-4,018
4,232	Fair value of scheme assets (bid value)	4,758
279	Net Assets	740

As noted above, the liabilities are calculated on an IAS 19 basis and therefore will differ from the results of the 2022 triennial funding valuation (see Note 19) because IAS 19 stipulates a discount rate rather than a rate which reflects market rates.

Assumptions used

31-Mar-23 % p.a.	Assumption	31-Mar-24 % p.a.
2.95	Inflation/pension increase rate assumption	2.75
3.45	Salary increase rate	3.25
4.75	Discount rate	4.85

Notes to the Pension Fund Accounts (continued)

21. CURRENT ASSETS

31-Mar-23 £000	31-Mar-24 £000
Debtors:	
2,007 Contributions Due – Members	2,092
5,076 Contributions Due – Employers	6,167
5,292 Sundry Receivables	5,448
12,375	13,707
13,912 Cash Balances	14,144
13,912	14,144
26,287	27,851

22. CURRENT LIABILITIES

31-Mar-23 £000	31-Mar-24 £000
4,892 Sundry Payables	5,928
859 Benefits Payable	1,473
5,751	7,401

23. ADDITIONAL VOLUNTARY CONTRIBUTIONS

31-Mar-23 £000	31-Mar-24 £000
8,489 Prudential	9,157
275 Utmost	285
8,764	9,442

Total contributions of £1,341K (2022-23: £735K) were paid directly to Prudential during the year. No new contributions were paid to Utmost during the year, as it is a closed arrangement.

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-23 £000	31-Mar-24 £000
3,377 Unfunded pensions	3,582
3,377	3,582

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. The Council incurred costs of £3.4m (2022-23: £2.9m) 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 £35.2m, excluding Local Education Authority schools, to the Fund in 2023-24 (2022-23: £31.7m). At 31 March 2024 there was £4.4m (31 March 2023: £7.1m) due to the Fund by the Council.

Governance

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

Councillor Whelan, Matthew Pink, Howard Nelson and Liz Brennan.

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

Cambridge and Counties Bank

The Fund is joint owner, along with Trinity Hall, Cambridge, of Cambridge and Counties Bank (CCB). The Fund has no controlling interest in the Bank and it is included within the Fund's financial statements as a minority interest. Each shareholder is entitled to appoint one shareholder Non Executive Director to the Board of CCB. The Fund is represented by an external party to the Pension Fund (See Note 5).

ACCESS Pool

The Fund is working with ten like-minded LGPS funds to implement the ACCESS asset pool in response to the Government's LGPS reform agenda. On 31 March 2024, the Cambridgeshire Fund had invested £1,861.8m in the

ACCESS pool and £1,660.0m under pooled management resulting in pooled assets of £3,521.7m, representing 74.4% of the Fund's assets.

During 2023-24 a total of £146.1k was charged to the Pension Fund by ACCESS asset pool in respect of operating costs (£106.9k in 2022-23).

25(a) KEY MANAGEMENT PERSONNEL

The administration of the Fund is provided by West Northamptonshire Council in partnership with Cambridgeshire County Council. The Head of Pensions reports directly to the Executive Director of Finance at West Northamptonshire Council, who is also the West Northamptonshire Section 151 Officer, whose costs are reported in the West Northamptonshire Council statement of accounts. Other key personnel include the Cambridgeshire Section 151 Officer, who is Treasurer to the Fund. The Section 151 Officer is remunerated for their services to the organisation as a whole and it is not possible to identify within the overhead charge from the proportion of costs relating to these services to the Fund.

Notes to the Pension Fund Accounts (continued)

26. CONTINGENT LIABILITIES AND CONTRACTUAL COMMITMENTS

Outstanding contractual commitments at 31 March 2024 totalled £249.9m (31 March 2023: £313.8m).

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.

6 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.

A scheme employer may become an exiting employer when a cessation event is triggered. The LGPS regulations states that, where an employing authority ceases to be a scheme employer, the administering authority is required to obtain an actuarial valuation of the liabilities of current and former employees as at the exit date to identify whether cessation deficits or surplus exist. The regulations also state that where a cessation surplus exists, the Fund has full discretion over the extent to which any surplus results in the payment of an exit credit to the existing employer. The policy over the Fund's discretion at employer cessations can be found on our [Cessation Policy](#).

The following table shows the open cessation cases as at 31/03/2024, which were possible to result in the payment of an exit credit, with the current progress noted.

Existing employer	Case status	Exit Date	Cessation surplus £000	Exit credit value £000	Case progress details
Sanctuary Housing Group	Complete	31/05/2023	2,337	2,337	Exit credit was determined on 15/04/2024 and paid in April and June 24
Cross Keys Homes	Complete	30/04/2023	1,655	1,655	Exit credit was determined on 16/04/2024 and paid in April 24.
Churchill (Cambs City Council)	Complete	31/03/2022	732	Nil	Exit credit was determined to be Nil on 14/05/2024
Clarion Housing Group	On-going	30/11/2023	2,339	TBC	Fund's determination process over exit credit is not yet complete.
Wimblington Parish Council	On-going	31/01/2024	6	TBC	Fund's determination process over exit credit is not yet complete.
Goshen Multiservices (Lot2)	On-going	31/03/2024	TBC	TBC	Cessation valuation is not yet complete
Aspens (Sacred Heart)	On-going	25/02/2024	5	TBC	Fund's determination process over exit credit is not yet complete.

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.

ALTERNATIVES assets that fall outside of the traditional asset classes (equities, bonds and cash). Types of alternative investments include private equity, infrastructure and property.

ADMINISTERING AUTHORITY The LGPS is administered locally by 86 local pension funds. The administering authority is the body responsible for each fund. For the Cambridgeshire Pension Fund, the administering authority is Cambridgeshire County Council.

ADMISSION AGREEMENT A legal agreement allowing certain private companies and charities (Admission bodies) to participate in the LGPS.

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.

ANNUAL BENEFIT STATEMENT A document issued to active and deferred members on an annual basis informing them of the current and estimated future value of their pension benefits at the end of each scheme year.

AUTOMATIC ENROLMENT is the term used to describe an employer's duty to automatically enrol employees who meet certain criteria into a qualifying workplace pension scheme.

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.

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.

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.

DEFINED BENEFIT a pension which guarantees you specific income throughout retirement

DEFERRED BENEFITS Deferred benefits are the pension benefits held within the pension fund for a member who has stopped building up new benefits in the LGPS but is not receiving payment of their pension benefits.

DEFICIT An outcome as a result of taking away all expenses from income. Additionally, the Fund is in deficit when the liabilities are larger than assets.

DERIVATIVE A financial instrument derived from a security, currency or commodity, or an index indicator representing any of these, the price of which will move in a direct relationship to the price of the underlying instrument. Derivatives can be used for a number of purposes - including insuring against price movements (hedging), increasing exposure to price movements for speculation or getting access to otherwise hard to trade assets or markets.

DISCRETIONS are powers given to employers and administering authorities, by the LGPS, to choose how to apply the Scheme rules in certain situations. A guide to these discretions is available on the [LGPS Regulations and Guidance website](#).

DIVIDEND The distribution of profits by a company to its shareholders. The dividend may be passed or cut if profits fall. [See also Equities]

DLUHC The Department for Levelling Up, Housing and Communities is a ministerial department which supports communities across the UK to thrive, making them great places to leave and work.

Glossary (continued)

EBITDA Earnings Before Interest, Taxes, Depreciation, and Amortisation is a statistic used to assess a company's operating performance.

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.

FIXED INCOME asset or security that pay a fixed level of income to investors, typically in the form of fixed interest or dividend. Government and corporate bonds are the most common types of fixed income products.

FORMAL VALUATION A valuation, carried out every three years, of the pension assets and liabilities held by each employer in the Pension Fund.

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

GUARANTEED MINIMUM PENSIONS (GMPs) A member of LGPS who were an active member of the scheme between 6 April 1978 and 5 April 1997, did not pay into the State earnings Related Pension Scheme (SERPS). The GMPs are a pensions which LGPS must pay to the member at least as good as the member would have received from SERPS.

LEAVER An active member who ceases membership of the LGPS as a result of ending an employment. This includes someone who leaves employment voluntarily or who's employment is terminated by the employer.

LOCAL GOVERNMENT The term local government within this document covers:

- County, District and Borough councils
- Combined local authorities
- Police and Fire service civilian staff
- Town and Parish Council's
- Local authority schools (non-teaching staff)
- Academy trusts (non-teaching staff)
- Sixth form colleges (non-teaching staff)
- Further or Higher education establishments (non-teaching staff)
- Other tax raising bodies

LOCAL GOVERNMENT PENSION SCHEME (LGPS) The LGPS is a national pension scheme for people working in local government or working for other employers that participate in the scheme.

LOCAL PENSION BOARD The Local pension board is made up of employer and member representatives and provides assistance to the scheme manager with the administration of the pension fund.

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

INDEX LINKED Stock whose value is related directly to an index, usually the Retail Price Index and therefore provides a hedge against inflation.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) Accounting Standards, Interpretations and the Framework adopted by the International Accounting Standards Board (IASB).

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

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.

PENSION FUND (FUND) The LGPS is split into 86 local pension funds. The pension fund or simply "Fund" is the collective term for both the employers participating in the LGPS within Cambridgeshire and the monies held to pay the benefits of those employers' members. The pension fund is administered by the administering authority and overseen by the pension fund committee and local pension board.

PENSION FUND COMMITTEE The pension fund committee is the ultimate decision maker for the pension fund. Its members act as 'quasi-trustees'. The pension fund committee decides the overall policy objectives, strategy and operation of the pension fund in line with the relevant legislation. It also decides the strategy for the investment of pension fund money

Glossary (continued)

PENSIONS OMBUDSMAN The Pensions ombudsman is the official body responsible for investigating complaints regarding pensions in the UK.

PENSIONS REGULATOR The pensions regulator is the official regulator of workplace pension schemes and is responsible for ensuring the pension schemes operating in the UK are managed in line with UK law.

PRAG Pensions Research Accountants Group is a leading independent industry body working for the development of occupational pension scheme, focusing on financial reporting and internal control.

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

RETIREMENT In this document retirement refers to the act, by an active or deferred member, of taking immediate payment of LGPS benefits following the end of a relevant employment regardless of whether that person stops all employment.

SAA Strategic Assets Allocation is a portfolio strategy by setting the target allocations for various asset classes and rebalancing the portfolio periodically.

SAB The Local Government Pension Scheme Advisory Board is a statutory body to help and support DLUHC and administering authorities fulfil their statutory duties and obligations in relation to the scheme.

SBTi alignment The Science Based Targets initiative (SBTi) is a corporate climate action organisation that enables companies and financial institutions worldwide to play their part in combating the climate crisis. They develop standards, tool and guidance which are line with climate science.

SCHEDULED BODIES Local Authorities and similar bodies whose staff are entitled automatically to become members of the local Authority Pension Fund.

SCHEME EMPLOYER An employer participating in the pension fund with current employees enrolled in the LGPS.

SCHEME MEMBER An individual with pension benefits in the LGPS or who is in receipt of pension benefits from the LGPS. Members are categorized as:

- **Active member:** A current employee of a scheme employer building up pension benefits in the LGPS.

- **Deferred member:** A person who has pension benefits in the LGPS but who is neither building up new benefits in, or receiving payment of pension benefits from, the LGPS.

- **Pensioner member:** A person who receives payment of pension benefits from the LGPS. This may be someone who was an active member in the LGPS or a dependant of someone who was an active member of the LGPS and is being paid dependant benefits.

SCHEME YEAR The Scheme year runs from 1 April to 31 March.

STOCK Shares (e.g. Common stock). However, UK Gilts are more correctly described as stock.

SURPLUS An outcome as a result of taking away all expenses from income. Additionally, the Fund is in surplus when the assets are larger than liabilities.

TRANSFER VALUES Sums which are paid either to or received from other pension schemes and relate to new and former members' periods of pensionable employment with employers participating in the scheme.

TREASURY MANAGEMENT A process which plans, organises and controls cash, investments and borrowings so as to optimise interest and currency flows, and minimise the cost of funds.

UNFUNDED Pension benefits not funded by the Pension Fund. Benefits are fully reclaimed from the employer bodies.

UNIT TRUST An open-ended trust investing in a wide spread of stocks, shares and cash (subject to FSA limits). Investors buy units directly from the Investment manager to participate in a diversified portfolio. Unit trusts are subject to FSA investment and borrowing regulations.

VESTING PERIOD The length of time what an individual needs to be an active member of the LGPS to qualify for benefits in the scheme.

WEIGHTED AVERAGE CARBON INTENSITY (WACI) is a measure of carbon emissions calculated by a debtor/issuer divided by the debtor's/issuer's total revenue and weighted by the value of the creditor's/holder's investment as a share of its total investment portfolio.

Appendix A

The below table compares the 2008 and the 2014 schemes.

Schemes	LGPS 2008	LGPS 2014
Basis of Pension	Final Salary	Career Average Revaluated Earnings (CARE)
Accrual Rate	1/60 th	1/49 th
Revaluation Rate	Based on Final Salary	Consumer Prices Index (CPI)
Pensionable Pay	Pay excluding non contractual overtime and non pensionable additional hours	Pay including non-contractual overtime and additional hours
Employee Contribution Rates	Between 5.5% and 7.5%	Between 5.5% and 12.5%
Contribution Flexibility	No	Option to pay 50% contributions for 50% of pension benefit
Normal Pension Age	65	Equal to individuals state pension age
Lump Sum Trade Off	Trade £1 of pension for £12 lump sum	Trade £1 of pension for £12 lump sum
Death in Service Lump Sum	3 x Pensionable Pay	3 x Pensionable Pay
Death in Service Survivor Benefits	1/160 th accrual based on Tier 1 ill health pension enhancement	1/160 th accrual based on Tier 1 ill health pension enhancement
Ill Health Provision	<p>Tier 1 – Immediate payment with service enhanced to Normal Pension Age (65)</p> <p>Tier 2 – Immediate payment with 25% service enhancement to Normal Pension Age (65)</p> <p>Tier 3 – Temporary payment of pension for up to 3 years</p>	<p>Tier 1 – Immediate payment with service enhanced to Normal Pension Age</p> <p>Tier 2 – Immediate payment with 25% service enhancement to Normal Pension Age</p> <p>Tier 3 – Temporary payment of pension for up to 3 years</p>
Indexation of Pension in Payment	CPI (RPI for pre-2011 increases)	CPI
Vesting Period	3 months	2 years

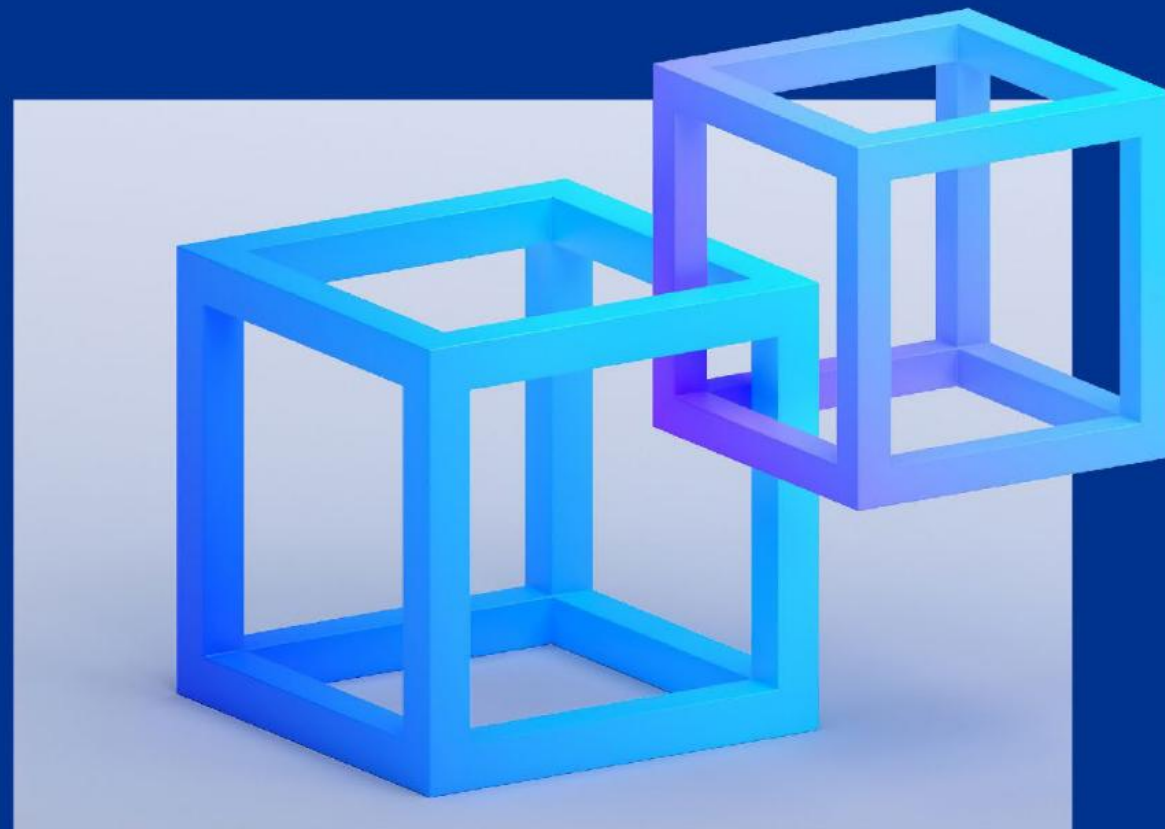
Cambridgeshire Pension Fund

Draft Year End report to the Audit and Accounts Committee

Draft Year end report for the year ended 31 March 2024

—

For presentation on 30 January 2025



Introduction

To the Audit and Accounts Committee of Cambridgeshire Pension Fund

We are pleased to have the opportunity to meet with you on 30 January 2025 to discuss the draft results of our audit of the financial statements of Cambridgeshire Pension Fund, as at and for the year ended 31 March 2024.

We are providing this report in advance of our meeting to enable you to consider our findings and hence enhance the quality of our discussions.

This report should be read in conjunction with our audit plan and strategy report, presented on 30 July 2024.

We will be pleased to further elaborate on the matters covered in this report when we meet.

Contents	Page
Important notice	3
Our audit findings	4
Significant risks and other audit risks	5
Audit risks and other audit approach	6
Other Matters	15
Appendices	16

Status of our Audit

Subject to the Administering Authority's approval, we expect to be in a position to conclude our audit, provided that the outstanding matters noted on page 4 of this report are satisfactorily resolved.

There have been no significant changes to our audit plan and strategy, presented to the Audit and Accounts Committee on 30 July 2024.

We draw your attention to the important notice on page 3 of this report, which explains:

- The purpose of this report
- Limitations on work performed
- Restrictions on distribution of this report

Yours sincerely,

Sarah Brown

Partner, KPMG LLP

20 January 2024

How we deliver audit quality

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion.

We consider risks to the quality of our audit in our engagement risk assessment and planning discussions.

We define 'audit quality' as being the outcome when audits are:

- Executed consistently, in line with the requirements and intent of applicable professional standards within a strong system of quality management; and
- All of our related activities are undertaken in an environment of the utmost level of objectivity, independence, ethics and integrity.



Important notice



This report is presented under the terms of our audit under Public Sector Audit Appointments (PSAA) contract.

Circulation of this report is restricted.

The content of this report is based solely on the procedures necessary for our audit.

Purpose of this report

This Report has been prepared in connection with our audit of the financial statements of Cambridgeshire Pension Fund (the 'Fund'), prepared in accordance with International Financial Reporting Standards ('IFRSs') as adapted Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, as at and for the year ended 31 March 2024.

This Report has been prepared for the Administering Authority's Audit and Accounts Committee, a sub-group of those charged with governance in order to communicate matters that are significant to the responsibility of those charged with oversight of the financial reporting process as required by ISAs (UK), and other matters coming to our attention during our audit work that we consider might be of interest, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone (beyond that which we may have as auditors) for this Report, or for the opinions we have formed in respect of this Report.

This report summarises the key issues identified during our audit but does not repeat matters we have previously communicated to you by written communication on 30 July 2024.

Limitations on work performed

This Report is separate from our audit report and does not provide an additional opinion on the Fund's financial statements, nor does it add to or extend or alter our duties and responsibilities as auditors.

We have not designed or performed procedures outside those required of us as auditors for the purpose of identifying or communicating any of the matters covered by this Report.

The matters reported are based on the knowledge gained as a result of being your auditors. We have not verified the accuracy or completeness of any such information other than in connection with and to the extent required for the purposes of our audit.

Status of our audit

Our audit is not yet complete, and matters communicated in this Report may change pending signature of our audit report. We will provide an oral update on the status. Page 4 'Our Audit Findings' outlines the outstanding matters in relation to the audit. Our conclusions will be discussed with you before our audit report is signed.

Restrictions on distribution

The report is provided on the basis that it is only for the information of the Audit and Accounts Committee of the Pension Fund and the Administering Authority; that it will not be quoted or referred to, in whole or in part, without our prior written consent; and that we accept no responsibility to any third party in relation to it.

Our audit findings

Significant audit risks	Page 5-7
Significant audit risks	Our findings
Management override of controls	At the time of writing this report, our testing in relation to management override of controls is not fully complete. However, our work to date has not identified any significant issues and we will provide a further update on our testing or any significant findings verbally at the committee meeting.
Valuation of Cambridge and Counties Bank	We have engaged our KPMG Corporate Finance team to assist in assessing the valuation of Cambridge and Counties Bank. We have communicated our final queries to management, and our work will be concluded upon receipt of management's response. We will provide a further update on our testing or any significant findings verbally at the committee meeting.
Key accounting estimates	Page 9-12
Valuation of Cambridge and Counties Bank	We have not yet concluded the assessment of the valuation estimate used for Cambridge and Counties Bank. We will provide an update verbally at the committee meeting.
Valuation of Level 3 Pooled Investment Vehicles	No issues to report. We attested the valuation of pooled fund investments to directly received confirmations. We assessed the reliability of these statements by performing a retrospective review of available audited financial statements.
Valuation of Level 1 & 2 Pooled Investment Vehicles and Segregated Investments	No issues to report. We verified valuations to independent pricing sources provided by our in-house pricing team. For any investment positions our pricing team were unable to obtain an independent price for, we performed retrospective review procedures as an alternative..

Expenditure recognition

Practice Note 10 states that the risk of material misstatement due to fraudulent financial reporting may arise from the manipulation of expenditure recognition is required to be considered. Expenditure in a pension scheme equates to payments to members and management expenses. There are no subjective issues concerning when expenses need to be recognised. Amounts involved cannot easily be manipulated through accounting policies, timing or other policies. There is little incentive for the Fund to manipulate the financial reporting of expenses. Therefore, in the absence of specific fraud risk factors, there is no risk of fraudulent financial reporting arising from the manipulation of expenditure recognition for the Fund.

Number of Control deficiencies	Page 21
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Other control deficiencies

2

Outstanding matters

Our audit is substantially complete except for the following outstanding matters:

- Resolution of follow up queries in respect of valuation of the Cambridge and Counties Bank;
- Journals testing and conclusion on opening balances (file review);
- Review of the updated draft financial statements;
- Assessment of going concern;
- Completion of internal review and quality control procedures;
- Implementation and review of the backstop measures;
- Completion of our post balance sheet events review up to the date of sign off; and
- Receipt of signed letter of representation and signed financial statements.

Significant risks and other audit risks

Our risk assessment draws upon our understanding of the applicable financial reporting framework, knowledge of Cambridgeshire Pension Fund, the industry and the wider economic environment in which the Pension Fund operates.

We also use our regular meetings with senior management to update our understanding and take input from component audit teams and internal audit reports.

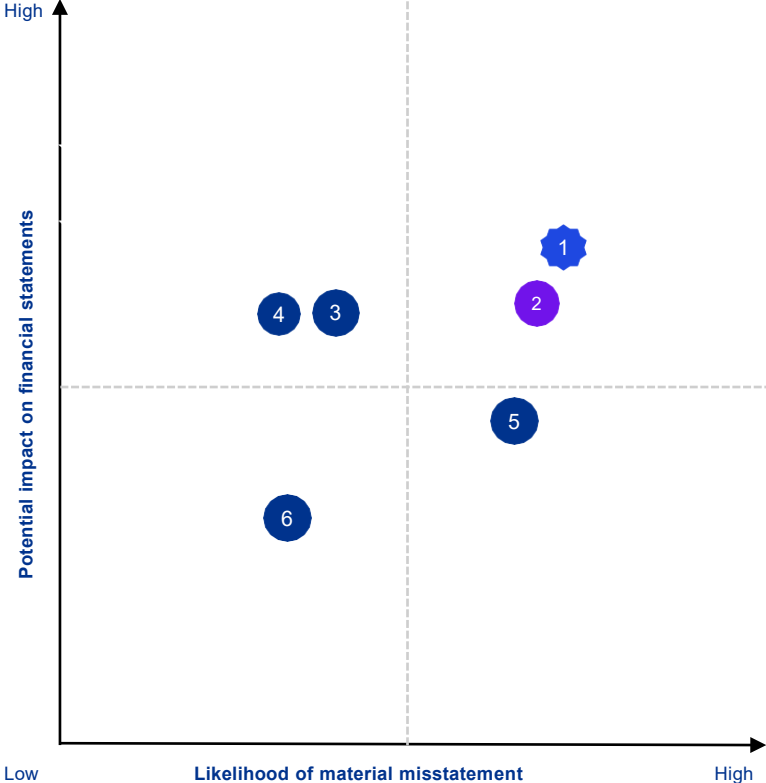
In the Audit Plan we stated, that due to the levels of economic uncertainty there is an increased likelihood of significant risks emerging throughout the audit cycle that are not identified (or in existence) at the time we planned our audit. We further stated that we would amend our audit approach accordingly and communicate this to the Audit and Accounts Committee. We note we have not identified any such matters.

Significant risks

- 1 Management override of controls
- 2 An inappropriate amount is estimated for the value of Cambridge and Counties Bank

Other audit risks

- 3 Level 1, 2 and 3 investments are not complete, do not exist or are not accurately recorded
- 4 Valuation of Level 1, 2 and Level 3 investments is misstated
- 5 Contributions into the Fund are not completely identified and recorded, do not exist or are not in compliance with the Regulations and the Fund's Rates and Adjustments Schedule
- 6 The actuarial position of the Fund is not appropriately presented in the financial statements.



- KEY**
- Presumed significant risk
 - Significant financial statement audit risks
 - Other audit risks

Audit risks and our audit approach



1

Management override of controls^(a)

Fraud risk related to unpredictable way management override of controls may occur



Significant audit risk

- Professional standards require us to communicate the fraud risk from management override of controls as significant. Our audit methodology incorporates the risk of management override as a default significant risk.
- Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.
- As part of our planning risk assessment procedures we identified that the Fund does not have enforced segregation of duty controls over the posting of journals. We will therefore not seek to take a controls based approach when designing procedures to provide assurance over this risk.

Note: (a) Significant risk that professional standards require us to assess in all cases.



Our response

As part of our audit procedures, we have:

- In line with our methodology, evaluated the design and implementation of controls over journal entries and post-closing adjustments;
- Assessed accounting estimates for biases by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias;
- Assessed the business rationale and the appropriateness of the accounting for significant transactions that are outside the normal course of business, or are otherwise unusual. Our procedures did not identify any significant unusual transactions;
- Evaluated the selection and application of accounting policies;
- Evaluated the completeness of the population of journal entries and analysed all journals through the year with a primary focus on testing those entries identified as having a higher risk.
- During our inspection, we identified a total of 10 journal entries and adjustments that met our criteria for high risk. This included journals associated with unusual user activity. Upon thorough examination of these entries, we did not find any evidence of unauthorized, unsupported, or inappropriate transactions.
- We evaluated the accounting estimates in respect of the valuation of investments, and did not identify any indicators of management bias. Please see slides 9 to 12 for further discussion.
- Testing of post closing journals remains outstanding.

Audit risks and our audit approach



2

An inappropriate amount is estimated for the value of Cambridge and Counties Bank



Significant audit risk

- An inappropriate amount is estimated for the value of Cambridge and Counties Bank due to inappropriate assumptions, errors in the underlying data or inaccurate computation of the valuation estimate.
- The risks of material misstatement relating to fair values of Cambridge and Counties Bank, have increased due to the higher degree of estimation uncertainty resulting from current economic conditions.



Planned response

- Cambridgeshire Pension Fund appoints a third-party specialist (Grant Thornton) to value the Cambridge and Counties Bank investment. We obtained the valuation reports produced by the third-party specialist as at 31 March 2024.
- We assessed Grant Thornton as a management specialist and assessed their competency as as valuation expert and their work for use as audit evidence.
- We ensured that the CCB investment has been valued in accordance with the relevant accounting policies;
- We engaged with the KPMG Corporate Finance team who have undertaken a review of the valuation model provided by GT considering the appropriateness of the assumptions and inputs used in determining the valuation;
- The KPMG Corporate Finance team have challenged the valuer on the valuation inputs, including the historical performance along with assessing the dividend discount model used for the valuation. The KPMG specialist team is yet to conclude on the valuation of Cambridge and Counties Bank.
- The audit team have tested the accounting entries made in the Statement of Accounts to ensure they are consistent with the valuation provided by management's expert.
- Under the International Standards of Auditing, we are required to identify and evaluate the design and implementation of an internal control in relation to significant risks. Whilst the Trustee appoints a third party (Grant Thornton) to value the Cambridge and Counties Bank investment, we did not identify an associated management review or other control that that meets the requirements of the auditing standards. Please refer to Appendix "Control Deficiencies" on page 21 for further details.

Please see page 10 for our findings.

Audit risks and our audit approach



3

Level 1, 2 and 3 investments are not complete, do not exist or are not accurately recorded



Other audit risk

- Level 1, 2 and Level 3 investments are not complete, do not exist or are not accurately recorded.
- Investments are held to pay benefits of the Cambridgeshire Pension Fund. They are held with 21 investment managers across a number of asset classes. The investments are material to the financial statements and therefore there is a risk of material misstatement.
- There is a risk of material misstatement relating to completeness, existence and accuracy as there has been a number of investment transitions in the year between investment managers.



Our response

- As part of our audit procedures, we gained an understanding of the processes over the completeness, existence and accuracy of Level 1, 2 and 3 investments. This included gaining an understanding of the control environment in operation across the investment managers and Northern Trust (custodian) by reviewing their internal controls reports (where available) to identify any control deficiencies that would impact our audit approach.
- We obtained direct confirmations from your custodian and investment managers to vouch the holdings and test the accuracy of amount recorded as investments in the financial statements at the year end.
- We vouched purchases and sales to investment manager and/or custodian reports.
- We recalculated the change in market value and compared this to the overall investment return stated in the financial statements. We investigated any material deviations.

There are no matters arising from our work over this risk area. See pages 11 and 12 for our findings for further details over valuations for each asset class.

Audit risks and our audit approach



4

Valuation of Level 1, Level 2 and other Level 3 investments is misstated



Other audit risk

- Investments are held to pay benefits of the Fund. They are largely held as pooled investment vehicles held with around 21 investment managers. The investments are material to the financial statements (99% of the Statement of Net Assets) and therefore there is a risk of material misstatement.
- There is a risk of material misstatement relating to fair values of level 1 and 2 pooled investments and segregated assets, due to the estimation uncertainty resulting from the pricing of these investments.
- There is an elevated risk of material misstatement relating to fair values of level 3 pooled investments, due to the estimation uncertainty resulting from unobservable inputs to these investments.



Our response

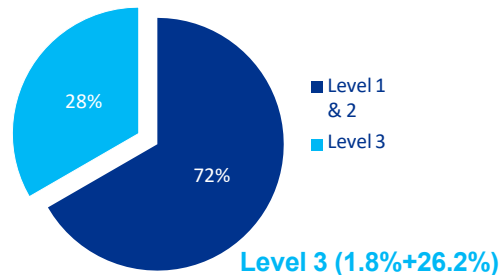
Our approach in relation to valuation for different types of investments is as follows:

- **Segregated financial instruments** Our in-house investment valuation team, iRadar, was engaged to independently revalue segregated securities and over the counter (OTC) derivatives and identify stale price issues of directly held financial instruments within the investment portfolio as well as any exposures to hard to value assets.
- **Level 1 & 2 Pooled Investment Vehicles:** We recalculated the value of the Level 1 and 2 pooled investments using published pricing of the pooled investment vehicles at the year end (where available).
- **Level 3 Pooled Investment Vehicles:** For each Level 3 pooled investment vehicle investment, we obtained the unaudited Net Asset Value ("NAV") Statement at (or closest to) the measurement date and vouched the valuation to this. We further assessed the reliability of the NAV statement for a sample of Level 3 pooled investment vehicles by:
 - Obtaining and inspecting the latest audited financial statements for the underlying funds where available;
 - Inspecting the audit report to confirm that it is unqualified and that the audit has been carried out by a reputable audit firm; and
 - Comparing the unaudited pricing information at the year end to the audited financial statements valuation. Where the audited financial statements are not as at the Fund year end date, we agreed them to unaudited pricing information at that date and reconcile significant movements to the Fund year end date agreeing movements to quarterly NAV/transaction statements.

See pages 10 to 12 for our findings.

Audit risks and our audit approach

Level 3 Investments



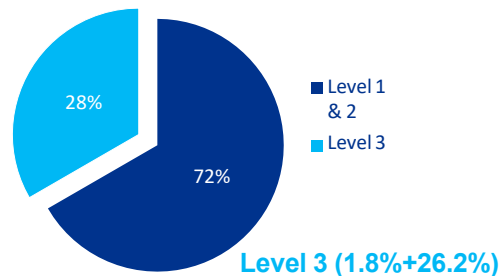
Our findings

Type of security	Market value 2024 (£m)	Percentage of portfolio 2024 (%)	Market value 2023 (£m)	Percentage of portfolio 2023 %
Inputs are unobservable (i.e. market data is unavailable)				
Cambridge and Counties Bank (CCB)	84	1.8%	69	1.7%
Total	84	1.8%	69	1.7%

Type of security	Our findings	Assessment of accounting estimate
Cambridge and Counties Bank	<ul style="list-style-type: none">We have assessed the competency of Grant Thornton as a management specialist.We have engaged KPMG Corporate finance valuation specialists to review the assumptions underlying the CCB valuation.Draft financial statements had a value of £69m for CCB. However, management have made an adjustment of £15.1m in the updated financial statements for CCB to reflect the final valuation received from Grant Thornton in Dec 2024. As this is a difference between the first and the current draft financial statements, we have recorded it as an adjusted audit difference on page 20.GT utilised a market-based multiples valuation approach as their primary methodology and a Dividend Discount Model (DDM) as a secondary approach.Market-based multiples – GT have used the market approach, specifically a Price/Earnings (P/E) ratio and Price/Book (P/B) ratio and taken an average of both methods to provide a current indication of value for CCB. Using an average of the results for both the P/E multiple approach and the P/B multiple approach, GT consider the indicative equity value of CCB, before adjustments, to be in the range of £139.3 million to £154.0 million. GT have deducted the Convertible Loan Notes of £22.9 million (22.9 million notes held at par) to derive an indicative equity valuation range for CCB of £116.4 million to £131.1 million before assessing CCC's 50% ownership interest in the ordinary shares of CCB. This gave rise to a valuation range of £81.1 million to £88.5 million for the Cambridgeshire Pension Fund share.Dividend Discount Model (DDM) - Based on a cost of equity range of 10.2% to 11.2% (midpoint 10.7%) and a terminal growth rate range of 1.5% to 2.5% (midpoint 2.0%), the management expert estimate an indicative equity value cross-check to be in the range of £132.6 million to £163.1 million (midpoint £146.1 million), supporting the range calculated utilising the primary approach. Based on a cost of equity range of 10.2% to 11.2% (midpoint 10.7%) and a dividend payout range of 29.7% to 39.7% (midpoint 34.7%), the management expert estimate an indicative equity value cross-check to be in the range of £125.1 million to £167.2 million (midpoint £146.1 million), supporting the range calculated utilising the primary approach.Our valuation team assessed the reasonableness of the valuation methodology applied by GT and the appropriateness of the multiples used. We have communicated our final queries to management and our work will be concluded upon receipt of management's response. We will provide a further update on our testing or any significant findings verbally at the Committee meeting.	TBC

Audit risks and our audit approach

Level 3 Investments



Our findings

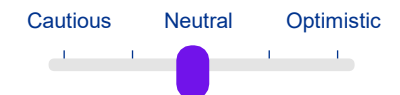
Type of security	Market value 2024 (£m)	Percentage of portfolio 2024%	Market value 2023 (£m)	Percentage of portfolio 2023 %
Inputs are unobservable (i.e. market data is unavailable)				
Pooled Investment Vehicles	1,238	26.2%	1,077	25.3%
Total	1,238	26.2%	1,077	25.3%

Type of security Our findings

Pooled investment vehicles

- The availability of information means that the draft financial statements are prepared on the basis of valuations as at 31 December 2023, adjusted for known cash movements between 1 January 2024 and 31 March 2024. Our audit procedures involved obtaining valuations as at 31 March 2024.
- We have identified a **difference** of £13.32m between the values in the draft financial statements and those provided by the investment managers as at 31 March 2024. Management agreed to adjust the financial statements for £11.8m whereas remaining £1.54m is less than our Audit Misstatement Posting Threshold (AMPT). See page 20 for further details.
- We have not identified any indicators of bias relating to judgements and decisions in making accounting estimates related to valuation of level 3 investments.

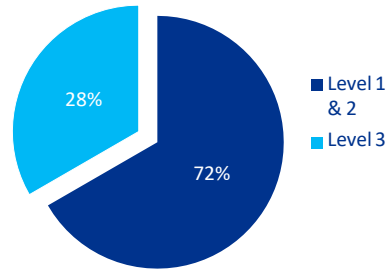
Assessment of accounting Estimate



Key:
Current year

Audit risks and our audit approach

Level 1 & 2 Investments



Type of security	Market value 2024 (£m)	Percentage of portfolio 2024 %	Market value 2023 (£m)	Percentage of portfolio 2023 %
Inputs are unobservable (i.e. market data is unavailable)				
Pooled investment vehicles & Segregated investments	3,351	72%	3,305	72%
Total	3,351	72%	3,305	72%



Our findings

Type of security	Our findings	Assessment of accounting Estimate
Pooled investment vehicles & Segregated investment	<ul style="list-style-type: none"> We obtained direct confirmations from your custodian and investment managers and vouched the holdings and valuation of assets at the year end. We verified the pricing of all of the level 2 pooled investment vehicles at the year end to an external pricing source. There are no matters arising from this testing. We have agreed investment cash balances to confirmations received directly from the bank and custodian/investment manager. Our in-house investment valuation team, iRadar, has tested the fair values of segregated financial instruments, and level 1 & 2 pooled investment vehicles, and do not note any deviation outside our acceptable range. We found the valuation of these investments appropriate. We have not noted any changes in method and underlying assumptions used to prepare accounting estimates related to valuation of level 1 and level 2 investments. Also, we have not identified any indicators of bias relating to judgements and decisions in making accounting estimates related to valuation of level 1 and level 2 investments. 	<div> <div>Cautious</div> <div>Neutral</div> <div>Optimistic</div> </div>

Key:
 Current year

Audit risks and our audit approach



5 Contributions into the Fund are not completely identified and recorded, do not exist or are not in compliance with the Regulations and the Fund's Rates and Adjustments Schedule



Other audit risk

- Contributions into the Pension Fund are not completely identified and recorded, do not exist or are not in compliance with the Regulations and the Rates and Adjustments Schedule.
- Professional standards require us to make a rebuttable presumption that the fraud risk from revenue recognition is a significant risk. Revenue in a pension fund equates to contributions income. This revenue is recognized based on specific instructions as set out in the appropriate schedule(s). There are no subjective issues concerning when contributions need to be recognized. Amounts involved cannot easily be manipulated through accounting policies, issue of credit notes, timing or other policies. There is little incentive for the Pension Fund's management to manipulate the financial reporting of contributions. Therefore, in the absence of specific fraud risk factors, the presumption that fraudulent revenue recognition is a significant risk is rebutted for pension fund audits.



Our response

As part of our audit procedures, we gained an understanding of the processes over the contribution payment arrangements between the admitted and scheduled bodies and administering authority, and also the effectiveness of the Pension Fund's contribution monitoring arrangements.

As part of risk assessment procedures, we carried out re-performance checks for members on normal employee and employer contributions by reference to their pensionable salary and rates.

Our audit procedures over contributions included:

- Inspecting that deficit funding contributions are received into the Pension Fund in accordance with the rates and adjustments schedule;
- For a sample of admitted bodies we inspected whether contributions are received into the Pension Fund on a timely basis under the requirements through vouching contributions received to bank statements;
- Developed an expectation of the normal employer and employee contributions receivable in the year reflecting changes in active members in the year, increases in pensionable salary and any changes in the contributions rates in the year and compared these to actual employer and employee contributions received in the year.

There are no matters arising from our work in this area.



Our Findings

Audit risks and our audit approach



6 The actuarial position of the Fund is not appropriately presented in the financial statements



Other audit risk

- The actuarial position of the scheme is not appropriately presented in the financial statements.
- The actuarial position is not recognised on the Statement of Net Assets but is disclosed in the Notes.
- The value of the liability is an estimate involving the selection of appropriate actuarial assumptions, most notably the discount rate applied to the fund's liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective.



Our response

We performed the following procedures:

- Evaluated the competency, objectivity of the actuaries to confirm their qualifications and the basis for their calculations;
- Tested the data provided to the accounting actuary to use within the calculation of the scheme valuation; and
- With the support of our own actuarial specialists, assessed whether the assumptions are compliant with the stated approach and reasonable under the flexibility provided by CIPFA and evaluated the calculation of the liability for compliance with the requirements of IAS26 and the approach outlined in the disclosure note; and carry out a high-level assessment of the calculated figure on a roll forward basis.



Our Findings

We are satisfied the methodology is appropriate and that assumptions are balanced and consistent with the CIPFA Code. We are satisfied that the actuarial position is fairly presented in the notes to the financial statements.

Other matters



Annual report

The Pension Fund annual report will be issued later than the financial statements. We will consider whether there is a material inconsistency between this information included in the annual report and the financial statements, or with our knowledge obtained in the audit; or whether this information appears to be materially misstated.

Independence and Objectivity

ISA 260 also requires us to make an annual declaration that we are in a position of sufficient independence and objectivity to act as your auditors, which we completed at planning and no further work or matters have arisen since then.

We have not completed any non-audit work for the Fund during the year.

Audit Fees

Our PSAA proscribed 2023/24 audit scale fee for the audit was **£87k**.

The scale fees agreed with the PSAA do not take into account the impact of ISA315 (Revised). Our proposed fee for ISA315 is **£4.3k**.

To date we have received 6 letters from other audit firms requesting that we undertake a programme of work on their behalf in respect of post retirement benefit obligations at the Fund's admitted and scheduled bodies. Fee proposed for provision of IAS 19 assurances to auditors of relevant authorities under the Act and in accordance with the protocol is **£48k** plus VAT.

Also, we proposed an additional fee of **£7.3k** for additional work performed on opening balances and follow up queries on Cambridge and Counties Bank (CCB) valuation.

Quality and timeliness of information prepared by management/those charged with governance

In our view, the quality of information:

- supported our ability to understand key decisions better and obtain sufficient audit evidence
- enabled informed challenge of management decisions
- supported audit quality and better disclosure.

The impact on our audit opinion of the above issues was that we expect to report an unmodified opinion for pension fund accounts.

Opening Balance Procedures

As at the date of this report, we are yet to conclude on the opening balances work as we are not able to review the file of the predecessor auditor. We will provide any further updates verbally in the meeting.

Appendices

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Required communications

Type		Response
Our draft management representation letter	<input checked="" type="checkbox"/>	We have not requested any specific representations in addition to those areas normally covered by our standard representation letter for the year ended 31 March 2024.
Adjusted audit differences	<input checked="" type="checkbox"/>	There were adjusted audit differences with an impact on net assets of £26.8 million.
Unadjusted audit differences	<input checked="" type="checkbox"/>	There are no unadjusted audit differences.
Related parties	<input checked="" type="checkbox"/>	We have noted one deficiency in the internal controls regarding authorising and approving transactions with related parties. See page 22.
Other matters warranting attention by the Audit Committee	<input checked="" type="checkbox"/>	There were no matters to report arising from the audit that, in our professional judgment, are significant to the oversight of the financial reporting process.
Control deficiencies	<input checked="" type="checkbox"/>	We communicated to management all deficiencies in internal control over financial reporting during the audit and these are included in this report as well – please see page 21 - 22.
Issue a report in the public interest	<input checked="" type="checkbox"/>	We are required to consider if we should issue a public interest report on any matters which come to our attention during the audit. We have not identified any such matters.
Actual or suspected fraud, noncompliance with laws or regulations or illegal acts	<input checked="" type="checkbox"/>	No actual or suspected fraud involving Fund management, employees with significant roles in internal control, or where fraud results in a material misstatement in the financial statements identified during the audit.
Make a referral to the regulator	<input checked="" type="checkbox"/>	We have not identified any such matters.

Type		Response
Significant difficulties	<input checked="" type="checkbox"/>	No significant difficulties were encountered during the audit.
Modifications to auditor's report	<input checked="" type="checkbox"/>	We do not anticipate to issue a modified opinion for Cambridgeshire Pension Fund
Disagreements with management or scope limitations	<input checked="" type="checkbox"/>	The engagement team had no disagreements with management and no scope limitations were imposed by management during the audit.
Other information	<input checked="" type="checkbox"/>	Our review of the other information in the annual report, Strategic and Directors' reports is on-going.
Breaches of independence	<input checked="" type="checkbox"/>	No matters to report. The engagement team and others in the firm, as appropriate and the firm have complied with relevant ethical requirements regarding independence.
Accounting practices	<input checked="" type="checkbox"/>	Over the course of our audit, we have evaluated the appropriateness of the Fund's accounting policies, accounting estimates and financial statement disclosures. In general, we believe these are appropriate.
Significant matters discussed or subject to correspondence with management	<input checked="" type="checkbox"/>	No such matters have arisen during the audit.
Certify the audit as complete	<input checked="" type="checkbox"/>	Our current understanding is that the prior year audit has not been certified as complete. We will only be able to certify the audit as closed once we have completed our work and the prior year audit is certified as complete.

Confirmation of Independence



We confirm that, in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and that the objectivity of the Partner and audit staff is not impaired.

To the Audit & Accounts Committee members

Assessment of our objectivity and independence as auditor of Cambridgeshire Pension Fund

Professional ethical standards require us to provide to you at the planning stage of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

This letter is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners/directors and staff annually confirm their compliance with our ethics and independence policies and procedures including in particular that they have no prohibited shareholdings. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values.
- Communications.
- Internal accountability.
- Risk management.
- Independent reviews.

The conclusion of the audit engagement partner as to our compliance with the FRC Ethical Standard in relation to this audit engagement and that the safeguards we have applied are appropriate and adequate is subject to review by an engagement quality control reviewer, who is a partner not otherwise involved in your affairs.

We are satisfied that our general procedures support our independence and objectivity except for those detailed below where additional safeguards are in place.

Independence and objectivity considerations relating to the provision of non-audit services

Summary of non-audit services

No non-audit services have been provided to the Pension Fund during the year ended 31 March 2024 and we have not committed to providing any such services.

We have considered the fees charged by us to the Pension Fund and its affiliates for professional services provided by us during the reporting period.

Confirmation of Independence (cont.)

Summary of fees

We have considered the fees charged by us to the Fund for professional services provided by us during the reporting period.

Fee ratio

The ratio of non-audit fees to audit fees for the year is anticipated to be 0.0:1. We do not consider that the total non-audit fees create a self-interest threat since the absolute level of fees is not significant to our firm as a whole.

	2023/24
	£'000
Statutory audit: Scale fees	87
Statutory audit: ISA 315R	4.3
Other Assurance Services (IAS19 assurance letters)	48
Additional fee for opening balances confirmation and valuation of CCB	7.3
Total Fees	146.6

Application of the FRC Ethical Standard 2019

Your previous auditors will have communicated to you the effect of the application of the FRC Ethical Standard 2019. That standard became effective for the first period commencing on or after 15 March 2020, except for the restrictions on non-audit and additional services that became effective immediately at that date, subject to grandfathering provisions.

AGN 01 states that when the auditor provides non-audit services, the total fees for such services to the audited entity and its controlled entities in any one year should not exceed 70% of the total fee for all audit work carried out in respect of the audited entity and its controlled entities for that year.

We confirm that as at 15 March 2020 we were not providing any non-audit or additional services that required to be grandfathered.

Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Audit and Accounts Committee.

Confirmation of audit independence

We confirm that as of the date of this letter, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the partner and audit staff is not impaired.

This report is intended solely for the information of the Audit Committee of the Cambridgeshire County Council and Cambridgeshire Pension Fund and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

Yours faithfully

KPMG LLP



Corrected and Uncorrected audit misstatements

Under UK auditing standards (ISA (UK) 260) we are required to provide the Audit and Accounts Committee with a summary of uncorrected audit differences (including disclosure misstatements) identified during the course of our audit, other than those which are ‘clearly trivial’, which are not reflected in the financial statements.

We have identified a discrepancy of £13.3m million between the values in the draft financial statements and those provided by the investment managers for level 3 PIV as of 31 March 2024. Additionally, a £15.1m million adjustment has been made in the valuation of Cambridge and Counties Bank. Management has agreed to adjust the financial statements by £26.8 million (£11.8 million in level 3 PIV plus £15 million in Cambridge and Counties Bank), and remaining £1.54 million is less than our AMPT.

Under UK auditing standards (ISA (UK) 260) we are required to provide the Audit Committee with a summary of corrected audit differences (including disclosures) identified during the course of our audit.

Audit misstatements	Type	Account	Fund Account £	Statement of Net Assets £	Details
Corrected misstatements					
Investment manager valuationstatements (Level 3 PIV)	Factual	Dr Investments		11,774,000	Change in value arising from a timing difference between the Fund's reporting date and the date of investment manager accounts.
		Cr Change in market value	11,774,000		
Investment manager valuationstatements Cambridge and Counties Bank CCB	Factual	Dr Investments		15,100,000	Change in value arising from final valuation received from Grant Thornton in Dec 2024
		Cr Change in market value	15,100,000		
Adjustment to Financial Statements			(26,874,000)	26,874,000	

Types of misstatement

Factual: Misstatements about which there is no doubt

Projected: Our best estimate of misstatements in the audited populations

Judgemental: Differences arising from judgments of management that we consider unreasonable or inappropriate

Control Deficiencies



The recommendations raised as a result of our work in the current year are as follows:

Priority rating for recommendations			
1	Priority one: issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.	2	Priority two: issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.
3	Priority three: issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.		

#	Risk	Issue, Impact and Recommendation	Management Response / Officer / Due Date
1	2	<p>Review of Cambridge and Counties Bank valuation</p> <p>Under the International Standards of Auditing, we are required to identify and evaluate the design and implementation of an internal control in relation to significant risks. Whilst the pension fund appoints a third party (Grant Thornton) to value Cambridge and Counties Bank, we did not identify an associated management review or other control that meets the requirements of the auditing standards.</p> <p>We suggest that the Fund considers establishing a procedure for a periodic review of the valuation methodologies and assumptions used by the valuer. The aim would be to ensure that the valuations are reasonable and consistent with industry standards. It is important that this review process and any consultations with independent experts are thoroughly documented. This documentation should include the rationale for any adjustments or confirmations of the consistency valuations provided with the Fund's own knowledge and understanding.</p>	<p>We will work with auditor to better understand the control weakness here and look to increase assurance over what already exists.</p>

Control Deficiencies (Cont'd)



#	Risk	Issue, Impact and Recommendation	Management Response / Officer / Due Date
2	2	<p>Authorising and approving transactions with related parties.</p> <p>Through our inspection of the design and implementation of the controls associated with the related parties process, we identified that there is no formal process in place to inspect the register of interests before entering into transactions with third parties. This increases the risk that the Fund transacts with third parties that are considered to be related parties without appropriate approval or oversight.</p> <p>We recommend that management implement a process whereby the register of interests is reviewed and considered before entering into transactions with third parties on a regular basis.</p>	<p>We will work with auditor to better understand the control weakness here and look to increase assurance over what already exists.</p>

ISA (UK) 240 Revised: changes embedded in our practices



Ongoing impact of the revisions to ISA (UK) 240

- ISA (UK) 240 (revised May 2021, effective for periods commencing on or after 15 December 2021) *The auditor's responsibilities relating to fraud in an audit of financial statements* included revisions introduced to clarify the auditor's obligations with respect to fraud and enhance the quality of audit work performed in this area. These changes are embedded into our practices, and we will continue to maintain an increased focus on applying professional scepticism in our audit approach and to plan and perform the audit in a manner that is not biased towards obtaining evidence that may be corroborative, or towards excluding evidence that may be contradictory.
- We will communicate, unless prohibited by law or regulation, with those charged with governance any matters related to fraud that are, in our judgment, relevant to their responsibilities. In doing so, we will consider the matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud.

Matters related to fraud that are, in our judgement, relevant to the responsibilities of Those Charged with Governance

Our assessment of the risks of material misstatement due to fraud may be found on page 6. We also considered the following matters required by ISA (UK) 240 (revised May 2021, effective for periods commencing on or after 15 December 2021) *The auditor's responsibilities relating to fraud in an audit of financial statements*, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud:

- Concerns about the nature, extent and frequency of management's assessments of the controls in place to prevent and detect fraud and of the risk that the financial statements may be misstated.
- A failure by management to address appropriately the identified significant deficiencies in internal control, or to respond appropriately to an identified fraud.
- Our evaluation of the entity's control environment, including questions regarding the competence and integrity of management.
- Actions by management that may be indicative of fraudulent financial reporting, such as management's selection and application of accounting policies that may be indicative of management's effort to manage earnings in order to deceive financial statement users by influencing their perceptions as to the entity's performance and profitability.
- Concerns about the adequacy and completeness of the authorization of transactions that appear to be outside the normal course of business.

Based on our assessment, we have no matters to report to Those Charged with Governance.

KPMG's Audit quality framework



Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion.

To ensure that every engagement lead and employee concentrates on the fundamental skills and behaviours required to deliver an appropriate and independent opinion, we have developed our global Audit Quality Framework. Responsibility for quality starts at the top through our governance structures as the UK Board is supported by the Audit Oversight Committee, and accountability is reinforced through the complete chain of command in all our teams.

■ Commitment to continuous improvement

- Comprehensive effective monitoring processes
- Significant investment in technology to achieve consistency and enhance audits
- Obtain feedback from key stakeholders
- Evaluate and appropriately respond to feedback and findings

■ Performance of effective & efficient audits

- Professional judgement and scepticism
- Direction, supervision and review
- Ongoing mentoring and on the job coaching, including the second line of defence model
- Critical assessment of audit evidence
- Appropriately supported and documented conclusions
- Insightful, open and honest two way communications

■ Commitment to technical excellence & quality service delivery

- Technical training and support
- Accreditation and licensing
- Access to specialist networks
- Consultation processes
- Business understanding and industry knowledge
- Capacity to deliver valued insights



■ Association with the right entities

- Select clients within risk tolerance
- Manage audit responses to risk
- Robust client and engagement acceptance and continuance processes
- Client portfolio management

■ Clear standards & robust audit tools

- KPMG Audit and Risk Management Manuals
- Audit technology tools, templates and guidance
- KPMG Clara incorporating monitoring capabilities at engagement level
- Independence policies

■ Recruitment, development & assignment of appropriately qualified personnel

- Recruitment, promotion, retention
- Development of core competencies, skills and personal qualities
- Recognition and reward for quality work
- Capacity and resource management
- Assignment of team members employed KPMG specialists and specific team members



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Document Classification: KPMG Public

To: Pension Fund Committee

Meeting date: 20 March 2025

Report by: Joanne Kent
Systems and Projects Manager
joanne.kent@westnorthants.gov.uk

Subject: Pensions Dashboards Update

Purpose of the report: This report provides an update on the progress made by the Fund in connecting to the Pension Dashboard infrastructure in time for the deadline of 31 October 2025.

Recommendations: The Pension Fund Committee is asked to note the contents of the report.

Enquiries to: Joanne Kent
Systems and Projects Manager
joanne.kent@westnorthants.gov.uk

1. Background

- 1.1 The Government formalised its intentions to deliver pension dashboards through the Pension Schemes Act 2021 and, the Pension Dashboards Regulations 2022, following many years of discussions on how to engage individuals with their pensions savings.
- 1.2 There are a number of activities that Fund will need to undertake to connect to the pension dashboards infrastructure by 31 October 2025 and to make data available to users by 31 October 2026.
- 1.3 These activities and timelines are detailed in section three of this report.

2. Executive summary

- 2.1 The Fund is required to connect to the Pension Dashboards infrastructure by 31 October 2025 and be able to respond to requests from the public by 31 October 2026.
- 2.2 There are a number of activities that the Northamptonshire Pension Fund will need to undertake to connect to the Pension Dashboards infrastructure and to make data available to users.
- 2.3 All data improvement activities have been captured in the Fund's data improvement plan.
- 2.4 The Fund has procured a digital interface (ISP) to connect to the Pensions Dashboard infrastructure. The ISP console and a suite of Pensions Dashboard data quality reports were delivered to the Fund in late January from which began a 4-week period of user acceptance testing.,
- 2.5 The Fund needs to establish a link with its Additional Voluntary Contribution (AVC) providers so that members can easily access their details on the dashboard. The Fund is working with the AVC providers to ensure this happens smoothly.
- 2.6 Guidance and additional information is continually being issued by the organisations involved in this initiative. The Fund will continue to revise its project plans and documentation to ensure compliance with all requirements.
- 2.7 The costs associated with connecting to the Pensions Dashboard infrastructure are detailed in section 5.1. There have been no changes to these costs since October 2024.

3. Issues and choices

Connecting to the pension dashboards infrastructure

- 3.1 Pension schemes need to have a digital interface in place to connect to the Pension Dashboards infrastructure. The Committee agreed, through the Business Plan and Medium-Term Strategy for 2024-25 to use the Fund's pensions administration system software supplier's (Heywood Pension Technologies Ltd) digital interface solution, referred to as an ISP (integrated service provider).
- 3.2 The ISP was procured via a variation agreement to the re-tendered contract that commenced on 1 October 2024.
- 3.3 On 23 January 2025, Heywood delivered the ISP console with which the Fund needs to set up and test the member data matching rules, which allows members to view their accrued and estimated benefits within this scheme alongside their other pension benefits.
- 3.4 This user acceptance testing period lasted for 4 weeks, following which the Fund will need to decide upon and document the member matching rules, before the connection date of 31 October 2025.
- 3.5 The final part of the implementation of connecting the Pensions Dashboard infrastructure via the ISP will take place prior to 31 October 2025.

Data – matching and quality

- 3.6 In late January 2025, the Fund began a period of testing of the matching criteria rules to determine which sequence of rules will be most appropriate to use based on the scheme's data quality and availability, whilst ensuring the rules are robust enough to prevent access by incorrect individuals. This will inform the Fund's Matching Criteria Policy. The Matching Policy will be presented to the Pensions Committee in June 2025.
- 3.7 In addition, the Fund now has access to a suite of data quality reports that highlights missing data or data that requires reformatting to enable both the member matching process and the quality and accuracy of the value data that will be returned to the member's dashboard. Data requiring rectification will be recorded in the Fund's Data Improvement Plan to be presented at the Pensions Committee in March 2025.

Additional Voluntary Contributions

- 3.8 The Cambridgeshire Pension Fund has two AVC suppliers, Prudential and Utmost Life and has a duty to make this data visible on the Pensions Dashboards.
- 3.9 Both Prudential and Utmost Life have confirmed that they will be adopting the 'single source' approach to providing members' AVC data to the dashboard. The AVC providers will send the data to the Fund once per year to be entered onto the Fund's administration system so that the AVC value data is displayed alongside the member's LGPS benefits.
- 3.10 The provision of AVC view data to the dashboards is a significant workstream of the connection process. Both the Local Government Association (LGA) and Pensions Administration Standards Association (PASA) have issued detailed guidance to assist schemes in this area and this has been incorporated into the project plan and governance process where appropriate.
- 3.11 Data quality improvement work has been undertaken on the records of scheme members with AVCs to ensure that data from both providers will be accurately matched to members main schemes record held by the Fund.
- 3.12 The Fund is awaiting further development of the administration system to hold the AVC data in a format suitable for capturing and transferring to the pensions dashboard infrastructure. It is expected to be developed at an additional cost which will added to the total costs of connecting to the infrastructure once known.

Next steps

- 3.13 The project plan and RAID log is continually reviewed and updated to reflect updated or changing guidance from organisations such as the PDP, PASA, LGA, and the ISP and administration software provider.
- 3.14 The backlog of unprocessed leaver calculations continue to be completed as well as address tracing of members for whom the Fund no longer holds a current address. This will ensure increased quantities of members matching to their benefits and full details of their pension benefits being returned instantly when using the Pension Dashboards. These activities have been detailed in the Fund's Data Improvement Plan for both 2024/25 and 2025/26.
- 3.15 At the next meeting, the Pension Committee will be provided with a further update on the progress made and relevant updates to the overall initiative, including the Matching Policy.

4. Relevant Pension Fund objectives

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

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

5. Implications (including financial implications)

5.1 Resources and financial

- 5.1.1 The estimated budget for the various elements of ISP and Dashboard reporting costs are currently as below:

Element	March 2024 Estimated	Current Estimated Cost
Non-recurring Costs		
ISP Implementation	£10,000	£7,500 to £13,500
Legal Fees	£1,000	TBC
Framework Fees	£Nil	£Nil
Recurring Costs		
ISP Maintenance	£56,000 per annum	£30,225 per annum
Insights Reporting	£11,000 per annum	£4,912.50 per annum

- 5.1.2 The implementation costs will be charged across 2024/25 and 2025/26. Costs relating to the connection to the ISP in January 2025 will be charged in 2024/25. Costs relating to the connection of the ISP to the pensions dashboard infrastructure prior to the connection date of 31 October 2025, will be charged in 2025/26. The split of the costs is not currently known.

- 5.1.3 All costs will be met by the Pension Fund and the Committee will be advised of any changes. There have been no changes since October 2024.

5.2 Legal

- 5.2.1 Failure to take all the necessary steps to connect to the pension dashboards infrastructure by 31st October 2025 will be considered a breach of the law unless an extension is approved.

5.3 Risk management

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

Risk	Residual risk rating
Incorrect/poor quality data held on the Pension Administration and Payroll platforms or delays with receiving information leading to incorrect information/delayed provision of information to members and stakeholders (risk 14).	Amber
Failure to administer the scheme in line with regulations and guidance (risk 17).	Green
The Pension Fund fails to comply with legal duties in connection with Pension Dashboards (risk 31).	Green

- 5.3.2 The executive summary of the Cambridgeshire Pension Fund risk register can be found [here](#).

5.4 Consultation with key advisers

- 5.4.1 Squire Patton Boggs conducted a review of the paper for legal implications with no material issues raised.
- 6. Background papers
 - 6.1 None
- 7. Appendices
 - 7.1 None

To:	Pension Fund Committee
Meeting date:	20 March 2025
Report by:	Head of Pensions
Subject:	Employer Admissions and Cessations Report
Purpose of the report:	<ol style="list-style-type: none">1. To report the admission of three employers to the Cambridgeshire Pension Fund across four admission agreements.2. To notify the Committee of the cessation of four admission agreements in relation to three employers and the cessation of one Parish Council.3. To update on previously reported cessations.
Recommendations:	<p>That the Pension Fund Committee</p> <ol style="list-style-type: none">1. Notes the admission of the following transferee admission bodies to the Cambridgeshire Pension Fund and approves the sealing of the admission agreements:<ul style="list-style-type: none">• Cater Link Limited x2• Clean Slate (UK) Limited• KGB Cleaning South West Limited2. Notes the cessation of admission agreements in relation to the following employers:<ul style="list-style-type: none">• Pabulum Limited x2• Clean Slate (UK) Limited• Kids R Us Out of Schools Clubs Limited3. Notes the cessation of the following designating body:<ul style="list-style-type: none">• Burwell Parish Council4. Notes the update on previously reported cessations relating to:<ul style="list-style-type: none">• Serco Limited• Nightingale Cleaning Services Limited• Wisbech & Fenland Museum

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1. Background

- 1.1 The Local Government Pension Scheme Regulations 2013 (as amended) (the Regulations) 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 When an employer ceases participation in the Fund, the administering authority is required, under regulation 64 of the Local Government Pension Scheme Regulations 2013 (the Regulations), to obtain an actuarial valuation, as at the exit date, of the liabilities and to obtain a revised rates and adjustments certificate showing the exit payment due from the exiting employer or the excess of assets in the Fund relating to that employer.
- 1.3 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. Executive summary

- 2.1 The Pension Fund Committee is asked to note the entry, to the Fund, of three transferee admission bodies and to approve the sealing of the admission agreements.
- 2.2 The admissions are all “pass-through” admissions, meaning the assets and liabilities are retained by the awarding authority, so there is no additional risk to the Fund from the admission.
- 2.3 The Committee has no discretion over the admission of this employer as they have agreed to follow the Regulations of the LGPS by signing the admission agreement and therefore the regulations require the administering authority to admit them to the Fund.
- 2.4 Full details of the admissions are included in Appendix A.
- 2.5 The Committee is also asked to note the cessation of four admission agreements in respect of three employers. Two of the admissions ended due to the contract ending and two ended due to the last active member leaving.
- 2.6 All four of the ceasing admission agreements were pass-through agreements, so no funding assessment is needed.
- 2.7 The Committee is also asked to note the cessation of one designating body. This cessation is due to the departure of the last active member. The employer will offer an alternative pension provision to future staff.
- 2.8 A funding surplus has been identified in relation to the ceasing designating body and a determination will need to be made over the value of the exit credit (which may be nil) payable to the exiting employer.
- 2.9 Full details of the cessations are included in Appendix B.
- 2.10 The Committee is also asked to note the update on three cessation cases previously reported where the funding assessment identified a surplus resulting in the need for an exit credit determination.
- 2.11 Full details of exit credit determination outcomes are included in Appendix C.

3. Issues and choices

3.1 New admissions

- 3.1.1 Paragraph 1 of Part 3 of Schedule 2 to the Regulations provides for an Administering Authority to make an admission agreement with an admission body, enabling employees of the admission body to be active members of the Local Government Pension Scheme.
- 3.1.2 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. The Pension Committee is asked to note the admission of three employers and to approve the sealing of the admission agreements.
- 3.1.3 The Pension Committee is asked to note the admission of three admission bodies and to approve the sealing of the admission agreement.

3.1.4 Full details of the admissions are included in Appendix A.

3.2 **Cessations**

3.2.1 Admission agreements in relation to the following employers have ended:

- Pabulum Limited x2
- Clean Slate (UK) Limited
- Kids R Us Out of Schools Clubs

3.2.2 The following designating body has exited the scheme:

- Burwell Parish Council

3.2.3 Full details of the cessations are included in Appendix B.

3.3 **Update on previously reported cessations**

3.3.1 When an employer ceases to participate in the Fund, the Regulations require the administering authority to obtain a valuation of the assets and liabilities attributed to that employer to determine if there is a funding surplus or deficit. If a deficit exists, the employer must pay an exit payment to the Fund equal to the value of the deficit. If a surplus exists, the administering authority must make a determination of the amount of exit credit (which could be zero) that should be paid to the exiting employer.

3.3.2 The Pension Fund Committee is asked to note the update on the following previously reported cessations.

- Serco Limited
- Nightingale Cleaning Services Limited
- Wisbech & Fenland Museum

3.3.3 Full details of the previously reported cessations are included in Appendix C.

4. **Relevant Pension Fund objectives**

- 4.1 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
- 4.2 Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. Objective 5.

4.3 Ensure appropriate exit strategies are put in place in both the lead up to and termination of a scheme employer. Objective 7

5. Implications (including financial implications)

5.1 Resources and financial

- 5.1.1 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.
- 5.1.2 The employer contribution rate contains an allowance for administration charges, and the employer is charged a fee to recover the Funds administration costs of onboarding new employers and terminating ceased employers. This means that admissions and cessations should be cost neutral.
- 5.1.3 Employers who are unable to pay monies due during active membership may result in unpaid liabilities being borne by other employers in the Fund.
- 5.1.4 Following an exit credit determination, there may be an amount due to the exiting employer. As a result of two recently completed exit credit determinations, the total value paid out is £34,000. The detail can be found in Appendix C.

5.2 Legal

- 5.2.1 Admitted bodies enter into an admission agreement with the administering authority 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.
- 5.2.2 Exit credit determinations can be appealed by the exiting employer under the Fund's internal dispute resolution procedure and ultimately the Pensions Ombudsman.

5.3 Risk management

- 5.3.1 The Pension Fund Committee are responsible for approving some admission bodies into the Fund as well as monitoring all admissions and cessations.
- 5.3.2 The risks associated with failing to monitor admissions and cessations have been captured in the Fund's risk register as detailed below.

Risk	Residual risk rating
Lack of understanding of employer responsibilities which could result in statutory and non-statutory deadlines being missed.	Green
Failure to administer the scheme in line with the regulations and guidance.	Green
Failure to provide relevant information to the Pension Fund Committee/Pension Board to enable informed decision making.	Green
Failure to assess and monitor the financial strength of an employer covenant to ensure employer liabilities are met in conjunction with the Fund Actuary/specialist advisors.	Green

- 5.3.3 The executive summary of the Cambridgeshire Pension Fund risk register can be found [here](#).
- 5.4 Consultation
 - 5.4.1 Contribution rate and bond assessments are undertaken by Hymans Robertson, the Fund Actuary.
 - 5.4.2 A precedent admission agreement has been drafted by Squire Patton Boggs, specialist pension legal advisers.
 - 5.4.3 Advice was received from the Fund's legal advisers, Squire Patton Boggs, on individual admission and cessation cases, where required.
 - 5.4.4 Squire Patton Boggs conducted a review of the paper for legal implications with no material issues raised.
- 6. Background papers
 - 6.1 None.
- 7. Appendices
 - 7.1 Appendix A – New admissions
 - 7.2 Appendix B - New cessations
 - 7.3 Appendix C - Update on previously reported cessations
- 8. Accessibility
 - 8.1 An accessible version of the information contained in this report is available on request from the report author.

Appendix A - New admissions

- **Cater Link Limited (Meridian Trust)**

Cater Link Limited entered a contract with the Meridian Trust to provide catering services at eleven of their academies. As a result, twelve employees transferred to the admission body and a pass-through admission agreement has been put in place. The agreement was backdated to 1 August 2024 and the backdated contributions have been collected. The assets and liabilities have been retained by the Meridian Trust.

- **Cater Link Limited (Abbey College, Ramsey)**

Cater Link Limited entered a contract with Abbey College, Ramsey to provide catering services. As a result, two employees transferred to the admission body and a pass-through admission agreement has been put in place. The agreement was backdated to 1 August 2024 and the backdated contributions have been collected. The assets and liabilities have been retained by Abbey College, Ramsey.

- **Clean Slate (UK) Limited (Granta School)**

Clean Slate (UK) Limited entered a contract with Granta School (a Cambridgeshire Local Education Authority School) to provide cleaning services. As a result, one employee transferred to the admission body and a pass-through admission agreement has been put in place. The agreement was backdated to 1 September 2024 and the backdated contributions have been collected. The assets and liabilities have been retained by Cambridgeshire County Council.

- **KGB Cleaning South West Limited (Meadowgate Academy)**

KGB Cleaning South West Limited entered a contract with Affinity Multi Academy Trust to provide cleaning services at Meadowgate Academy. As a result, one employee transferred to the admission body and a pass-through admission agreement has been put in place. The agreement was backdated to 1 August 2024 and the backdated contributions have been collected. The assets and liabilities have been retained by Affinity Multi Academy Trust.

Appendix B - New cessations

- **Clean Slate (UK) Limited (Granta School)**

Clean Slate (UK) Limited were admitted to the Fund under a pass-through agreement on 1 August 2020 after entering a contract to provide cleaning services to Granta School (a Cambridgeshire Local Education Authority School).

On 6 December 2024, the admission agreement ceased when the last active member left. Clean Slate (UK) Limited are no longer an admission body in respect to this agreement and their participation in the Fund has ended as they have no ongoing admission agreements.

No exit payment or credit is required as the pension liabilities were retained by Cambridgeshire County Council.

- **Kids R Us Out of Schools Clubs Limited (Trumpington Park Primary School)**

Kids R Us Out of Schools Clubs Limited were admitted to the Fund under a pass-through agreement on 1 January 2024 after entering a contract to provide wrap around care at Trumpington Park Primary School.

On 30 November 2024, the admission agreement ceased when the last active member left. Kids R Us Out of Schools Clubs Limited are no longer an admission body in respect to this agreement and their participation in the Fund has ended as they have no ongoing admission agreements.

No exit payment or credit is required as the pension liabilities were retained by the Meridian Trust.

- **Pabulum Limited (St Bede's Inter-Church School)**

Pabulum Limited were admitted to the Fund under a pass-through agreement on 1 September 2018 after entering a contract to provide catering services at St Bede's-Inter Church School.

On 31 October 2024, the admission agreement ceased when the contract ended. Pabulum Limited are no longer an admission body in respect to this agreement and their participation in the Fund has ended as they have no ongoing admission agreements.

No exit payment or credit is required as the pension liabilities were retained by St Bede's Inter-Church School (a single academy trust).

- **Pabulum Limited (Discovery Primary Academy)**

Pabulum Limited were admitted to the Fund under a pass-through agreement on 1 September 2022 after entering a contract to provide catering services at the Discovery Primary Academy.

On 31 October 2024, the admission agreement ceased when the contract ended. Pabulum Limited are no longer an admission body in respect to this agreement and their participation in the Fund has ended as they have no ongoing admission agreements.

No exit payment or credit is required as the pension liabilities were retained by the Four Cs Academy Trust.

- **Burwell Parish Council**

Burwell Parish Council were admitted to the Fund as a designating body on 1 September 1991 when they passed a resolution designating some of their staff as eligible for membership of the LGPS.

On 31 July 2024 their last active member left. The council chose to close the scheme to new accrual. A funding surplus of £26,000.00 has been identified. Officers have started the process to determine the value of the exit credit (which may be nil) that should be paid to the exiting employer.

Appendix C - Update on previously reported cessations

- **Serco Limited (PCC)**

The cessation of Serco Limited was originally reported at the October 2024 meeting of the Pension Fund Committee.

Following an exit credit determination, as required by, and considering the factors listed under section 64 (2ZC) of the Regulations, the Administering Authority has determined that the amount of exit credit payable to Serco Limited was nil. The exiting employer has been informed of the decision and its right to appeal the decision.

- **Nightingale Cleaning Services Limited (Meridian Trust)**

The cessation of Nightingale Cleaning Services Limited was originally reported at the October 2023 meeting of the Pension Fund Committee.

Following an exit credit determination, as required by, and considering the factors listed under section 64 (2ZC) of the Regulations, the Administering Authority has determined that the amount of exit credit payable to Nightingale Cleaning Services was nil. The exiting employer has been informed of the decision and its right to appeal the decision.

- **Wisbech & Fenland Museum**

The cessation of Wisbech & Fenland Museum was originally reported at the December 2024 meeting of the Pension Fund Committee.

Following an exit credit determination, as required by, and considering the factors listed under section 64 (2ZC) of the Regulations, the Administering Authority has determined that the amount of exit credit payable to Wisbech & Fenland Museum is £34,000. The exiting employer has been informed of the decision and its right to appeal the decision. Payment of the surplus is being arranged by the Fund.

Cambridgeshire Pension Fund Committee/Investment Sub Committee Agenda Plan

Meeting Date	Agenda item	Lead officer
March 2025 PFC	Administration Report [standing item]	M Oakensen
	Annual Business Plan and Medium-Term Strategy [to approve]	M Whitby
	Governance and Compliance Report [standing item]	M Oakensen
	Employer Admission and Cessation Report [standing item]	C Blose
	Internal Audit [to note]	M Whitby
	Final Statement of Accounts 2023-24 [to note]	M Yewman
	Training Strategy [approval]	M Oakensen
	Payment of Employee and Employer Pension Contributions Policy [pre-scrutiny]	M Yewman
	Communication Policy and Plan [approval]	C Blose
	General Code of Practice – best practice [to note]	M Oakensen
	Pension Dashboards Update [to note]	M Whitby
	Risk Strategy – [approval]	M Oakensen
	Valuation Update [to note] exempt	C Blose
	ACCESS Update [standing item] exempt	M Whitby
June 2025 PFC	Administration Report [standing item]	M Oakensen
	Business Plan Update [standing item]	M Whitby

	Governance and Compliance Report [standing item]	M Oakensen
	Employer Admission and Cessation Report [standing item]	C Blose
	Administering Authority Discretions Policy [approval]	M Whitby
	Data Improvement Policy [approval]	M Whitby
	Funding Strategy Statement draft [to note]	C Blose
	Cessations Policy [approval]	C Blose
	Dashboard update and Data Matching Policy [approval]	M Whitby
	EDI Policy & updated plan [approval]	M Oakensen
	Valuation Update [to note] exempt	C Blose
	Risk Monitoring [to note] exempt	M Oakensen
	ACCESS Update [to note] exempt	M Whitby
June 2025 ISC	Stewardship Report	B Barlow
	Performance Report	B Barlow
	Current Issues	B Barlow