AUDIT AND ACCOUNTS COMMITTEE

Thursday, 30 January 2025

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

New Shire Hall
Alconbury Weald
Huntingdon
PE28 4YE

14:00

Red Kite Room
New Shire Hall, Alconbury Weald, Huntingdon, PE28 4YE

AGENDA

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The Audit and Accounts Committee comprises the following members:

Councillor Graham Wilson (Chair) Councillor Nick Gay (Vice-Chair) Councillor David Ambrose Smith Councillor Chris Boden Mr Mohammed Hussain Councillor Geoffrey Seeff Councillor Alan Sharp and Councillor Alison Whelan

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

Audit and Accounts Committee: Minutes

Date: 31st October 2024

Time: 2.15pm – 4.47pm

Place: New Shire Hall, Alconbury Weald

Present: Councillors D Ambrose Smith, H Batchelor, C Boden, N Gay (Vice-Chair), G Seeff and G Wilson (Chair)

Non-voting co-opted member:
M Hussain (via Zoom)

Sarah Brown, KPMG	External auditor
Harry Foscoe, KPMG	External auditor
Jacob McHugh, EY	External auditor (via Zoom)

191. Apologies for Absence and Declarations of Interest

Apologies for absence were received from Councillor A Whelan, substituted by Councillor H Batchelor, and Cllr A Sharp.

There were no declarations of interest.

192. Minutes – 30th July 2024 and Minutes Action Log

The minutes of the meeting on 30th July 2024 were approved as an accurate record and signed by the Chair.

The minutes action log was reviewed. Members were advised that the establishment of a s106 Board had completed a previous action relating to a deep dive into s106 monies. The Chair queried whether there were any missing monies from developers. It was agreed that an update would be provided around whether the Internal Audit report was being actioned through the s106 Board, in particular around monitoring of the recording and receipt of s106/ community infrastructure levy (CIL) funds. **Action required**

193. Petitions and Public Questions

There were no petitions or public questions submitted.

194. Review of the Audit and Accounts Committee Terms of Reference

The Committee's terms of reference had been reviewed and refreshed in line with the Committee's most recent self-assessment of its effectiveness and the CIPFA position statement. Key changes included removing repetition and duplication, reflecting the CIPFA position statement on audit committees in local authorities and the police, and highlighting members' commitment to attending all meetings and avoiding use of substitutes wherever possible.

In discussion of the report, Members:

- queried the proposed deletion of section (i) 'To maintain an overview of the Council's Constitution in respect of contract procedure rules, financial regulations. Codes of conduct etc.' The Head of Internal Audit advised that it had been felt that this duplicated the provision elsewhere, including at section (vi) 'To consider the arrangements for corporate governance, and to secure assurance across the Council's full range of operations and collaborations with other entities, and to agree necessary actions to ensure compliance with best practice.' It was also felt there was some overlap with the responsibilities of the Constitution and Ethics Committee, with the wording revised to reflect the Audit and Accounts Committee's focus on controls. The Monitoring Officer clarified that the Constitution and Ethics Committee had overall responsibility for the Constitution and the Assets and Procurement Committee dealt specifically with asset and procurement rules. If issues around processes were highlighted by Internal Audit findings the Audit and Accounts Committee could refer those issues to other committees for consideration.

- welcomed the inclusion of a right of access to and constructive engagement with other committees/ functions.

- were encouraged to discuss any issues they might want to raise with the Head of Internal Audit so that they could advise on the correct route to follow.

- asked what measures were in place to ensure that accepted audit recommendations were implemented. The Head of Internal Audit advised that much of this was covered in the implementation of audit activity section of the regular Internal Audit progress reports which the committee received, and that when services reported that an action had been implemented the Audit team sought to verify evidence that this was the case before the action was closed.

KPMG advised that they had not checked the revised terms of reference directly against the CIPFA code, but that it looked like what they would expect to see.

It was resolved unanimously to review, comment on and endorse the updated Terms of Reference for the Committee, for submission to Constitution and Ethics Committee and on to full Council.

195. Financial Reporting and Related Matters

The Council had published its draft statement of accounts for 2022-23 in July 2023. However, the external audit of those accounts had not taken place and it was expected that EY would issue a disclaimed opinion in late November or early December in accordance with the Government's backstop date. It was expected that this would make clear that the disclaimed opinion related to a resourcing decision by the auditor not to prioritise the 2022/23 audit and the backstop date rather than any weaknesses in financial reporting. Work with KPMG on the 2023/24 audit had been delayed from the original timetable, but was progressing well.

Individual Members raised the following points in relation to the report:

- asked whether disclaimers would apply to the value for money (VFM) audit. KPMG advised that a separate backstop date applied to VFM and that it could not be disclaimed. EY would need to complete a full assessment of VFM with a formal conclusion by the end of February 2025. The Executive Director of Finance and Resources advised that the expectation was that the consideration of any objections by local residents should be concluded within that timeframe. It would be for the auditors to decide if they had sufficient information to determine the objections.

- spoke of the importance of recognising the difference between a vexatious objector and a vexatious objection. It was important that vexatious objections were dealt with expeditiously, but there must be integrity in looking at any objections that were raised. The Executive Director of Finance and Resources stated that the Council would be required to publish an accountability statement unless there was an objection which was carrying on or being appealed, but due process around how any objection was assessed was for the external auditor to decide. The Council encouraged full openness and transparency and due process being followed.

- noted that EY's completion report for 2022/23 had been received too late to be included in the meeting papers, but had been shared informally with committee members. The EY representative advised that their ISA compliant work was now complete. Two areas remained outstanding and these would be resolved ahead of the backstop date. Their draft final opinion was awaiting internal approval and this was expected within the next week, while the statement of reasons to close out objections was expected to be completed within the next fortnight. The audit of the Pension Fund was a separate issue and was expected to receive an unqualified opinion.

- asked whether an assurance would be provided on the closing balance for 2023/24. KPMG stated that the guidance from CIPFA was clear that a modified opinion would need to be issued for the 2023/24 financial year. At CCC they should be able to undertake significant work on the opening and closing balance position, so although it would be a disclaimed opinion they would provide their own report which would provide more detail around the work they had done. The

Executive Director for Finance and Resources stated that they were responsible for signing off the unaudited accounts and that significant work was undertaken to enable them to do that. The CIPFA Bulletin 18 published the previous day pulled together all the relevant guidance and set out the way forward in relation to backstop positions and working out of that. It would be a difficult road, and the role of the committee would be critical in providing assurance to the public.

- asked whether it was likely to take several audit cycles before an unqualified audit opinion might be offered. KPMG confirmed that it was expected that it would take a number of years to build back to a fully unmodified opinion. This view was shared by most local authority auditors. The Executive Director of Finance and Resources stated that CIPFA bulletin 18 envisaged that it would take until 2026/27 to return to an unqualified opinion. A member highlighted the importance of communicating this timeframe clearly.
- emphasised that it was important to make clear that the reason for the disclaimed opinion for 2022/23 was not as a consequence of anything the Council or the auditors had done, but due to a wider lack of audit resource. The Executive Director of Finance and Resources advised that this was made clear in the draft EY report.
- understood that there was a fair amount of audit work for 2023/24 which would not be done, and asked if there were implications for this in the fees. KPMG advised that they would undertake all of the work that would usually be carried out in relation to the closing balance sheet. The challenges related to the opening balance sheet position as they would not be able to do that work. Some auditors were limiting their work for 2023/24, but at Cambridgeshire the intention was to do as much work as they were able. The Finance team was supporting this.

It was resolved unanimously to:

a) note the report.

b) permit the approach to finalisation of the 2022-23 accounts as set out in section 2.2 of this report, and delegate authority to the Chair of this Committee, and the section 151 officer, as appropriate, to give the necessary approvals on behalf of the Council to this effect.

196. Annual Report of the Audit and Accounts Committee

The Committee considered the draft annual report for 2023/24 which would be considered by Full Council on 10th December 2024.

The Chair sought the committee's views on the issues they would want highlighted when the report was presented to Council. This might include the disclaimed audit opinion on the 2023/24 accounts and timeframe envisaged for returning to an unqualified opinion, the implications of the new Procurement Act and an invitation to all members to consider whether there were any issues they would like Internal Audit to investigate.

Individual Members offered the following comments on the draft annual report:

- expressed disappointment that there was relatively little mention that the committee operated in a non-partisan way and in the interests of the Council as a whole. They would like to see that reference strengthened.

- commended the large amount of work done by Internal Audit during the period.

- suggested mentioning that the committee had during the past year exercised its constitutional right to refer matters to policy and service and committees for their attention or further action.

It was resolved unanimously to review the proposed annual report to Full Council and agree any changes required.

197. Internal Audit Progress Report

The Internal Audit progress report provided an overview of key aspects of internal audit activity since the committee had met in July. There were 79 outstanding agreed audit actions as at 30 September 2024, an increase of 4 since the previous report. There were also some audit actions which had not been accepted by a service which were included for the committee's attention. There had been a reduction in some days on the updated audit plan due to staffing issues, including the lack of a corporate risk manager due to the preferred candidate having withdrawn. A summary of all whistleblowing cases was included in section 9, as requested at the previous meeting.

The Chair noted that the Adults Directorate Business Planning Review and Challenge audit had an assessment of limited assurance. This had been reported to the Section 151 Officer and the Executive Director for Adults, Health and Commissioning, but it was for the committee to decide whether it should also be drawn to the attention of the Adults and Health (A&H) Committee. The Executive Director of Finance and Resources advised that this audit finding related to the robustness of the savings plan, and that the savings position to which it related would have been reported to A&H as part of its finance monitoring report.

On being proposed by Councillor Wilson, seconded by Councillor Boden, it was resolved unanimously that the Internal Audit report on the Adults Directorate Business Planning Review and Challenge audit, which found limited assurance and made a number of recommendations which have been accepted by the Executive Director, be submitted to the Adults and Health Committee for consideration.

Individual Members raised the following points in relation to the report:

- asked whether Internal Audit checked that audit actions had been completed. The Head of Internal Audit advised that the Internal Audit team followed up the implementation of actions classified as medium, high or essential. This was done through a review carried out by Internal Audit on evidence submitted by the service, and did not rely solely on an assurance from the service that an action had been completed. If an issue was of particular concern a follow-up audit would be scheduled within one to two years.

- received confirmation from the Executive Director of Finance and Resources that the timetable for the dedicated schools grant (DSG) safety valve audit action of 31 October 2024 had been met and that a revised safety valve plan had been submitted to the Department for Education.

- expressed shock that it had not been possible to confirm whether a shareholder agreement and corporate contract with OPUS People Solutions Ltd could be located. OPUS was designed to get a large number of local authorities working together to achieve cheaper recruitment solutions. It had been originated by Suffolk County Council (SCC), with Cambridgeshire County Council taking out a shareholding of around 8-9%. The member expressed concern that the larger shareholding retained by SCC meant that a disproportionate proportion of the savings achieved by the scheme went to SCC rather than being shared out between shareholders. They expressed the hope that the relevant officers would look outside of the meeting at whether the situation was equitable. **Action required**

- asked about the decision not to implement all of the suggested actions from the audit of consultancy spend and how the Authority could obtain assurance that consultancy spend remained well controlled and was delivering against agreed actions. The Head of Internal Audit advised that there were controls in place whereby sufficient approvals were required before a consultant could be procured. There were fewer controls in place around ensuring continued compliance with the Consultancy Policy once the consultant was in place, for example in relation to linking payments to outcomes and the completion of conflict of interest forms. The key control was the Consultancy Policy, which was directive, but there was a lack of stronger preventive or detective controls to ensure the policy was followed. Some of the recommendations suggested by Internal Audit as part of the review had been rejected due to a lack of resource in the Procurement and Commercial team. The actions proposed were risk rated 'medium' by Internal Audit and the financial materiality of spend on consultants was around £1-2m per year. The Council's ability to demonstrate value for money around consultancy spend had been an area of focus in recent years, and there was a need to balance the level of risk with the cost of additional control measures.

The Chief Executive emphasised the importance of managers taking responsibility in this area rather than being overly reliant on specialist support teams. The Executive Director of Finance and Resources stated that this issue had been brought to his attention and had been flagged with the Corporate Leadership Team. He would also be talking to the wider leadership team about further compensating controls being introduced in a number of areas, including consultancy spend.

- asked whether everything in the Corporate Risk Register and key performance indicators (KPIs) was covered on the Internal Audit forward plan. The Head of Internal Audit advised that the review of the internal audit plan included looking at how the planned work linked to identified corporate risks and that they were confident that there was coverage of key areas. A review of KPIs was part of the core audit plan, and the new performance framework approved that morning by the Strategy, Resources and Performance Committee included a requirement that the Governance and Performance team would also conduct their own audits on a rolling basis.

It was resolved unanimously:

a) to consider and comment on the content of the Internal Audit progress report.

b) that the Internal Audit report on the Adults Directorate Business Planning Review and Challenge audit, which found limited assurance and made a number of recommendations which have been accepted by the Executive Director, be submitted to the Adults and Health Committee for consideration.

198. Corporate Risk Register

The Corporate Risk Register report had been considered earlier in the day by the Strategy, Resources and Performance (SRP) Committee. The focus at that meeting was on the numbers while the Audit and Accounts Committee’s focus was on the processes in place to manage risk.

The residual risk score for Risk 3: Risk that the Council does not have enough budget to deliver short and medium term corporate objectives had increased from 12 in June to 16 in October, which was above the Council’s risk appetite. This was primarily due to the expected end of the statutory override and the accounting treatment of deficits within the dedicated schools grant (DSG) high needs block funding. The Committee’s attention was drawn to the retitling of Risk 5 from the failure of corporate governance to the risk of serious failure of corporate governance to reflect that the focus of that risk was on governance issues with the potential to have a serious impact on the organisation.

Individual Members raised the following points in relation to the report:

- expressed concern that all 19 controls relating to Risk 3 were about the budget and nothing was about the agreed short and medium term corporate objectives. Councillors bore overall responsibility for determining the Council's risk policy and risk appetite, and they were not sure that there was a mechanism for councillors to provide effective input and challenge around what was in the risk register and the risk controls and action plans. This issue had been raised earlier in the day at SRP and the Chief Executive had offered to provide a response outside of the meeting. **Action required**

- asked if there was a timescale for the property risk database referenced at section 3.1.3. An update was offered outside of the meeting. **Action required**

The Corporate Risk Register was noted.

199. Debt Management Update Report for October 2024

The headline position reflected a heightened level of debt, although progress was being made through the Debt Improvement Project. The current overall debt position of £26.3m (excluding NHS ICB debt) represented an increase of £4.3m compared to the same period in 2023/24. However, the unapplied amounts had decreased, and a month on month improvement was being seen compared to earlier in the year. Adult social care was the most complex area of debt as it involved working with vulnerable clients. There was an upward trajectory in the amounts being billed for social care and this lay behind some of the increase in the debt figures. There had also been a reduction in the financial assessment backlog. Collection performance was encouraging and the report detailed a number of debt management improvement initiatives. Progress was also reported in relation to the NHS debt position with around £17m cleared in recent months, although a significant sum remained in dispute. This related primarily to the Learning Disability Partnership.

Individual Members raised the following points in relation to the report:

- asked about the process around debt right offs. The Service Director for Finance and Procurement advised that there was a formal process in place which accorded with the scheme of financial management. Heads of service had authority to write off debt up to £10k and the Section 151 Officer had authority to write off debt up to £25k. Any proposed right-offs above that limit required committee approval. More write-offs were expected during the current financial year.

- recognised the work being done to attempt to address some of the issues raised, but considered that the overall picture was not good and further improvement was required.

- noted that Table 2 showed the amount due, but not an aged debt position. The committee did not get that analysis by directorate, and the member felt this would be useful. They also felt it would be helpful to have an explanation of the arrangements around adult social care debt and how this affected the accounts and the timing of it. They also sought an assurance that robust action was being taken in pursuit of the remaining NHS debt. The Service Director for Finance and Procurement offered a further breakdown by directorate and agreed that the casting would be reviewed. **Action required** The progress made so far in relation to NHS debt was welcome and it was confirmed that a robust approach was being pursued in relation to the remaining sum, including exploring legal and contractual avenues. The Chief Executive advised that the Council had a duty to work closely with its partners, especially where this was to the benefit of service users, but this must be backed up by appropriate and fair sharing of costs and resources. It was important to recognise the positive work being done by the NHS, and he was confident that all necessary steps were being taken to protect the Council and maintain a tenable relationship with the NHS. The Chair commented that many of the NHS debts were old and needed to be pursued, and commended the work being done.

- asked whether new debt was being chased quickly enough and requested a breakdown of the debt balance showing what was actionable, what had happened and what was going to happen in relation to a financial modelling analysis. The Service Director for Finance and Procurement advised that officers considered that the biggest risk related to the 360+ days category of debt and that attention would be focused on that area. A further breakdown could be provided. **Action required**

The Committee noted the actions and approach being taken to manage income collection and debt recovery.

[The meeting was adjourned from 4.20pm – 4.29pm]

200. Annual Whistleblowing Report 2023/24

The Annual Whistleblowing Report 2023/24 highlighted the outcomes of the annual staff whistleblowing survey and arrangements for publicising the whistleblowing process, including through the recently launched fraud eLearning module which had been made essential learning for all staff. The report also contained information on the number of whistleblowing referrals received, which was showing an increase year on year. The updated whistleblowing policy was attached at Annex A. This included the Chief Executive taking on the newly created role of the Council's Whistleblowing Champion, and clarified the distinction between confidentiality and anonymity.

Individual Members raised the following points in relation to the report:

- asked whether whistleblowing had resulted in any system changes or changes to control systems. The Head of Internal Audit advised that this varied depending on the nature of the concern and the findings of the investigation, but that formal or informal advice was provided to services as appropriate. Where investigations into whistleblowing cases identified actions which Internal Audit rated as 'medium' risk or higher the actions were followed up and reported to the Committee alongside other audit actions in the regular Internal Audit Progress Reports.

- commended the report as the most blunt and honest they had seen from any local authority, commenting that being open and honest with staff was key to establishing trust and enabling change. The Chief Executive stated that the overall culture of the organisation continued to receive his personal attention and that of the Corporate Leadership Team. He had deemed it important to provide an unvarnished picture of the current position to encourage confidence in the whistleblowing process and the organisation's ability to change.

- expressed disappointment that so few employees had responded to the survey.

- expressed concern about the increase in the number of people who had considered making a referral and the reasons they gave for deciding not to. It was important to hear what they were saying as this raised questions about the culture that existed.

It was resolved unanimously to note the report and approve the updated Whistleblowing Policy at Annex A.

201. Committee Agenda Plan

The Committee agenda plan was reviewed, and the following was agreed:

- the Corporate Risk Register should be considered twice a year in the spring and autumn.

- the Annual Risk Register report should be considered in July

- the biannual debt management update would be considered next in March 2025

- a report on adjustments to adult social care outstanding debt would be added to the January agenda **Action required**

- a report providing a breakdown of debt by age and service and financial modelling analysis would be added to the January agenda **Action required**

- sign-off of the annual accounts for 2022/23 and the EY report to be added to the agenda plan **Action required** [NB This will be covered in the financial update report]

- the new executive director assurance reports should begin with a report from the Executive Director of Adults, Health and Commissioning. **Action required**

The Committee's training programme would be reviewed following the local elections in May 2025.

[Chair]

Audit and Accounts Committee Minutes - Action Log

The minutes action log captures the actions arising at Audit and Accounts Committee meetings and updates the committee on progress.

Minutes – 30th July 2024

Minute	Report title	Response requested from	Action	Update	Status
185.	KPMG Audit Plan for Cambridgeshire Pension Fund 2023/24	KPMG	Following some challenge to the audit fee and ISA315 at Pension Fund Committee representatives of KPMG had met with Public Sector Audit Appointments (PSAA) around fee variations to ensure consistency in the way this was applied and to ensure that the additional work undertaken could be justified. That would be brought back to both the PFC and to Audit and Accounts.	The fees are based on scale rates agreed with the PSAA and the fees for work required regarding ISA 315 have been applied consistently across our audits. Fee variations require PSAA approval and we will report back to Committee when we have been through this process. *Reminder sent 08.01.25*	On-going
		Michael Hudson/ Mark Whitby	It was agreed to invite the Pension Fund Committee to seek greater assurance regarding the meaning of the actuarial figure which was created for the liability, the funding position and what should be done round this.	A valuation update was provided to the December Committee at item 16.	Completed

Minutes – 31st October 2024

Minute	Report title	Response requested from	Action	Update	Status
192.	Minutes 30th July 2024 and Minutes Action Log	Frank Jordan	Members were advised that the establishment of a s106 Board had completed a previous action relating to a deep dive into s106 monies. The Chair queried whether there were any missing monies from developers. It was agreed that an update would be provided around whether the Internal Audit report was being actioned through the s106 Board, in particular around monitoring of the recording and receipt of s106/ community infrastructure levy (CIL) funds.	The S106 & CIL Board met in September and November 2024, and will continue with quarterly meetings from January 2025. Among other responsibilities, the Board has a standing item for officers to provide updates against the internal audit recommendations. In the recent November meeting, the Board was presented with the new S106 Risk Register highlighting issues such as staffing and IT, as well as proposed risk mitigations. From January 2025, detailed reports will be provided to the Board covering S106 monitoring, s106 allocation/spending, progress towards new s106 KPIs, and CIL bidding and receipts.	Completed
197.	Internal Audit Progress Report	Michael Hudson	A member expressed the hope that the relevant officers would look outside of the meeting at whether the situation in relation to OPUS People Solutions Ltd was equitable.	In progress.	On-going
198.	Corporate Risk Register	Stephen Moir	Asked whether there was a mechanism for councillors to provide effective input and challenge around what was in the	The Chief Executive issued an explanatory note on the elected member role in operational risk management to	Completed

Minute	Report title	Response requested from	Action	Update	Status
			risk register and the risk controls and action plans. This issue had been raised earlier in the day at SRP and the Chief Executive had offered to provide a response outside of the meeting.	the Audit & Accounts, as well as Strategy, Resource and Performance Committees on 10 January 2025.	
		Michael Hudson/ Chris Finch	Asked if there was a timescale for the property risk database referenced at section 3.1.3 of the report. An update was offered outside of the meeting.	The review of the database is ongoing and it is expected all risks will be managed by the Autumn.	On-going
199.	Debt Management Update Report for October 2024	Tom Kelly	A member noted that Table 2 showed the amount due, but not an aged debt position. The Service Director for Finance and Procurement offered a further breakdown by directorate and agreed that the casting would be reviewed.	Briefing note circulated electronically to committee members 17.01.25.	Completed
		Tom Kelly	A member asked whether new debt was being chased quickly enough and requested a breakdown of the debt balance showing what was actionable, what had happened and what was going to happen in relation to a financial modelling analysis. The Service Director for Finance and Procurement advised that officers considered that the biggest risk related to the 360+ days category of debt and that attention would be	Briefing note circulated electronically to committee members 17.01.25.	Completed

Minute	Report title	Response requested from	Action	Update	Status
			focused on that area. A further breakdown could be provided.		
201.	Committee agenda plan	Richenda Greenhill	A report on adjustments to adult social care outstanding debt should be added to the January agenda. Minutes 199 and 201 refer.	19.11.24: Added to the committee agenda plan for January 2025.	Completed
		Stephen Howarth	Sign-off of the annual accounts for 2022/23 and the EY report to be added to the agenda plan.	08.11.24: An update will be included as part of a general financial reporting paper at a future meeting.	Completed
		Richenda Greenhill	The new executive director assurance reports should begin with a report from the Executive Director of Adults, Health and Commissioning.	19.11.24: Added to the committee agenda plan for January 2025.	Completed

Agenda Item No: 4

Financial Reporting and Related Matters

To:	Audit and Accounts Committee
Meeting Date:	30 January 2025
From:	Executive Director for Finance & Resources
Electoral division(s):	All
Key decision:	No
Forward Plan ref:	N/A
Executive summary:	The Committee is updated on latest progress with matters related to external audit. This comprises a progress update on the ongoing audit of 2023-24's accounts, as well as the position with any outstanding matters to report on other financial years.
Recommendation:	The Committee is invited to note the report.

Officer contact:
Name: Stephen Howarth
Post: Head of Finance
Email: stephen.howarth@cambridgeshire.gov.uk

1. Background

1.1 The committee has previously been updated regarding the conclusion of historic audits for the 2016-17 to 2021-22 financial years which were completed earlier this year. The committee has also been updated extensively about national issues relating particularly to 2022-23 financial statements and the delays in those being audited.

1.2 At its last meeting, the committee received an update on the ongoing audit of 2023-24's draft accounts, and on the position of our 2022-23 accounts.

1.3 The committee has received several updates recently at its meetings on the national plans to address the local government audit backlog. Since the last meeting, the first in a series of 'backstop dates' (dates by which certain audits must conclude otherwise auditors will be required to disclaim their opinions) has passed, which resulted in the council's 2022-23 accounts receiving a disclaimed audit opinion. Backstop dates for financial years through to 2027-28 have now been set.

2. Main Issues

2.1 **2023-24 External Audit**

2.1.1 Following this committee receiving the audit plan for 2023-24's audit from KPMG at its May meeting, extensive preparatory work was undertaken by the council and KPMG. This included responses to risk assessment questionnaires, walkthroughs of key systems (including those managed by partner organisations), and meetings with senior officers. This work broadly took place ahead of the main audit fieldwork, with information used to risk assess the council and work out the degree of sample checking of key controls that is needed.

2.1.2 The original audit plan envisaged much of the fieldwork taking place in August and September, and while preparatory work started then, much of the fieldwork has taken place over the late Autumn through to January.

2.1.3 At the time of publication, most of the main audit fieldwork is complete, with just some areas actively in process between CCC and KPMG set out in 2.1.7 below.

2.1.4 Alongside this work, KPMG are undertaking their review for the value for money opinion. The statutory deadline for completion of the audit was 30 November 2024, which will not be achieved, principally as the preceding year is unlikely to have been disclaimed by that date, but we do hope the bulk of the work is concluded by then with only final queries and procedures remaining. A local elector has made objections to the accounts to KPMG under several headings which the auditor must deliberate on in accordance with the Local Audit and Accountability Act 2014. To date, the auditor has ruled out taking further action on several of the heads of objection. The Council has responded to enquiries by the auditor arising from the objection.

2.1.5 The appendix to this report includes a listing of the audit differences identified so far that we expect to adjust far. One item has been identified that we are not proposing to adjust for due to immateriality and being correctable in a later year (£10.13 due to a rounding difference on the unit cost of one of our treasury investments). Further differences may be identified during the course of the audit and by default these are adjusted for unless they meet one of the criteria below, in which case we may propose to this committee that the item is not adjusted for:

- Immaterial: changes that are small, within the materiality threshold and that we consider would require disproportionate officer time in view of competing priorities for accountancy input.
- Correctable in future year: for some items relating to capital, we can correct a multi-year scheme in a later year, if immaterial to the year in question
- Impacting previous outturn: we look to avoid, where possible, adjusting the outturn that was included in the management accounts as this is helpful to provide certainty to the financial planning processes by which decisions are taken on future budget allocations
- Professional disagreement: if we disagree with the basis for the auditor’s finding
- Over-prudence: we would generally not actively adjust if our estimates were more prudent that that required by the auditor

2.1.6 Through the final report on this audit to committee in February we would seek agreement to treatment of audit differences.

2.1.7 Remaining audit work is focussed on:

- Long-term debtors and an assessment of expected credit loss, for which the council is receiving further technical accountancy advice
- Finalising the PPE additions sample
- Valuations of investment properties, with some differences between the council’s valuers and KPMG’s which are being investigated
- Closing off various minor queries
- Anything coming out of KPMG’s quality control and review process

2.1.8 The issue of 2022-23 not being audited means that KPMG has not started this process with assurances over opening balances in the 2023-24 accounts. This is an issue for any authority who has a year of accounts not audited, and means that we expect that the council will receive a disclaimed opinion for 2023-24 as well, and beyond that there may be partly modified or disclaimed opinions specifically regarding prior-year comparators in the accounts. It will not be until sufficient assurance is built up over several years of audits by KPMG that a fully unmodified opinion will be likely.

2.2 Audit of the financial statements for the 2022-23 financial year

2.2.1 On 18 November 2024, EY (the council’s auditor for this financial year) issued its final audit completion report. As expected, and previously reported to this committee, EY disclaimed their opinion as a result of not having been able to undertake the necessary audit work by the statutory backstop date of 13 December 2024. This is a position that hundreds of authorities are in nationally.

Despite the disclaimed main audit opinion, the auditor was able to finalise their review of the council’s value-for-money arrangements and concluded that the council had proper arrangements in place in 2022-23.

The final audit completion report can be seen on the council's website: https://www.cambridgeshire.gov.uk/asset-library/Final-Audit-Completion-Report-to-Those-Charged-with-Governance-18-November-2024.pdf

2.3 2016-17 and 2017-18 fees for additional work by the auditor

2.3.1 The council's appointed external auditor for these financial years was BDO. Following their certification of the accounts for 2016-17 and 2017-18 in February 2024, BDO have submitted a fee variation request to Public Sector Audit Appointments Ltd (the statutory appointing body for local authority auditors). BDO have set out the work required (at 2017-18 prices) for considering the objections, issuing a value for money opinion and receiving legal advice. There is a statutory basis for the auditor to recover costs for this work from the council. As previously reported to the committee, the council has made representations to PSAA about the appropriateness of the costs and the usefulness of the work completed due to delays. PSAA will make the determination about the final amounts due, but at this stage there is no further update.

2.4 Update on national position

2.4.1 On 9 September 2024, the Government laid in Parliament a statutory instrument, 'The Accounts and Audit (Amendment) Regulations 2024' (which took effect from 30 October 2024), to introduce backstop dates by which point local bodies must publish audited accounts. The Government, on behalf of the Comptroller and Auditor General has also laid a revised 'Code of Audit Practice 2024', that requires auditors to give their opinion in time to enable local bodies to comply with the backstop date. The Financial Reporting Council (FRC) has issued guidance on this matter - Local Audit Backlog Rebuilding Assurance (frc.org.uk). The 'backstop' dates mean that by specified dates for a given financial year, the audit must be concluded otherwise a disclaimed opinion will be issued. The ministerial statement makes clear that local bodies should not be unfairly judged based on disclaimed opinions caused by the introduction of backstop dates that are beyond their control.

2.4.2 This process is intended to address the historic issue with local authority audits (and for this council would result in a disclaimed 2022-23 opinion). Alongside this, plans to try to address the causes of this issue have been put in place; this includes the new contract for audits commencing in 2023-24 that have allowed for an increased price which should improve the sustainability of the sector. It is encouraging that this council's 2023-24 audit continues to progress well. In addition, government has moved back the deadline for publication of draft accounts for 2024-25 to 2027-28 to 30 June (from 31 May) which is welcome further time for council officers to produce what is a very complex set of accounts, improving accuracy and therefore reducing audit work.

2.4.3 The relevant audit backstop dates for the council are:

- Financial years up-to-and-including 2022-23: 13 December 2024
- Financial year 2023-24: 28 February 2025
- Financial year 2024-25: 27 February 2026
- Financial year 2025-26: 31 January 2027

- Financial year 2026-27: 30 November 2027
- Financial year 2027-28: 30 November 2028

2.4.4 The government has recently launched a further consultation “Local audit reform: a strategy for overhauling the local audit system in England”, which covers proposals to further strengthen the local audit system, dealing with issues around capacity, co-ordination and complexity in the current approach. In particular, it proposes the creation of a new Local Audit Office body to have oversight of the whole process (including contract management, setting the code of audit practice and oversight). The consultation can be found here: Local audit reform: a strategy for overhauling the local audit system in England - GOV.UK

2.4.5 The key points of the consultation are:

- Creation of the Local Audit Office with a remit for system co-ordination, contract management, code of practice, oversight and reporting.
- Review the content and format of local authority accounts, ensuring disclosures are only required where necessary, and taking into account the users of the accounts. Review whether pension fund accounts should be separated from accountable bodies’ accounts.
- Review barriers for entry to the local audit system, and targeted support for council finance teams, audit committees and elected members.
- Mandate at least one independent member on audit committees (the consultation asks for views on whether the chair should be required to be independent).
- Technical changes to further help with the audit backlog, including around infrastructure assets.

2.4.6 The council is considering the proposals and the consultation questions, and is working with sector bodies such as the Society of County Treasurers on joint responses. Generally we would agree that the local audit system needs structural improvements to put it on a long-term footing, after the short-term fix of the back-stop process. We also would welcome meaningful simplification of local authority accounts, and welcome the proposal that users of the accounts should be a key consideration in that process. Independent audit committee members is something this council has already implemented, with the chair remaining an elected councillor.

3. Significant implications

3.1 Finance implications

This report details progress with financial reporting matters.

3.2 Legal implications

The principal governing legislation are The Accounts and Audit Regulations 2015, The Accounts and Audit (Amendment) Regulations 2024 and the Local Audit and Accountability Act 2014. The Council has published appropriate notices on its website to explain how it is complying with statutory provisions not withstanding that, in common with many local authorities, stipulated deadlines for final accounts have not been achieved.

3.3 Risk implications

There are no new significant risk implications arising from this report. The auditor's work contributes to the Committee's awareness of the risk environment and assurances around stewardship of public funds.

3.4 Equality and Diversity Implications

None identified

4. Source documents

Statement of accounts - Cambridgeshire County Council

Written statements - Written questions, answers and statements - UK Parliament

Accounts and Audit (Amendment) Regulations 2024

Financial Reporting Council – Accessible Explainer on Rebuilding Assurance

Appendix 1 – 2023-24 audit differences proposed for adjustment

Category	Identified by	Amount impact on core statements £	Impact on Outturn	Statements & Disclosure Notes	Explanation
Schools	KPMG	10,240,553	nil	BS, ST creditors	An adjustment is required to correct the balance sheet for the impact of the schools closedown being a few days ahead of 31 March to allow time for review and consolidation. The balance sheet will then reflect the school bank balances as at 31/03/2024, and the creditors will no longer include the accrual for payroll costs paid to staff between the schools closedown process and the year-end. School closedown procedures will be amended to address this issue with early closure of school accounts.
Debtors and creditors	CCC	5,144,345	nil	BS, FIs, ST Debtors, ST Creditors	Incorrect splitting of a debtor with HMRC between debtors and creditors in opening balance, and correction required between two different debtor accounts.
Capital	CCC/KPMH	3,736,050	nil	BS, useable reserves	Cumulative impact of capitalised transactions judged not to be eligible under regulations for capitalisation.
Treasury investments	CCC	464,259	nil	CIES (OCI), EFA, note to EFA, BS, MiRS, FIs, unusable reserves, ABAB&FB	Error in starting value used for realised gain calculation. As a non-cash transaction this only affect 'other comprehensive income' and has no reserves impact.
VAT	CCC/KPMG	26,009	26,009	I&E, BS, MiRS, CFS, EFA, note to EFA, financing & investment income & expenditure, expenditure analysis, ST debtors, usable reserves	VAT debtor accrual for two months calculated slightly incorrectly, resulting in a minor understatement of income & expenditure and overstatement of debtors. Due to the nature of VAT accounting, this is a case where we propose to adjust for an immaterial error despite an impact on the outturn, which is balanced off to reserves.
Minor / presentational	CCC	-20,825	nil	Balance sheet, MIRS and CIES; Exp analysis, ABABFB, EFA, FI, ST creditors disclosures	Various small items.
Investment property	CCC	TBC	nil	CIES, Exp Analysis, EFA, note to EFA, Financing & investment income & expenditure	Disclosure only. Investment property rent top-ups not included in investment property income on financing & investment I&E note; investment property expenditure similarly excluded in error.
Donated assets	CCC/KPMG	nil	nil	Cash Flow Statement; PPE, donated assets, capital expenditure and financing disclosures	Donated assets line missing from capital expenditure & financing disclosure (with borrowing requirement therefore overstated), and similar lack of separation in PPE note, with linked impact on cash flow statement.
Finance leases	CCC	nil	nil	Financial instruments	Error in calculation of long-term finance lease liability due to a late adjustment to a dependent item.
Clerical errors	KPMG			PPE and senior remuneration	Correction of years in PPE note and subtotal in remuneration note.

Pension Fund Annual Report and Statement Of Accounts 2023/24

To:	Audit and Accounts Committee
Meeting Date:	30 January 2025
From:	Investment and Fund Accounting Manager
Outcome/s:	Approval of the Final Statement of Accounts and Annual Report of the Pension Fund for the year 2023/24 Financial year ahead of the Government Backstop date of 28 February 2025.
Recommendation/s:	The Committee is recommended to:

a. approve the Final Statement of Accounts 2023/24 and note the Pension Fund Annual Report for the 2023/24 financial year.

b. note the findings of external audit documented in the Audit Results Report.

Officer contact:
Name: Ben Barlow
Post: Investment and Fund Accounting Manager
Email: Ben.Barlow@westnorthants.gov.uk
Tel: 07896 890375

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.

1.5. The structure and content of the Annual Report is governed by guidance issued by the CIPFA in compliance with Regulation 57 of The Local Government Pension Scheme Regulations 2013 (as amended).

2. Main Issues

New Guidance

2.1. The Scheme Advisory Board issued new Annual Report Guidance for Pension Funds in March 2024. The purpose of the new guidance is to assist local government pension funds with the preparation and publication of the pension fund annual report, as required by regulation 57 of the Local Government Pension Scheme Regulations 2013. It also aims to ensure that reporting across the scheme is consistent and provides comparable data for all funds.

2.2. The guidance applies to 2023-24 annual reports and later years. For annual reports covering 2023-24, funds have been advised to use their best endeavours to comply fully with this guidance.

2.3. The external auditors have carried out their consistency checks on the Annual Report before publication and accessibility checks have been completed ready for publication.

2.4. The Pension Funds Annual report 2023-24 was approved by the Pension Fund Committee on 2 October 2024 and has been published on the Fund's website before the statutory date for publication, 1 December.

2.5. The following terms are used for levels of compliance to the guidance:

i Must - Compliance is strongly expected. Any non-compliance should be clearly identified in the annual report and an explanation provided.

ii Should - Compliance is anticipated but is discretionary. Where non-compliance may be significant or material for the readers the non-compliance should be identified and explained.

iii May - Compliance is recommended but is discretionary.

2.6. The Fund has made the following changes to adhere to the new guidance, categorised by the above terms:

Must	Should	May
Includes a summary of administration activities, linked to the business plan, undertaken during the year	Actions taken to deliver the communications policy	Freedom of Information Requests received during the year
Additional information included on Key Performance indicators, including casework, communications and engagement, resources, and data quality	More information included about the internal dispute resolution procedure (IDRP), The Pensions Ombudsman and the number of formal complaints received during the year (not through IDRP)	Table showing UK levelling up assets and % of total assets invested in levelling up assets
Further information on asset pooling and plans for the future.	Results from member and employer satisfaction surveys	
Table showing asset class split by pooled, under pooled governance and not pooled	Additional information on the roles of Committee and Board members and training that is required from each member.	
Table showing UK assets split by pooled, under pooled governance and not pooled.	Summary of activities carried out by Committee and Board during the year	
Net savings of pooling	Information on the Fund's conflict of interest policy	
	Breakdown of administration expenses	

2.7. A value for money statement is a new requirement with a 'must' compliance. However, due to the time constraints and feasibility the Fund has not been able to create a robust value for money statement for the 2023-24 report. This will be included in next year's report.

2.8. In addition to the above, the annual report includes a summary report at the beginning of the document. This has been added to improve readability, make the report more engaging and signpost key information throughout the document.

2.9. A copy of the guidance can be found here: Preparing the Pension Fund Annual Report - Guidance for Local Government Pension Scheme Funds (APRIL 2024) (lgpsboard.org)

Content

2.10. The Annual Report content is set out over six sections: -

i Preface - provides an introduction to the Annual Report framing the arrangements for the management of the Fund, key officers, a statement of responsibilities and listing key third parties.

ii Financial Performance - includes the financial performance of the Fund, contributions received and overpayments.

iii Scheme Administration - describes the scheme framework, how the Fund is administered, the Administering Authority's role, membership movements, key performance indicators, employers. In addition, it sets out the communication policy and complaints.

iv Governance and Training – sets out the governance arrangements of the Fund, how risks are managed. The section also includes the membership, training and activities of the Pension Fund Committee and Local Pension Board.

v Investments – includes the legislation under which investment of Fund assets is undertaken, the Fund's investment strategy and performance including commentary and financial information on asset pooling. The Fund's investment consultant reviews the economic market background for the year and the future outlook and Annual Climate Report.

vi Actuarial Information - describes how the Fund has complied with the Local Government Pension Scheme Regulations 2013 and the Fund's key funding principles adopted in the Funding Strategy Statement. This section describes the most recent triennial valuation and the key assumptions applied.

Statement of Accounts

2.11. The Fund Account and the Net Asset Statement provide a summary of the financial activity with the notes to the accounts providing further information.

2.12. The net increase for the year was £526.2m, with the Fund's net assets rising to £4,758m reflecting positive performance during the year.

2.13. Contribution receipts have increased from £148.9m to £166.5m. The increase in contributions payments reflects two employers paying their 3-year deficit payments during the first year of valuation.

2.14. Benefit payments have increased from £123.5m to £138.7m. The increase in pension payments reflects the growth in the number of pensioners during the year and CPI uplifts to benefits in payment.

2.15. The Fund returned 11.7% net of fees on investments during the year, compared with a weighted benchmark return of 14.2%, resulting in a net market gain of £454.1m.

2.16. Investment income has increased from £52.6m in to £62.2m mainly due to large income distributions from JP Morgan Infrastructure, Osmosis and interest on cash deposits. Investment income is impacted by market performance however the main returns are reflected in market value increases.

Findings and feedback from External Audit fieldwork

2.17. The Pension Fund Statement of Accounts has been subject to external audit fieldwork and KPMG will offer a separate audit opinion on the Pension Fund's Annual Report and Statement of Accounts within their final Audit Results Report.

2.18. The Fund's audit by KPMG is not yet complete, however, they issued a Year End Report to the Audit and Accounts Committee (Appendix 2 to this report) to report their findings and provide their updates to the Committee.

Their report communicated:

2.19. There are no unadjusted audit differences.

2.20. 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 the 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).

2.21. There were no matters to report from the audit that, are significant to the oversight of the financial reporting process.

2.22. There is no anticipation for a modified opinion to be issued for Cambridgeshire Pension Fund

2.23. There are two control deficiencies identified from the audit and recommendations for management listed below. Management will work with auditor to better understand the control weakness here and look to increase assurance over what already exists.

i Review of Cambridge and Counties Bank valuation

ii Authorising and approving transactions with related parties

2.24. Final fees are included on page 15 of the Year End Report to the Audit and Accounts Committee

3. Appendices

3.1 Appendix 1 – Annual Report and Statement of Accounts 2023/24

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

4. Source documents

4.1 None

Cambridgeshire County Council Pension Fund Annual Report and Statement of Accounts Year Ended 31 March 2024

Contents

Chair’s Foreword

I am delighted to present the Annual Report and Statement of Accounts for the Cambridgeshire Pension Fund's financial year 2023-24.

We have introduced a number of changes to this year’s annual report, both in response to the increasing reporting expectations of the national Scheme Advisory Board, but also to improve accessibility and readability. The most significant change is the new summary report (Pages 4 to 7) that provides an overview of the key messages from each area of the annual report and signposts relevant information within the subsequent pages.

It is pleasing to report that the Fund remains in a strong financial position. The Fund increased in value by £526.2m to £4.76bn, helped by a 11.7% return on investments during the year. The Fund remains in a stable cash positive position with total income exceeding expenditure by £9.9m before any investment returns are considered.

Funding level is the comparison of Fund assets to liabilities. At the last formal valuation, 31 March 2022, the funding level was 125%, meaning for every £1 of liabilities owed to members, the Fund has £1.25 of assets to cover the liability. This funding level has continued to improve by the end of the 2023-24 scheme year.

The main responsibility of the Fund is to pay benefits to scheme members and other beneficiaries in a timely manner as they fall due. Membership has grown substantially and now totals over 99,000 active, pensioner, and deferred scheme members.

The Scheme Administration section sets our key performance indicators for our main interactions with members. The amount of information provided has expanded as a result of the reporting requirements mentioned earlier. We have now included information on communications and engagement with scheme members, member satisfaction levels, and the amount of members using member self-service.

If you are a scheme member and not currently using member self-service then can I encourage you to do so by accessing the Fund’s website ([Landing page - Cambridgeshire and Northamptonshire LGPS (westnorthants.gov.uk)])

Aside from direct interactions with scheme members, the pensions team have been working on numerous planned activities through out the year, including procurements, ACCESS asset pool developments, a new Fund website, and the Fund’s Climate Action Plan.

The Fund is a member of the ACCESS asset pool and uses ACCESS to reduce investment costs and comply with the Government’s asset pooling agenda. We now have 74.4% of assets pooled as of 31 March 2024, a significant increase of 13.4% from the prior year, with a further 9% earmarked for pooling during the next financial year. The Fund has used ACCESS to support changes to our strategic asset allocation within the year, reducing allocations to equity and increasing allocations to fixed income and alternatives.

Our Climate Action Plan shows our commitment to sustainability, wherein we have set a decarbonisation pathway for our investment portfolio. Our goal is to achieve net zero carbon emissions by 2050 at the latest whilst ensuring the Fund can still carry out its fiduciary responsibilities. We have made significant progress in reaching these targets since they were set in 2021, and more information is provided in the Climate Change Report within this annual report (Pages 57 to 61) and on the Fund’s website.

I extend my sincere appreciation to Members of the Pension Fund Committee, the Investment Sub-Committee, and the Local Pension Board. I would like to welcome Councillor Mike Black, Councillor Peter McDonald, Councillor Nick Gay, Councillor Tom Sanderson and Howard Nelson as newest members on the Pension Fund Committee this year and Liz Brennan, who joined the Local Pension Board this year.

Thank you also to the devoted officer team who endeavour to maintain the highest standards of performance for our scheme members, employers, and other stakeholders.

Should you have the time to delve deeper into this annual report, you should gain further understanding into the Fund's operations, achievements, and future outlook. The Fund remains steadfast in its mission to provide financial security for its members, uphold transparent governance practices, and act as responsible stewards of the Fund’s assets.

Yours faithfully,

Councillor Alison Whelan

Chair of the Cambridgeshire Pension Fund Committee

Summary Report

Cambridgeshire County Council is the administering authority for the Cambridgeshire Pension Fund (the Fund) which is part of the Local Government Pension Scheme (LGPS). The LGPS is a defined benefit pension scheme and Cambridgeshire Pension Fund has over 99,000 members and 197 active employers. The main purpose of the Pension Fund is to pay benefits to members and beneficiaries as they fall due.

Funding Level

At the last formal valuation, the Funding level was 125%. This means for every £1 of liabilities owed to members, the Fund has £1.25 of assets to cover the liability. The actuarial statement on page 67 provides more information on the latest actuarial valuation as of 31 March 2022.

Financial Performance

The budget is approved by Pension Fund Committee at the start of the year (see Governance section page 43) and forecasts are reported against the budget on a regular basis throughout the year. As at the end of the year, the Fund is still cash-flow positive, the fund received enough income to pay its expenses.

Key highlights:

- The Fund returned 11.7% on investments during the year resulting in a £454.1m return on investments.
- In total, the Fund value increased by £526.2m from £4.23bn to £4.76bn.
- The Fund has received £166.5m of contributions during the year, of the total amount of contributions received, only 1% (£224k) was paid late by employers.
- Transfers in and out represent amounts received and paid for members who have joined or left the Fund, the Fund received £23.4m of transfers in and paid £15.9m in transfers out during the year.
- Benefits payable are Pensions and lump-sum benefits paid to members. The Fund paid £138.7m in Pension benefits during the year.
- Management expenses during the year were £25.5m, of that £20.0m were paid to investment managers.
- Investment income received from investment managers during the year was £62.2m.

Financial Performance	2023-24 Budget £000	2023-24 Actual £000
Contributions	148,000	166,530
Transfers in from other funds	11,000	23,390
Total Income	**159,000**	**189,920**
Benefits payable	-137,000	-138,653
Payments to and for leavers	-9,000	-15,918
Total Benefits	**-146,000**	**-154,571**
Surplus of contributions over benefits	**13,000**	**35,349**
Management Expenses	0	0
Administrative Costs	-3,221	-3,010
Investment Management Expenses (Invoiced)	-845	-1,352
Investment Management Expenses (Non-Invoiced)	-22,900	-19,993
Oversight and Governance Costs	-881	-1,118
Total Management Expenses	**-27,847**	**-25,473**
Total Income less Expenses	**-14,847**	**9,876**
Investment Income	34,000	62,246
Taxes on Income	0	-36
Profit/(loss) on disposal and changes in market value of investments	204,000	454,093
Net return on investments	**238,000**	**516,303**
Net increase/(decrease) in assets during the year	**223,153**	**526,179**

Summary Report

Administration

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, Admitted bodies and Resolution/Designated bodies. For more information on these types of employers see page 75.

The Fund has been working on its business plan activities during the year, across areas including administration, governance, investments and communications, all while keeping up to date with its business-as-usual activities. To name a few, we have successfully carried out six retenders and reviews for expiring contracts; continued with the development of the ACCESS Pool and climate action plan and carried out a review of the Funds website, implementing best practice and adhering to new legislation and regulations. For more information of these projects, see page 15.

The Fund has developed a number of Key Performance Indicators (KPIs) to monitor service delivery. This report includes casework caried out during the year and the time taken for the case work to be completed against the Funds target. The Funds targets for casework are currently tighter than the CIPFA Guidance recommends. The Fund has introduced new KPIs this year for communication and engagement targets with members and employers; staff resources and data quality scores. For more information on the Fund's KPIs, see page 18.

Governance

Cambridgeshire County Council has established a Pension Fund Committee (PFC) and Investment Sub-Committee (ISC).

All members of the ISC sit on the PFC. Councillor Alison Whelan is the Chair for the Pension Fund Committee and Councillor Michael Black is the Vice-Chair.

Membership of the PC consist of:

Member Type	Number of representatives
Cambridgeshire County Council elected members	6
All other local authorities, police and fire elected members	2
All other employer's representative	1
Active scheme member representative	1
Deferred and Pensioner member representative	1

The Local Pension Board (LPB) was established on 1 April 2015, providing an additional layer of governance for the Fund. The Local Pension Board is made up of 3 scheme employer representatives and 3 scheme member representatives. Councillor Denis Payne is the Chair for the LPB.

The full membership list of the above governance bodies is available on page 45.

Investments

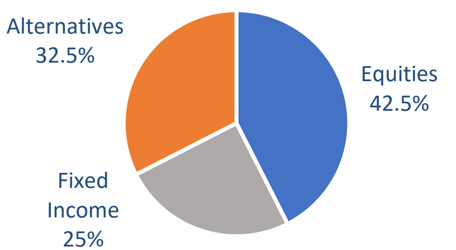
The primary objective of the Fund is to pay benefits as they fall due to members and beneficiaries. In normal market conditions, all accrued benefits should be fully covered by the value of the Fund's assets and an appropriate level of contributions is agreed by the employer to meet the cost of future benefits accruing. The Fund's approach to its investment arrangements is set out in its Investment Strategy Statement (ISS).

The Fund adopts a long-term perspective, focussing its investment strategy to generate sustainable returns on a risk adjusted basis to grow the Fund's assets to reflect its equally long-term future liabilities. The Fund has produced a Responsible investment policy which sets out our approach to sustainable responsible investment and will help us manage the carbon and climate risks impacting our investments better. The Fund has also created a climate action plan, decarbonisation pathway and a climate dashboard which measures the funds progress at decarbonisation over time. All four documents can be found on the Funds website key documents page.

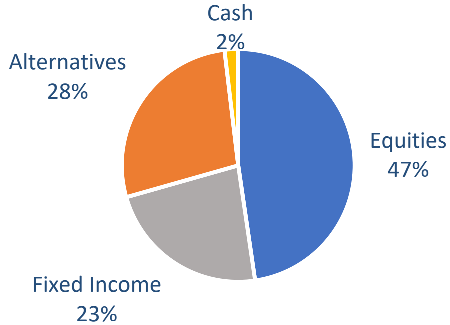
Summary Report

The below pie charts show the Funds actual allocation compared to its strategic allocation:

Strategic Asset Allocation at 31 March 2024



Actual Asset Allocation 31 March 2024



The detailed market summary from our independent advisor's annual review is available from the page 62 'Independent Adviser's annual review – Twelve months to 31st March 2024'.

The Fund is working with ten like-minded LGPS funds to implement the ACCESS asset pool in response to the Government's LGPS reform agenda. The main aim is to encourage LGPS Funds to work together to form asset pools to "pool investments to significantly reduce costs, while maintaining investment performance." Individually, the participating funds have a strong performance historically and potential for substantial benefits for a group of successful, like-minded authorities collaborating and sharing their collective expertise. Collectively as at 31st March 2024, the ACCESS Pool has significant scale with assets of £64.6bn (of which 69% has been pooled) serving 3,510 employers with 1.2 million members including 341K pensioners.

UK Levelling Up Investments

"Levelling up" refers to assets which make a measurable contributions to one of the missions set up in the Government Statement of Levelling Up Missions and support any local areas within the United Kingdom.

The Government's ambition is for the funds to invest up to 5% of their assets in projects which support levelling up. As at 31 March 2024, the Fund has 5% invested in levelling up assets.

The below table shows the Funds levelling up assets:

Asset	£m
Cambridge and Counties Bank	84.8
M&G UK Residential Property	56.4
Cambridge Building Society	15.0
Foresight East of England Fund	61.6
M&G Shared Ownership Fund	24.5
Total	**242.3**

Task Force on Climate Related Financial Disclosures (TCFD)

The Fund recognises the systemic risk associated with climate change as well as the County Council's targets in this regard and has been working towards producing a climate change report. To manage this systemic risk and to align with its support of the Paris Agreement and a "just transition", the Fund currently expects that its investment portfolio will be net carbon neutral by 2050, in line with UK Government's targets.

Since the targets were set in June 2021, the Fund has:

- Reviewed the Fund's passive equity allocation and implementing changes to the underlying benchmarks to increase exposure to stocks with positive climate-related characteristics.
- Switching one of the Fund's multi-asset credit mandates to a portfolio with the same expected risk and return and stronger integration of positive Environmental, Social and Governance factors.
- Agreeing a strategic allocation of 1% of total Fund assets to timberland.

Summary Report

Current reported metrics only include emissions data for the Fund's listed equity portfolio. From 2024 this will be expanded to include corporate bonds.

The Fund will continue to track both absolute emissions and weighted average carbon intensity (WACI) (and from the 2024 analysis date, Science Based Targets initiative (SBTi) alignment) as each metric provides a different insight as to the nature of the companies held within portfolios.

Progress against targets

The chart below demonstrates the Fund's progress (Green and Red bars) against the pre-defined pathway (Grey bars) required in order to achieve the Net Zero objective by 2050. The purple bars demonstrate the pathway to achieve Net Zero by 2045 for information.

The full report is available on page 57

Statement of Responsibilities

Introduction

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

The Statement of Accounts has been prepared in accordance with the CIPFA/LASAAC Code of Practice for Local Authority Accounting in the United Kingdom 2023-24.

The accounts summarise the transactions and deal with the net assets of the Pension Fund. The accounts do not take account of the obligation to pay future benefits which fall due after year end. The actuarial position of the Fund which takes into account these obligations is available on the Fund's website,

2022 Valuation Report

The Council's Responsibilities in respect of the Pension Fund

Cambridgeshire County Council is required to:

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

The Chief Finance Officer's Responsibilities

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

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

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

The Chief Finance Officer has also:

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

Certificate of Accounts

I certify that this Statement of Accounts presents a true and fair view of the financial position of the Pension Fund at 31 March 2024 and of its income and expenditure for the year 2023-24. I authorise the accounts for issue.

xxxxxx

Chief Finance Officer

(Section 151 Officer)

Dated: XXXXXXXXXXX

Scheme Management & Key Officers

The Key Officers of the Fund during the year were:

Michael Hudson – Executive Director of Finance and Resources
Mark Whitby – Head of Pensions
Ben Barlow – Investments and Fund Accounting Manager
Joanne Kent – Systems and Projects Manager
Akhtar Pepper – Operations Manager
Cory Blose – Employer Services and Communications Manager
Michelle Oakensen – Governance and Regulations Manager

The Team

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

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

Michael Hudson

Executive Director of Finance and Resources

Cambridgeshire County Council

Email: Michael.Hudson@cambridgeshire.gov.uk

Enquiries relating to management and administration should be directed to:

Mark Whitby

Head of Pensions

Pension Services

Email: Mark.Whitby@westnorthants.gov.uk

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

Ben Barlow

Investments and Fund Accounting Manager

Pension Services

Email: Ben.Barlow@westnorthants.gov.uk

Registered Pension Scheme Number: 10038487

Scheme Management, Advisors and Partners

To visit each providers website, you can access their link by clicking on the logos.

Partners
ACCESS (Pension Pool)
AON (Consultants)
KPMG (Auditors)
Hymans Robertson (Actuary)
Mercer (Investment Consultants)
NatWest (Bank)
Northern Trust (Custodian)
Pathfinder (Legal Advisor)
Sam Gervaise-Jones(Ind. Advisor)
Squire Patton Boggs (Legal Advisors)

Asset Managers
Adams Street Partners
Allianz Global Investors
Ares Asset Management
AVIVA Investors
Blue Bay Asset Management*

Asset Managers (Continued)
Dodge & Cox Funds*
Equitix Ltd
Foresight Group
HarbourVest Partners (UK)
IFM Investors
JO Hambro *
JP Morgan
Longview Partners*
M&G Investments*
Osmosis
Partners Group
Schroders
Waystone Management Limited
USB Asset Management

AVC Providers
Prudential
Utmost Life & Pensions

*Sub-funds managed by Waystone Management in the ACCESS pool (page 50)

Financial Performance

Financial Performance

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

Variance Analysis

- 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. If there were to be a large increase in active membership numbers or salary increases are higher than expected, contribution income would increase and vice versa for decreases. The variance from actual to budget is due to two employers paying their three-year deficit contributions in the first year of valuation.
- Benefits payable are Pensions, retirement and death lump-sum benefits paid to beneficiaries during the year. The figures are driven by pensioner membership numbers and Pension Increase. Benefits are in line with current membership numbers.
- Transfers in and payment out values represent the amounts received and paid 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 and guidance. These figures are demand led.
- Management expenses include all direct fees charged to the Pension Fund during the year. For more information the accounting policies on management fees can be found on page 78.
- Administration fees are lower than expected due to large bank interest payments received during the year.
- Investment management expenses (invoiced) are higher than expected due to new investments.
- Investment management expenses (non - invoiced) are lower than expected due to underperformance from some managers and strategic asset changes during the year.
- Oversight and governance costs are higher than expected due to under estimated consultancy costs for the implementation of the investment strategy.

The 2023-24 budget for profit/loss on disposal and changes in market value of investments assumed the actuarial target would be achieved. The actual market experience is explained in the independent investments advisor's review (page 62).

Details of non-investment assets and liabilities of the Fund are not included in the below table, they can be found in the Statement of Accounts in Notes 21 to 22. There have been no significant changes to non-investment assets and liabilities during the year.

Financial Performance	2023-24 Budget £000	2023-24 Actual £000
Contributions	148,000	166,530
Transfers in from other funds	11,000	23,390
Total Income	**159,000**	**189,920**
Benefits payable	-137,000	-138,653
Payments to and for leavers	-9,000	-15,918
Total Benefits	**-146,000**	**-154,571**
Surplus of contributions over benefits	**13,000**	**35,349**
Management Expenses		
Administrative Costs	-3,221	-3,010
Investment Management Expenses (Invoiced)	-845	-1,352
Investment Management Expenses (Non-Invoiced)	-22,900	-19,993
Oversight and Governance Costs	-881	-1,118
Total Management Expenses	**-27,847**	**-25,473**
Total Income less Expenses	**-14,847**	**9,876**
Investment Income	34,000	62,246
Taxes on Income	0	-36
Profit/(loss) on disposal and changes in market value of investments	204,000	454,093
Net return on investments	**238,000**	**516,303**
Net increase/(decrease) in assets during the year	**223,153**	**526,179**

Financial Performance (continued)

Financial Performance (continued)

A breakdown of Administration Cost is shown below:

Administration Costs	2023-24 Budget £000	2023-24 Actual £000
Staff related	-2,080	-2,185
Pensions administration and payroll system	-485	-448
Data Assurance	-25	-19
Communications	-51	-32
Other non pay and income	-27	227
County Council overhead recovery	-553	-553
Total Administration Costs	**-3,221**	**-3,010**

Contributions

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.

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

Contributions	Total Paid in 2023-24 £000	Total Paid On Time £000	% Paid On Time	Total Paid Late £000	% Paid Late
Employer	130,282	130,108	99	174	1
Employee	36,248	36,197	99	51	1
Total	166,530	166,305	99	225	1

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

Recovery of Overpayments of Pension

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

Annual Pensioner Payroll (£)[1]	115,575,385
Total write off amount (£)	75,551
Write off amount as % of payroll	0.065%

[1]*Excludes additional pension awarded by the employer.*

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

Year	Overpayment £	Recovered/in progress £	Written Off £
2019-20[2]	97,143	36,137	61,006
2020-21	19,846	4,895	14,951
2021-22	40,591	28,750	11,841
2022-23[3]	102,395	33,636	68,759
2023-24[3]	87,512	11,961	75,551

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

[3] *Overpayments in 2022-23 and 2023-24 are high, as in addition to usual activity, the Fund undertook a Guaranteed Minimum Pension (GMP) rectification project. Overpayments identified as a result of incorrect or non-application of the GMP are written off after authorisation is obtained from Committee, unless the member could have known that their pension was being paid incorrectly as a result of the non or misapplication of GMP.*

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

Scheme Administration

Introduction

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

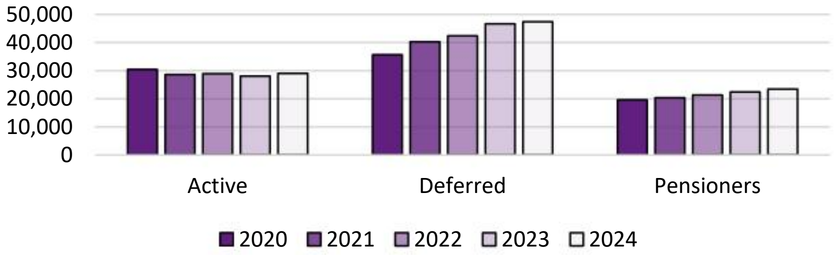
The Fund is a qualifying scheme under the automatic enrolment regulations and can be used by employers to automatically enrol eligible employees, and every three years re-enrol anyone who opts out of the scheme.

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

Membership

Membership of the Fund increased by 2.8% from the previous year.

On 31 March 2024 there were the total membership of 99,839 in the Fund with 29,036 active, 47,379 deferred and 23,424 pensioner members. The deferred figure is inclusive of 10,299 open cases that may change status (undecided leavers).



Pension Fund Administration

There are 91 staff members (approximately 88 full time equivalent) within the Pensions Team, providing all aspects of service to both the Cambridgeshire and Northamptonshire Funds, with an average staff to member ratio of 1:2,066 (total members for Northamptonshire and Cambridgeshire Pension Funds divided by full time equivalent staff members). Of the 88 full time equivalent staff, approximately 47 are attributed to the Cambridgeshire Pension Fund.

Internal audit perform risk based audit procedures to assess the effectiveness and efficiency of administration services.

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

Scheme Administration Tools

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

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

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

Support for members and employers can be accessed via the website, Member Self Service or by contacting the Helpline on 01604 526 528.

Scheme Administration (continued)

Scheme Framework

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

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

Employer's contribution rates are set by the Fund's Actuary every three years following the valuation of the Fund, in order to maintain the solvency of the Fund. The last valuation took place as at 31 March 2022. The results of the valuation were a funding level of 125% and an average primary employer contribution rate of 18.4% (31 March 2019: 18.4%). The primary rate includes an allowance of 0.8% (31 March 2019: 0.6%) of the pensionable pay for the Fund's expenses. The average employee contribution rate is 6.4% (31 March 2019: 6.3%) of pensionable pay.

On 1 April 2014, the new Local Government Pension Scheme 2014 came into effect, allowing more flexibility around paying into the scheme and drawing benefits in comparison to the 2008 scheme. Normal pension age is linked to the state pension age but benefits can be drawn earlier or later, between age 55 and 75. The normal retirement age is the age a member can access their pension in full; if it is accessed before that date benefits will usually be reduced and if accessed after normal retirement age benefits may increase. All service built up to 31 March 2014 in the LGPS is fully protected and will continue to be based on a member's final year annual pay when the individual leaves the LGPS (2008 scheme). The new scheme from 1 April 2014 is a Career Average Revalued Earning (CARE) scheme under which the pensionable pay for each year of membership is used to calculate a pension amount for that particular year, which is then revalued each year in line with inflation. The comparison between the 2008 scheme and 2014 scheme (CARE scheme) is illustrated on page 109

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

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

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

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

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

There was a consultation from DLUHC in 2020 on the proposed amendments to the LGPS Regulations necessary to remedy the specific unlawful age discrimination. Subsequently, there was another consultation in 2022 on the proposals to extend the current underpin to younger members and remove the requirement to have an immediate entitlement to benefits on leaving to qualify for underpin protection. After the above two consultations, the regulations came into force on 1 October 2023, which removed the age requirement from the qualifying criteria.

Anyone who qualifies is entitled to have their pension built up between 1 April 2014 and 31 March 2022 calculated using final salary rules if it is higher than the CARE pensions

The benefits of members in scope of the McCloud remedy that retire on or after 1 October 2023 are having their benefits fully assessed and paid accordingly. All other members will have their benefits reassessed following the issuance of DLUCH statutory guidance.

Scheme Administration (continued)

Summary of activities undertaken during the year

The following activities/projects were undertaken by the Fund during the year. The majority of these were listed in the Fund's Annual Business Plan and Medium-term Strategy and their performance and progress were monitored by Fund management team and reported periodically to governing bodies within the Fund's governance structure. The current Business Plan and Medium-term strategy can be obtained on the Fund's website key documents page.

Activity	Description	Year end status
Complete the Guaranteed Minimum Pension Rectification.	To complete the rectification stage for scheme members, making adjustments to pensions in payment where necessary.	This project completed on 30 June 24.
Application of the McCloud age discrimination remedy.	The pension records of scheme members within scope of the McCloud ruling will be rectified following the implementation of the age discrimination remedy, expected via amendment to legislation on 1st October 2023.	Delays in government guidance has impacted this activity. Activity to progress in 2024-25
Processing of undecided leaver records.	To reduce the backlog by 2,500 cases per year for the next 2.5 years from a baseline of approximately 8,500 at March 2023.	The project will continue into 2024-25.
Implement recommendations from the review of the website and digital communications.	Following the review, a decision was made to host both member and employer pages internally on a single website. During 2023/24, resources were sourced to build the website and the website design, navigation, and menu structures were created.	The project will continue into 2024-25 where the content will be written and published on the new website.
Review and implement changes required from the Pension Regulator's new Code of Practice.	In March 2021 the Pensions Regulator launched a consultation on its revised code of practice for the pensions industry. The responses to the consultation have taken the Pensions Regulator longer than expected to digest and as such the new code of practice was expected to come into force early 2023. Once the code of practice is in force, the Fund will have six months to achieve full compliance with its contents.	The Code was released on 28 March 2024 and work has started to assess the regulatory compliance of the Fund with the results scheduled to be presented to the Committee in October 2024. The Pensions Regulator expectations and best practice requirements are due to be reviewed and presented to the Committee by the end of the 2024/25 financial year.

Scheme Administration (continued)

Summary of activities undertaken during the year continued

Activity	Description	Year end status
Implement the best practice recommendations of the good governance review.	Following consultation with LGPS stakeholders, in February 2021, a number of recommendations for improvement were identified. Some would require the input of DLUHC to amend scheme regulations and publish statutory guidance, others by SAB and others for Funds to implement as best practice. The standards are due to be issued in 2023.	Transferred to 2024-25 due to the delay in the release of the standards.
Implement equality, diversity and inclusion (EDI) best practices.	The Pensions Regulator has 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. EDI supports robust discussion and effective decision making and is an important consideration for schemes. The Cambridgeshire Pension Fund will be aiming to improve its equality, diversity and inclusion via these best practices.	Completed.
Address and mortality screening Services.	The current contract for address tracing and mortality screening ceases in June 2023 with no ability to extend.	A new short-term contract has been put in place with Accurate until 31 March 2025 with a full procurement to follow.
Re-tender for benefits and governance consultancy services.	To re-tender for the supplier of benefits and governance consultancy services currently with Aon due to expire 31 March 2024.	Hymans Robertson was appointed as a supplier from 1 April 2024.
Re-tender for actuarial consultancy services.	To re-tender for the supplier of actuarial services currently with Hymans Robertson due to expire 31 March 2024.	Hymans Robertson was appointed as a supplier from 1 April 2024.
Re-tender for legal services provider.	To re-tender for the supplier of legal services currently with Squire Patten Boggs due to expire 31 March 2024.	Squire Patton Boggs was appointed as a supplier from 1 April 2024.
Re-tender for pensions administration and pensioner payroll platform.	To re-tender for pensions administration and pensioner payroll platform currently with Heywood that is due to cease in September 2024.	Heywood Ltd was appointed as a supplier from October 2024
Continue to review cyber resilience.	Cyber-crime will continue to evolve and become increasingly sophisticated and as such this area will be regularly reviewed and monitored.	Ongoing, the cyber action plan will be updated as and when necessary.

Scheme Administration (continued)

Summary of activities undertaken during the year continued

Activity	Description	Year end status
Review the administrative performance of the Fund's additional voluntary contribution providers.	Review the administrative performance of the Fund's additional voluntary contribution providers.	This exercise was completed with no major concerns over the long-term suitability of the AVC arrangements. The Committee resolved to retain the current AVC providers.
Prepare for the implementation of Pension Dashboards.	In the 2016 Budget, the Government made a commitment that Pension Dashboards would be created by the pensions industry, enabling pension savers to view details of all their pensions together.	Ongoing, activities to procure an integrated service provider to connect to the Pensions Dashboard eco-system and data cleansing will be undertaken in 2024-25.
Continue development of the ACCESS asset pool.	The ACCESS asset pool Authorised Contractual Scheme (ACS) sub-fund structure is now at a mature stage with ongoing developments prioritising completing the sub-fund pipeline and putting in place supplementary sub-funds as and when required. Other developments within the ACCESS pool include the non-listed work programme, Operator re-procurement, and the Phase II ESG/RI procurement.	Ongoing, for more information on the ACCESS Pool see page 50
Continue activities within the Fund's Climate Action Plan.	During 2023-24 the Fund will continue to focus on the milestone dates within the plan which are key to ensure the Fund is on the correct path to achieve "net-zero" carbon emissions by 2050 at the latest.	Ongoing, for more information see the Funds Climate report on page 57
Implement the revised Investment Strategy.	A review of the Fund's investment strategy was undertaken in March 2023 resulting in changes to its strategic asset (SAA). Work will be undertaken throughout 2023-24 to action implement these changes.	Ongoing, for more information see investment allocation and performance on page 54
Review of investment consultancy contract.	The current investment consultancy contract expires September 2024, with the ability to extend up to a maximum of three years.	The Pensions Committee will review the contract in July 2024.
Implemented enhancements to the pensioner payroll platform to increase the efficiency of processing payments	Pension benefits from multiple employments now paid under a single payroll record allowing improved processing of pensions increase. Automated arrears processing has replaced the need for manual calculations. Payroll records now automatically created from the processing of the final retirement calculation as opposed to manual creation.	Completed.

Scheme Administration (continued)

Freedom of Information Requests

The Freedom of Information Act allows everyone the right to request access to information the Administering Authority holds. For further information or if you wish to make a request, you can find the information on Cambridgeshire County Council's website at [Requesting information under the Freedom of Information Act]

The table to the right lays out how many Freedom of Information requests the Fund received during the year:

Nature of query	Number of Queries
Financial and performance information on the Fund's alternative holdings	10
The Fund's investment holdings	1
The Fund's legal advisors	1
Information regarding an investment managers legal advisors	1
Benefits and Contributions of the Administering Authority from 2000 to date	2
Total number of Freedom of Information request received	**15**

Key Performance Indicators

The Fund has developed a number of Key Performance Indicators (KPIs) to monitor service delivery, these KPIs are reviewed internally on a monthly basis to monitor and inform where delivery is met or remedial action is required. The Pension Fund Committee receives quarterly performance updates within a Business Plan update. This report includes casework caried out during the year and the time taken for the case work to be completed against the Funds target; Communication and engagement targets with members and employers; staff resources and data quality scores.

Total number of casework

KPI	Total number of cases open as at 31 March	Total number of cases created during the year	Total number of cases completed in year	Total % of cases completed in year	Total number of cases completed in previous year	Total % of cases completed in previous year
Deaths recorded of active, deferred, pensioner and dependent members	23	712	733	100%	745	97%
New dependent member benefits	24	386	382	93%	362	94%
Deferred member retirements	18	1,086	1,059	96%		
Active member retirements	34	548	548	94%		
Deferred benefits	4,188	4,532	5,019	58%	5,484	57%
Transfers in (including interfunds in, club transfers)	214	877	902	83%	716	77%
Transfers out (including interfunds out, club transfers)	1	399	400	100%	309	99%
Refunds	41	691	688	94%	592	93%
Divorce quotations issued	0	180	138	77%	152	99%
Actual divorce cases*	5	5	2	20%	1	100%
Member estimates requested either by scheme member and employer	205	850	845	80%		
New joiner notifications	0	7,129	7,129	99%	5,107	96%
Aggregation cases	3,019	2,139	1,885	37%	2,253	43%
Optants out received after 3 months membership		69	69	100%	95	100%

*There has been a delay completing divorce cases while the Fund waits for further guidance on McCloud.

Scheme Administration (continued)

Key Performance Indicators continued

Time taken to process casework

KPI	Fund's target	% completed within fund target in year	% completed within fund target in previous year
Communication issued with acknowledgement of death of active, deferred, pensioner and dependent member	5 days	99%	100%
Communication issued confirming the amount of dependents pension	5 days	96%	99%
Communication issued to deferred member with confirmation of pension and lump sum options (actual)	10 days	85%	93%
Communication issued to active member with confirmation of pension and lump sum options (actual)	5 days to 31 December 2023 and 10 days from 1 January 2024	85%	93%
Communication issued with deferred benefit options	15 days	96%	95%
Communication issued to scheme member with completion of transfer in	10 days	97%	98%
Communication issued to scheme member with completion of transfer out	10 days	98%	93%
Divorce quotation	10 days	58%	95%
Communication issued to new starters	2 months	99%	96%
Member estimates requested by scheme member and employer	10 days	77%	95%

Scheme Administration (continued)

Key Performance Indicators continued

Communications and Engagement

Engagement with online portals	Percentage as at 31 March
% of active members registered	56%
% of deferred member registered	46%
% of pensioner and survivor members	62%
% total of all scheme members registered for self-service	52%
% of all registered users that have logged onto the service in the last 12 months	18%

Communication	As at 31 March
Total number of telephone calls received in year	11,305
Total number of email and online channel queries received	18,838
Number of scheme member events held in year (total of in-person and online)	6
Number of employer engagement events held in year (in-person and online)	12
Number of times a communication (i.e. newsletter) issued to:	
a) Active members	Annually
b) Deferred members	Annually
c) Pensioners	Annually

Age band	% of registered users on MSS	Number of users registered on MSS
0-20	15.9%	83
21-25	30.7%	446
26-30	37.5%	951
31-35	38.0%	1,544
36-40	40.7%	2,262
41-45	44.9%	3,042
46-50	48.7%	3,331
51-55	54.3%	4,592
56-60	62.8%	5,548
61-65	70.7%	5,169
66-70	70.7%	4,150
71-75	57.0%	2,545
76-80	46.1%	1,601
81-85	37.0%	631
86-90	29.0%	251
Over 90	23.4%	105

Scheme Administration (continued)

Key Performance Indicators continued

Resources

Resources	
Total number of all administration staff (FTE)	47.47
Average service length of all administration staff	9 years
Staff vacancy rate as a %	7%
Ratio of all administration staff to total number of scheme members (all staff including management)	1:2,103
Ratio of administration staff (excluding management) to total number of scheme members	1:2,245

Data Quality

Annual Benefit Statements	
Percentage of annual benefit statements issued as at 31 August	100%
Data category	
Common data score	96.50%
Scheme specific data score	80.89%
Percentage of active, deferred and pensioner members recorded as 'gone away' with no home address held, or address is known to be out of date	3.38%
Percentage of active, deferred and pensioner members with an email address held on file	59.23%
Employer performance	
Percentage of employers set up to make monthly data submissions	99.40%
Percentage of employers who submitted monthly data on time during the reporting year	20.15%

Scheme Administration (continued)

Contributors to the Fund
Active Employers as at 31st March 2024

Type Of Body	Number of Active Employers
Administering (AA)	**1**
Scheduled (S)*	**249**
Admitted (Ad)	**111**
Total	**361**

The table, left, shows employers in the fund as at the 31st March 2024, the breakdown of contributions by employer shown below will have different numbers of employers to the statement of accounts, as employers joined and left the fund throughout the year, an active or ceased column has been added to show this movement. Where contributions exist for ceased employers, this will be where prior year adjustments have been made within 2023-24, or contribution receipts recorded within the period.

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

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Abbey College Academy	72,061	206,834	278,895		S
Abbotts Ripton School (CCC)	8,254	31,326	39,580		S*
ABM (Eynesbury Primary)	0	-6,000	-6,000	Y	Ad
ABM Catering (Brewster Avenue Infant School)	2,126	13,646	15,772		Ad
ABM Catering (Oakdale Primary School)	1,093	4,253	5,346		Ad
ABM Catering (St Augustine's)	1,130	4,640	5,770		Ad
ABM Catering (Vine Inter-Chur)	1,143	4,295	5,438		Ad
ABM Catering Limited (Alderman Jacobs)	1,982	6,344	8,326		Ad
ABM Catering Limited (Heltwate Primary and Marshfields Primary School)	300	1,233	1,533		Ad
ABM Catering Limited (St John's CE Primary School (Huntingdon))	178	755	933		Ad

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
ABM Catering Limited (The Beeches Primary and Hampton Hargate Primary)	645	2,647	3,292		Ad
Active Learning Trust (HQ)	102,002	205,800	307,802		S
Advanced Cleaning (Bur&Neth)	367	1,416	1,783		Ad
Advanced Cleaning Services (Weatheralls)	302	1,269	1,571		Ad
Alconbury C of E Primary (CCC)	21,589	81,390	102,979		S*
Alderman Jacobs Academy	54,034	170,243	224,277		S
Alderman Payne Primary (CCC)	12,310	46,906	59,216		S*
All Saints Inter Church Academy	15,811	70,053	85,864		S
All Saints' Primary School (PCC)	34,285	134,964	169,249		S*
Aramark (Cambridge Regional College)	1,992	13,402	15,394		Ad

Scheme Administration (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Arbury Primary School (CCC)	21,036	80,452	101,488		S*
Arthur Mellows VC Academy	123,159	361,320	484,479		S
Ashbeach Primary School (CCC)	14,083	52,637	66,720		S*
Aspens (All Saints Inter Church Academy)	3,893	24,687	28,580		Ad
Aspens (Castle Camps)	232	739	971		Ad
Aspens (Diamond Learning Partnership Trust)	679	2,483	3,162		Ad
Aspens (Hemingford Grey)	7,274	32,238	39,512	Y	Ad
Aspens (Little Paxton)	3,012	12,294	15,306		Ad
Aspens (Over Primary School)	-139	-447	-586		Ad
Aspens (Park Street)	34	137	171		Ad
Aspens (Sacred Heart)	1,011	3,736	4,747		Ad
Aspens (The Harbour School)	229	882	1,111		Ad
Aspens Services (Bourn Primary Sch)	1,224	4,895	6,119		Ad
Aspens Services (Fulbourn Primary)	972	6,219	7,191	Y	Ad
Aspens Services Ltd (St Botolphs Primary)	1,460	4,525	5,985		Ad
Aspens Services Ltd (Cottenham VC)	140	543	683		Ad
Avocet (St Bede's School)	265	1,208	1,473		Ad
Babraham CE Primary Academy	4,039	18,060	22,099		S
Balfour Beatty	2,841	3,759	6,600		Ad
Balsham Parish Council	985	3,680	4,665		S
Bar Hill Community Primary School	20,779	74,574	95,353		S
Bar Hill Parish Council	1,808	6,482	8,290		S
Barnabas Oley CE Primary School	11,137	42,614	53,751		S*
Barnack CE Primary School (PCC)	11,433	46,138	57,571		S*
Barrington CE Primary (CCC)	13,647	52,375	66,022		S*
Barton CE (VA) Primary School	10,628	39,788	50,416		S*
Bassingbourn Primary (CCC)	24,649	91,446	116,095		S*
Bassingbourn V C Academy	25,633	80,538	106,171		S
Beaupre CP School (CCC)	15,661	58,256	73,917		S*
Bellbird School (CCC)	29,927	113,530	143,457		S*
Benwick Primary School (CCC)	11,864	44,796	56,660		S*
Bewick Bridge C P School (CCC)	20,104	74,775	94,879		S*
Bishop Creighton Academy	18,553	52,284	70,837		S
Bottisham Community Primary Academy	22,019	96,303	118,322		S
Bottisham VC Academy	165,510	456,361	621,871		S
Bourn Primary Sch-Academy	11,222	35,227	46,449		S

Scheme Administration (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Brampton Village School (CCC)	42,370	159,964	202,334		S*
Braybrook Primary School Academy	17,522	65,801	83,323		S
Bretton Parish Council	3,798	11,978	15,776		S
Brewster Avenue School (PCC)	18,386	74,111	92,497		S*
Brington CE Primary School (CCC)	9,841	37,075	46,916		S*
Brunswick Nursery School (CCC)	13,549	49,892	63,441		S*
Buckden CE Primary Sch-Academy	35,053	114,758	149,811		S
Burnt Fen I D B	3,421	10,789	14,210		S
Burrough Green Primary (CCC)	9,314	35,634	44,948		S*
Burrowmoor Primary Academy	32,223	106,164	138,387		S
Burwell Parish Council	2,120	6,685	8,805		S
Burwell VC Primary (CCC)	23,576	86,960	110,536		S*
Bury CE Primary School	8,048	32,264	40,312		S
Bushmead Primary School (CCC)	33,386	123,967	157,353		S*
Caldecote Primary School (CCC)	15,284	56,992	72,276		S*
Cambourne Parish Council	27,426	85,331	112,757		S
Cambourne Village College Academy	101,996	316,624	418,620		S
Cambridge & Peterborough NHS Foundation Trust	8,662	47,707	56,369		Ad

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Cambridge BID Ltd	2,978	7,709	10,687		Ad
Cambridge City Council	1,960,473	13,601,594	15,562,067		S
Cambridge Maths School	4,270	12,295	16,565		S
Cambridge Meridian Academy Trust (HQ staff)	226,513	539,735	766,248		S
Cambridge Regional College	515,808	1,956,262	2,472,070		S
Cambridgeshire & Pboro CCG (NHS)	13,866	349,354	363,220		Ad
Cambridgeshire and Peterborough Combined Authority	478,320	1,167,045	1,645,365		S
Cambridgeshire County Council	8,360,945	26,840,727	35,201,672		AA
Cambs & P'boro Fire Authority	455,756	1,576,675	2,032,431		S
Cambs Chief Constable	2,071,329	7,104,293	9,175,622		S
Cambs Police & Crime Commissioner	63,900	187,714	251,614		S
Care Quality Commisson	7,628	0	7,628		Ad
Castle Camps Primary (CCC)	9,072	34,842	43,914		S*
Castle School (CCC)	109,981	409,750	519,731		S*
Castor CE Primary School (PCC)	13,516	54,313	67,829		S*
Cater Link Ltd (Sir Harry Smith College)	2,935	12,074	15,009		Ad
Caterlink (Active L T)	14,375	53,968	68,343		Ad
CaterLink (Diamond Learning Partnership Trust)	0	0	0	Y	Ad

Scheme Administration (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Caterlink (Priory Park Infant School)	255	982	1,237		Ad
Caterlink (The Cam Academy Trust)	5,998	19,343	25,341		Ad
Caterlink (The Diamond L P)	0	-35,000	-35,000	Y	Ad
Cavalry Primary School	47,070	172,312	219,382		S
Caverstede Nursey School	25,276	99,660	124,936		S*
Chatteris Town Council	3,687	12,732	16,419		S
Cherry Hinton Primary (CCC)	19,905	76,385	96,290		S*
Chesterton Community College	62,623	169,854	232,477		S
Chesterton Primary Academy	8,092	26,322	34,414		S
Cheveley Primary School (CCC)	6,679	25,766	32,445		S*
Chorus Homes Group Limited	0	81,321	81,321		Ad
Churchill Contract Services (Meridian)	9,359	56,157	65,516		Ad
City College Peterborough	220,048	760,764	980,812		S
City of Ely Council	33,388	114,370	147,758		S
City of Peterborough Academy	62,139	164,558	226,697		S
Clarion Housing Association Limited	13,062	0	13,062		Ad
Clarkson Infants School (CCC)	17,578	64,540	82,118		S*
CleanTec (Godmanchester)	675	2,333	3,008		Ad

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Coates Primary School (CCC)	20,940	79,016	99,956		S*
Collections Trust	2,586	25,026	27,612		Ad
Colleges Nursery School (CCC)	17,343	65,052	82,395		S*
Colville Primary School (CCC)	22,876	84,954	107,830		S*
Comberton Academy Trust (HQ)	50,398	123,454	173,852		S
Comberton VC Academy	186,895	565,515	752,410		S
Compass (Hinchingbrook)	1,786	5,495	7,281		Ad
Compass Contract Services (Staploe ET)	2,841	10,480	13,321		Ad
Conservators of the River Cam	0	51,038	51,038	Y	Ad
Coombs Catering-Leighton Prim	709	2,902	3,611		Ad
Coton C of E Primary School (CCC)	10,265	39,389	49,654		S*
Cottenham Primary School (CCC)	41,144	154,216	195,360		S*
Cottenham VC Academy	53,625	169,514	223,139		S
CRCC - Cambridge Rape Crisis Centre	2,469	8,053	10,522		Ad
Cromwell Academy	16,654	57,874	74,528		S
Cromwell Comm College (Academy)	111,910	469,672	581,582		S
Cross Keys Homes Ltd	1,098	20,694	21,792		Ad
Crosshall Infants Academy	39,592	124,918	164,510		S

Scheme Administration (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Crosshall Juniors Academy	39,934	131,376	171,310		S
Cucina Ltd	744	175	919		Ad
Diocese of Ely Multi Academy Trust (DEMAT) HQ Staff	46,105	215,280	261,385		S
Discovery Primary Academy	43,620	138,205	181,825		S
Ditton Lodge Primary School	16,367	58,815	75,182		S
Dogsthorpe Academy	26,107	125,798	151,905		S
Dogsthorpe Infant School	23,149	89,366	112,515		S
Dolce Limited (Elliot Foundation MAT)	9,486	33,558	43,044		Ad
Downham Feoffees Primary Academy	6,110	22,653	28,763		S
Dry Drayton Primary (CCC)	6,331	24,117	30,448		S*
Duke of Bedford School (PCC)	23,903	97,075	120,978		S*
Duxford Primary School (CCC)	16,244	61,536	77,780		S*
Earith Primary Academy	9,706	39,386	49,092		S
East Cambs District Council	455,278	1,623,445	2,078,723		S
East of England Local Government Association (EEDA/EERA)	82,937	295,842	378,779		Ad
Eastfield Inf and Nursery (CCC)	19,930	75,420	95,350		S*
Easy Clean (TDET)	1,048	8,477	9,525		Ad
Easy Clean (Upwood Primary School)	313	1,672	1,985		Ad

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Easy Clean Contractors Limited (Nova Primary & Thorpe Primary)	4,428	25,274	29,702		Ad
Ecovert FM Ltd	1,771	0	1,771		Ad
Edwards & Blake Ltd (Coates Primary School)	429	1,654	2,083		Ad
Edwards and Blake (Godmanchester Community Education Trust)	538	1,859	2,397		Ad
Edwards and Blake (Stukeley Meadows)	680	2,621	3,301		Ad
Edwards and Blake Ltd (Bassingbourn Primary)	1,119	4,089	5,208		Ad
Elm Cof E Primary Academy	17,114	57,241	74,355		S
Elm Road Primary School	15,219	62,896	78,115		S
Elsworth CE (A) Primary School (CCC)	8,148	31,116	39,264		S*
Elton Church School (CCC)	11,439	42,457	53,896		S*
Ely (City of) College - Academy	74,118	230,012	304,130		S
Ely St John Primary (CCC)	27,857	104,147	132,004		S*
Ermine Street Church Academy	12,823	43,120	55,943		S
Ernulf Academy	38,168	112,391	150,559		S
Everyone Health Limited	1,444	5,720	7,164		Ad
Excellerate Services UK Ltd (Huntingdon Youth Centre)	38	122	160		Ad
Eye C of E Primary School (PCC)	52,228	200,068	252,296		S*
Eye Parish Council	575	2,031	2,606		S

Scheme Administration (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Eynesbury CE School (CCC)	16,921	63,784	80,705		S*
Eyrescroft Primary School	34,987	140,757	175,744		S
Family Psychology Mutual	12,670	45,486	58,156		Ad
Farcet CE Primary Academy	8,850	38,758	47,608		S
Farcet Parish Council	677	2,646	3,323		S
Fawcett Primary School	35,885	131,462	167,347		S*
Feldale IDB	0	8,301	8,301	Y	S
Fen Ditton Primary Academy	8,914	32,085	40,999		S
Fen Drayton Primary (CCC)	11,971	45,798	57,769		S*
Fenland District Council	664,696	4,399,922	5,064,618		S
Fenstanton Primary School (CCC)	17,658	65,326	82,984		S*
Fields Early Years Centre (CCC)	18,558	67,602	86,160		S*
Folksworth CE Primary (CCC)	7,471	28,502	35,973		S*
Fordham Primary School (CCC)	27,702	106,797	134,499		S*
Fourfields Primary School (CCC)	45,965	168,689	214,654		S*
Fowlmere Primary School (CCC)	4,674	17,781	22,455		S*
Foxton Primary School (CCC)	8,159	30,972	39,131		S*
Freedom Leisure (Fenland DC)	29,222	93,011	122,233		Ad

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Friday Bridge Primary (CCC)	9,170	35,326	44,496		S*
Fulbourn Primary School (CCC)	25,612	94,008	119,620		S*
Fulbridge Academy	106,816	323,778	430,594		S
Fusion	1,779	5,721	7,500		Ad
Gamlingay First School Academy	40,401	165,282	205,683		S
Gamlingay Parish Council	5,047	17,620	22,667		S
Girton Glebe Primary School	20,525	90,685	111,210		S
Gladstone Primary Academy	45,772	163,156	208,928		S
Glebelands Primary Academy	36,317	139,142	175,459		S
GLL - Greenwich Leisure Ltd	4,678	0	4,678		Ad
Godmanchester Community & Bridge Academies	43,406	146,458	189,864		S
Gorefield Primary Academy	16,927	60,592	77,519		S
Goshen Multi Ser (CambsCity)	1,389	9,009	10,398		Ad
Goshen Multiservices Ltd	933	5,829	6,762		Ad
GPC Skills Ltd	2,222	5,653	7,875		Ad
Granta School (CCC)	100,989	360,603	461,592		S*
Great Abington Primary (CCC)	9,456	35,422	44,878		S*
Great and LT Shelford (CCC)	21,337	81,819	103,156		S*

Scheme Administration (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Great Gidding CE Primary (CCC)	1,345	5,098	6,443		S*
Great Paxton C of E Primary (CCC)	9,749	35,837	45,586		S*
Great Staughton Academy	9,573	42,418	51,991		S
Great Wilbraham CofE Primary Academy	4,106	14,247	18,353		S
Great Wilbraham Primary (CCC)	3,900	14,364	18,264		S*
Greater Peterborough UTC	27,637	85,148	112,785		S
Guilden Morden Academy	8,194	26,616	34,810		S
Guyhirn C of E Primary Academy	7,728	30,811	38,539		S
Haddenham Level Drainage Commissioners	2,197	6,928	9,125		S
Haddenham Parish Council	2,517	8,327	10,844		S
Hampton College Academy	138,070	400,075	538,145		S
Hampton Gardens Academy	60,367	179,957	240,324		S
Hampton Hargate Primary (PCC)	57,381	221,215	278,596		S*
Hampton Lakes Academy	22,090	75,481	97,571		S
Hampton Vale Primary Academy	53,848	182,715	236,563		S
Hardwick Primary (CCC)	44,003	164,790	208,793		S*
Harston and Newton P Sch (CCC)	13,825	52,500	66,325		S*
Hartford Infant School	19,073	63,320	82,393		S

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Hartford Junior School	22,859	77,053	99,912		S
Haslingfield Primary (CCC)	9,670	36,610	46,280		S*
Hatton Park School	20,429	67,004	87,433		S
Hauxton Primary School (CCC)	9,675	38,622	48,297		S*
HCL (The Ashbeach Primary Sch)	1,201	4,042	5,243		Ad
Heltwate School (PCC)	90,279	354,177	444,456		S*
Hemingford Grey Primary School	21,319	80,468	101,787		S*
Heritage Park School (PCC)	16,399	65,310	81,709		S*
Hertfordshire Catering Limited (Barrington CofE VC Primary School)	1,309	4,667	5,976		Ad
Hertfordshire Catering Limited (Harston & Newton Community Primary School)	854	2,996	3,850		Ad
Hertfordshire Catering Limited (Hauxton Primary School)	833	3,053	3,886		Ad
Hertfordshire Catering Limited (Melbourn Primary School)	1,810	6,528	8,338		Ad
Hertfordshire Catering Limited (Petersfield CofE Aided Primary School)	401	1,498	1,899		Ad
Highfield Ely Academy	92,079	313,343	405,422		S
Highfield Littleport Academy	63,738	195,268	259,006		S
Highlees Primary School	31,793	142,012	173,805		S
Hills Road Sixth Form College	203,411	779,859	983,270		S
Hinchingbrooke School	155,733	444,877	600,610		S

Scheme Administration (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Histon and Imp Brook Prim School	29,885	96,314	126,199		S
Histon and Imp Park Prim School	18,694	60,699	79,393		S
Histon and Impington Parish Council	6,137	19,978	26,115		S
Histon Early Years Centre (previously known as Histon Nursery School)	33,066	123,177	156,243		S*
Holme Church of England Primary Academy	7,450	32,239	39,689		S
Holywell CE(C)School (CCC)	14,595	55,946	70,541		S*
Homerton College	242,134	670,880	913,014		Ad
Homerton Early Years Centre (Nursey School) (CCC)	22,199	82,624	104,823		S*
Houghton Primary School (CCC)	17,948	67,315	85,263		S*
Huntingdon Nursey School (CCC)	26,694	114,170	140,864		S*
Huntingdon Primary School (CCC)	43,351	164,162	207,513		S*
Huntingdon Town Council	78,844	245,290	324,134		S
Huntingdonshire District Council	1,267,716	4,822,844	6,090,560		S
Impington Village College	210,696	537,082	747,778		S
Industrial Site Maintenance Ltd	1,266	6,855	8,121		Ad
Innovate (Anglian Learning)	18,573	58,794	77,367		Ad
Inspire Education Group	641,134	2,284,817	2,925,951		S
Isle of Ely Academy	29,661	90,944	120,605		S

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Isleham Primary School (CCC)	15,195	56,850	72,045		S*
Jeavons Wood Primary Academy	37,746	120,541	158,287		S
Kelsey Kerridge S H	12,941	0	12,941		Ad
Ken Stimpson Community School (PCC)	32,843	122,989	155,832		S*
Ken Stimpson School	51,635	184,513	236,148		S
Kennett Community School (Academy)	8,387	30,158	38,545		S
Kettlefields Primary (CCC)	8,128	30,422	38,550		S*
Kimbolton Primary Academy	10,586	33,899	44,485		S
Kimbolton School (Independent School)	12,233	-407,000	-394,767		Ad
Kinderley Primary School (CCC)	8,815	33,293	42,108		S*
Kings Hedges Primary (CCC)	46,394	170,337	216,731		S*
Kingsfield Primary School Academy	28,160	90,105	118,265		S
Lantern CP School Academy	33,078	127,266	160,344		S
Leighton Primary School	47,796	181,539	229,335		S
Leverington Primary Academy	23,011	69,517	92,528		S
Lime Academy Abbotsmede	39,188	154,517	193,705		S
Lime Academy Orton	86,310	358,296	444,606		S
Lime Academy Parnwell	27,452	102,157	129,609		S

Scheme Administration (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Lime Academy Watergall	33,918	117,009	150,927		S
Linton Heights Junior Academy	15,962	49,135	65,097		S
Linton Infants School (CCC)	18,646	70,697	89,343		S*
Linton Parish Council	5,500	21,725	27,225		S
Linton VC Academy	48,208	147,160	195,368		S
Lionel Walden School (CCC)	24,458	91,504	115,962		S*
Little Downham Parish Council	2,148	6,811	8,959		S
Little Paxton Parish Council	4,354	14,531	18,885		S
Little Paxton School (CCC)	28,042	105,846	133,888		S*
Little Thetford CofE Primary School	3,850	14,380	18,230		S
Little Thetford Primary (CCC)	3,715	12,152	15,867		S*
Littleport & East Cambridgeshire Academy	32,401	100,258	132,659		S
Littleport and Downham I D B	9,409	33,289	42,698		S
Littleport CP School (CCC)	39,304	147,293	186,597		S*
Long Road Sixth Form College	132,474	458,620	591,094		S
Longsands Academy	69,216	204,292	273,508		S
Lunchtime Company (CPET)	1,424	4,743	6,167		Ad
Lunchtime Company (Ely St Johns)	633	4,432	5,065		Ad

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Lunchtime Company (Fordham)	515	3,604	4,119		Ad
Lunchtime Company (Great Wilbraham)	722	5,051	5,773		Ad
Lunchtime Company Ltd (Grove Primary)	520	2,003	2,523		Ad
Lunchtime Company Ltd (Hardwick & Cambourne Community Primary School)	404	1,478	1,882		Ad
Manea Primary School (CCC)	26,968	101,055	128,023		S*
Manor Drive Prim Academy	10,766	29,951	40,717		S
Manor Drive Sec Academy	23,435	66,756	90,191		S
Marleigh Primary Academy	11,988	39,459	51,447		S
Martin Bacon Academy	36,066	100,535	136,601		S
Mayfield Primary School (CCC)	35,351	131,314	166,665		S*
Meadow Primary School	11,210	35,604	46,814		S
Meadowgate Academy	94,505	316,256	410,761		S
Mears Ltd	44,921	0	44,921		Ad
Mears Ltd (SCDC)	9,474	0	9,474		Ad
Medeshamsted Academy	26,273	81,407	107,680		S
Melbourn Primary School (CCC)	34,321	129,291	163,612		S*
Melbourn VC Academy	57,616	179,103	236,719		S
Meldreth Primary School (CCC)	22,562	85,854	108,416		S*

Scheme Administration (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Mepal & Wicham CofE Primary Academy	8,430	28,015	36,445		S
Meridian School (CCC)	14,801	59,672	74,473		S*
Middle Fen and Mere I D B	27,121	74,218	101,339		S
Middle Level Commissioners	56,080	166,599	222,679		S
Middlefield CP School Academy	15,153	49,491	64,644		S
Milestone Infrastructure Ltd (M Group Services)	9,890	25,987	35,877		Ad
Millfield Primary School	33,720	130,024	163,744		S
Milton Primary Academy	12,971	50,593	63,564		S
Milton Road Primary Sch (CCC)	29,518	108,293	137,811		S*
Mitie PFI Limited	1,613	0	1,613		Ad
Monkfield Park School (CCC)	30,200	103,091	133,291		S*
Morley Memorial School (CCC)	34,537	123,744	158,281		S*
Mountain Healthcare Ltd	190	775	965		Ad
Murrow Primary School Academy	15,136	45,214	60,350		S
Neale Wade Academy	99,171	425,668	524,839		S
Nene Gate School	22,904	71,436	94,340		S
Nene Park Academy	64,598	188,144	252,742		S
New Road Primary & Nursery School	25,088	89,271	114,359		S

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Newark Hill Primary Academy	28,135	125,162	153,297		S
Newborough & Borough Fen Parish Council	1,036	3,860	4,896		S
Newborough Primary (PCC)	18,348	73,576	91,924		S*
Newnham Croft Primary (CCC)	16,658	63,170	79,828		S*
Nightingale Cleaning Limited - CMAT Schools	2,197	30,081	32,278		Ad
Nightingale Cleaning Limited - CPET Schools	256	885	1,141		Ad
North Cambridge Academy	38,419	113,422	151,841		S
North Level IDB	48,479	139,600	188,079		S
Northstowe Secondary College	36,120	128,274	164,394		S
Norwood Primary School (PCC)	19,688	75,099	94,787		S*
Oakington CofE Primary School Academy	5,184	21,937	27,121		S
OCS Food Co Limited (Ditchburn Place)	1,867	5,936	7,803	Y	Ad
OCS UK&I Limited (Huntingdon Youth Centre)	937	3,014	3,951		Ad
Offord Primary School	7,238	29,417	36,655		S
Old Fletton Primary School (PCC)	40,619	159,978	200,597		S*
Olive AP Academy - Cambridge	15,336	46,995	62,331		S
Olive AP Academy - Nene Valley	16,253	49,953	66,206		S
Orchard Park Comm School (CCC)	13,743	50,874	64,617		S*

Scheme Administration (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Orchards CoE Primary Academy	38,253	133,880	172,133		S
Ormiston Bushfield Academy	91,632	248,459	340,091		S
Ormiston Meadows Academy	25,747	118,001	143,748		S
Orton Longueville Parish Council	461	1,475	1,936		S
Orton Waterville Parish Council	1,151	5,334	6,485		S
Over Primary School (CCC)	15,156	57,420	72,576		S*
OWN Trust	121,166	424,452	545,618		S
Oxford Archaeology	68,005	194,579	262,584		Ad
Pabulum (Morley Memorial Primary School)	1,304	4,767	6,071		Ad
Pabulum (St Bede's Inter-Church School)	706	3,211	3,917		Ad
Pabulum Ltd (Discovery A P'b)	4,594	15,119	19,713		Ad
Pabulum Ltd (Hardwick & Cambourne Community Primary School)	698	2,600	3,298		Ad
Park Lane Primary & Nursey School	37,946	144,471	182,417		S
Park Street CE (A) Primary (CCC)	25,561	39,819	65,380		S*
Paston Ridings Primary (PCC)	42,294	169,319	211,613		S*
Pathfinder CofE Primary School	29,701	114,630	144,331		S
Pathfinder Legal Services Ltd (CCC)	186,327	590,274	776,601		S
Peakirk Cum Glinton Primary School (PCC)	20,907	83,803	104,710		S*

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Peckover Primary School	43,262	168,999	212,261		S
Pendragon CP School (CCC)	27,237	103,866	131,103		S*
Peterborough City Council	3,188,699	10,360,175	13,548,874		S
Peterborough Keys Academies Trust (comprising of Ravensthorpe Primary, Thorpe Primary, Jack Hunt, Longthorpe Primary, Middleton Primary)	362,282	1,040,003	1,402,285		S
Peterborough Ltd t/a Aragon Direct Services	149,909	420,612	570,521		Ad
Peterborough Regional College	0	981	981	Y	S
Petersfield Primary School (CCC)	8,211	31,414	39,625		S*
Priory Junior School (CCC)	19,407	73,013	92,420		S*
Priory Park Infants School (CCC)	29,262	111,220	140,482		S*
Queen Edith School (CCC)	37,188	138,536	175,724		S*
Queen Emma Primary School (CCC)	40,150	152,117	192,267		S*
Queen Katharine Academy (Previously known as The Voyager Academy)	98,455	343,316	441,771		S
Queens Drive Infant School	27,779	108,588	136,367		S*
Rackham CE School (CCC)	32,579	123,462	156,041		S*
Radis (Ditchburn Place)	16,569	45,494	62,063		Ad
Radis Community Care	9,403	0	9,403		Ad
Ramnoth Junior School	32,065	110,432	142,497		S
Ramsey Junior School	17,097	67,673	84,770		S

Scheme Administration (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Ramsey Spinning Infant School	14,488	60,616	75,104		S
Ramsey Town Council	1,771	5,489	7,260		S
Rapid Commercial Cleaning Services Limited	2,443	9,558	12,001		Ad
RCCN (Astrea MAT)	5,164	19,048	24,212		Ad
Richard Barnes Academy	36,504	146,922	183,426		S
Ridgefield Junior (CCC)	24,608	93,984	118,592		S*
Riverside Meadows Academy	33,679	117,996	151,675		S
Robert Arkenstall Primary (CCC)	22,897	86,375	109,272		S*
Round House C. P. School	32,549	96,224	128,773		S
Sacred Heart Catholic Primary School	16,729	73,360	90,089		S
Samuel Pepys School (CCC)	58,958	217,208	276,166		S*
Sanctuary Group	6,060	0	6,060		Ad
Sawston Parish Council	8,262	28,684	36,946		S
Sawston VC Academy	88,504	253,364	341,868		S
Sawtry Infants School (CCC)	19,889	76,532	96,421		S*
Sawtry Junior Academy	13,515	55,268	68,783		S
Sawtry Parish Council	4,581	16,424	21,005		S
Sawtry Village Academy	48,574	146,922	195,496		S

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Serco Limited (PCC)	213,371	0	213,371		Ad
ServiceMaster Ltd (Kingsfield Primary School)	790	2,642	3,432		Ad
Shade Primary School Academy	25,863	77,707	103,570		S
Shirley Community Primary School and Pre-School (CCC)	45,276	167,349	212,625		S*
Sir Harry Smith Community College	81,176	310,671	391,847		S
Soham Town Council	6,491	22,943	29,434		S
Soham VC Academy	103,318	315,034	418,352		S
Soke Education Trust	115,975	473,696	589,671		S
Somersham Parish Council	3,618	13,653	17,271		S
Somersham Primary School	22,951	105,032	127,983		S
South Cambridgeshire District Council	1,579,451	5,830,842	7,410,293		S
Southfields Primary School (PCC) (Was Southfields Junior School)	57,055	222,560	279,615		S*
Spaldwick Primary School	10,517	43,225	53,742		S
Spinney Primary School (CCC)	14,546	54,690	69,236		S*
Spring Common Academy	102,664	411,511	514,175		S
Spring Meadow Infants (CCC)	28,138	105,151	133,289		S*
St Albans RC Primary (CCC)	14,176	52,768	66,944		S*
St Andrews CofE Academy (Soham, Ely)	33,152	140,427	173,579		S

Scheme Administration (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
St Anne's CE Primary (CCC)	17,394	65,378	82,772		S*
St Augustines CE Junior School (PCC)	21,101	83,176	104,277		S*
St Bedes Inter Church School Academy	53,551	230,180	283,731		S
St Botolphs CE Primary Academy	25,543	88,249	113,792		S
St Helen's Primary School (CCC)	12,582	49,229	61,811		S*
St Ives Town Council	21,952	78,131	100,083		S
St Ivo School Academy	72,971	223,145	296,116		S
St John Fisher	72,605	267,578	340,183		S*
St John Henry Newman Catholic Primary School	12,577	49,394	61,971		S
St John's Academy (Stanground)	13,268	55,895	69,163		S
St John's CoE Primary Academy (Huntingdon)	30,086	124,426	154,512		S
St Laurence Catholic Primary School	17,313	62,371	79,684		S
St Luke's C of E Primary School Academy	6,537	29,398	35,935		S
St Mary's CofE Junior Ely	23,577	92,058	115,635		S
St Marys St Neots Academy	6,284	19,729	26,013		S
St Matthew's Primary Sch (CCC)	46,884	174,179	221,063		S*
St Michaels CE Prim Sch (PCC)	51,689	204,960	256,649		S*
St Neots Town Council	46,870	148,849	195,719		S

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
St Pauls CE Primary (CCC)	7,072	25,779	32,851		S*
St Peters CofE Academy (Wisbech)	23,056	109,699	132,755		S
St Peter's School HD Academy	122,814	370,477	493,291		S
St Philips C OF E Primary (CCC)	21,746	80,484	102,230		S*
St Thomas More Catholic Primary School	34,015	153,721	187,736		S
Stanground Academy	80,301	340,442	420,743		S
Stapleford Primary Academy	16,151	60,256	76,407		S
Steeple Morden C OF E (CCC)	14,090	54,312	68,402		S*
Stephen Perse Foundation	4,699	13,292	17,991		Ad
Stilton Church of England Primary School	9,461	38,771	48,232		S
Stretham Primary School (CCC)	15,717	60,395	76,112		S*
Stukeley Meadows School (CCC)	33,034	124,928	157,962		S*
Sutton CE Primary School (CCC)	28,027	105,522	133,549		S*
Sutton Parish Council	2,513	8,430	10,943		S
Swaffham Bulbeck CE Prim Academy	7,831	29,507	37,338		S
Swaffham Internal Drainage Board	2,386	7,526	9,912		S
Swaffham Prior CE Prim Academy	8,189	24,723	32,912		S
Swavesey Parish Council	1,816	5,729	7,545		S

Scheme Administration (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Swavesey Primary School (CCC)	31,068	114,461	145,529		S*
Swavesey VC Academy	79,638	236,758	316,396		S
Taylor Shaw (CMAT)	9,778	17,991	27,769		Ad
Taylor Shaw (Elliott Foundation AT)	0	-107,000	-107,000	Y	Ad
Taylor Shaw Ltd (Abbey College Academy)	4,924	15,767	20,691		Ad
Taylor Shaw Ltd (Ernulf Academy)	1,291	4,092	5,383	Y	Ad
Teversham C of E Primary (CCC)	20,327	76,285	96,612		S*
The Beeches Primary School (PCC)	37,867	147,168	185,035		S*
The Cavendish School	37,561	130,097	167,658		S
The Centre School Academy	5,736	15,008	20,744		S
The Galfrid School	24,919	107,589	132,508		S
The Grove Primary School (CCC)	34,772	130,483	165,255		S*
The Harbour School	37,308	144,623	181,931		S
The Harbour School (CCC)	0	197	197	Y	S*
The Icknield Primary School	12,513	49,010	61,523		S
The King's (Cathedral) School	80,465	249,140	329,605		S
The Nene Infant & Nursery School	34,425	107,765	142,190		S
The Netherhall School	0	10,104	10,104		S*

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
The Netherhall School	76,017	279,741	355,758		S
The Newton Community Primary School (CCC)	7,039	27,159	34,198		S*
The Weatheralls Primary School	33,282	134,513	167,795		S
Thomas Clarkson Academy	87,090	324,484	411,574		S
Thomas Deacon Academy	262,446	716,411	978,857		S
Thomas Eaton Primary Academy	19,890	81,344	101,234		S
Thongsley Fields Primary and Nursery School	26,274	93,530	119,804		S
Thorndown Community Primary (CCC)	51,033	193,926	244,959		S*
Thorney Parish Council	1,640	6,080	7,720		S
Thriplow CE Primary Academy	5,109	22,158	27,267		S
TNS Catering (Linton Cluster)	507	1,956	2,463		Ad
Townley Primary School (CCC)	14,987	57,474	72,461		S*
Trumpington Meadows Primary School	21,926	81,670	103,596		S*
Trumpington Park Primary Academy	24,235	75,882	100,117		S
TSG Building Services Ltd	5,354	0	5,354		Ad
United Learning (previously CAP)	166,217	450,298	616,515		S
University of Cambridge Primary School	41,201	123,484	164,685		S
Upwood Primary Academy	16,266	68,589	84,855		S

Scheme Administration (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
VHS Cleaning (Linton VC)	749	2,538	3,287		Ad
VHS Cleaning (Netherhall)	294	1,181	1,475		Ad
VHS Cleaning (Stapleford Community Primary School)	256	959	1,215		Ad
VHS Cleaning Services (Bassingbourn VC and Sawston VC)	404	1,272	1,676		Ad
Vine Inter Church School (CCC)	35,812	130,994	166,806		S*
Warboys Primary Academy	28,683	128,871	157,554		S
Waterbeach CP School (CCC)	34,688	129,574	164,262		S*
Waterbeach Level Internal Drainage Board	2,420	7,632	10,052		S
Waterbeach Parish Council	2,031	6,406	8,437		S
Welbourne Primary Academy	30,518	135,729	166,247		S
Welland Primary School	37,819	128,467	166,286		S
West Town Primary Academy	23,705	95,106	118,811		S
Westfield Junior School (CCC)	25,594	97,806	123,400		S*
Westwood Primary School	74,100	243,673	317,773		S
Wheatfields Primary School (CCC)	33,826	126,300	160,126		S*
Whittlesey Internal Drainage Board	2,665	8,404	11,069		S
Whittlesey Town Council	2,589	8,189	10,778		S
Wilburton CE Primary (CCC)	12,471	47,516	59,987		S*

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
William De Yaxley CofE Academy	12,327	47,527	59,854		S
William Law CE Primary School	47,489	185,787	233,276		S
William Westley CE (CCC)	14,845	55,950	70,795		S*
Willingham Primary School (CCC)	32,569	120,308	152,877		S*
Wimblington Parish Council	720	2,684	3,404		S
Winhills Primary School Academy	71,461	157,619	229,080		S
Wintringham Primary Academy	17,526	61,947	79,473		S
Wisbech and Fenland Museum	2,465	12,118	14,583		Ad
Wisbech Grammar School	0	55,225	55,225	Y	Ad
Wisbech St Marys CE Primary Academy	19,377	79,250	98,627		S
Wisbech Town Council	6,295	20,559	26,854		S
Witcham Parish Council	546	2,037	2,583		S
Witchford Village College	59,572	171,670	231,242		S
Wyton Primary School (CCC)	21,040	77,970	99,010		S*
Yaxley Infants School (CCC)	17,449	66,861	84,310		S*
Yaxley Parish Council	11,801	38,687	50,488		S
YTKO Limited	1,550	4,125	5,675		Ad
Grand Total	**36,247,994**	**130,282,167**	**166,530,161**		

Scheme Administration (continued)

Communications Policy

Our strategy outlines how we plan to use technology to enhance our service and reduce costs where appropriate. It shows how we try to meet the needs of all our stakeholders. We also encourage feedback so we can continue to make improvements. You can find our communications strategy and plan on the key documents page of our website.

Our communications plan outlines our activities monthly for each stakeholder group. As well as:

- sending out statutory communications
- planned newsletters
- surveys
- employer training
- web updates

it also highlights other key communications initiatives.

Digital communications

Electronic communication is our preferred method of sharing information for most stakeholders. This could be through:

- our website
- emails
- texts
- self-service
- webinars
- videos.

For example, when a member first joins, we'll send them an email text, or letter depending on their preference. We ask them to visit our website to see guides and videos for more information about the scheme. We also suggest they sign up to our self-service portal. We use webinars, videos, and face to face events to educate our employers and members about the scheme.

Accessibility

We're committed to making sure our communications are accessible to everyone. We give all members the option to opt out of electronic communications, or to receive them in the best format for them. For example, braille, audio CD, alternative languages, or other reasonable adjustments. If members choose to opt out, we'll send them a paper copy of their pension statement or annual newsletter.

We make sure our communications are easy to understand, through:

- Plain English accreditation
- checking readability scores
- never using colour as the only way to convey information.

Promotion

We promote the scheme to members and employers through our website. We encourage our employers to promote the LGPS by giving them:

- posters,
- news stories, and
- email copy.

We also engage prospective members with promotions linked to:

- Life events
- Pensions Awareness Week, and
- the Pensions Attention campaign.

Scheme Administration (continued)

Internal Dispute Resolution Procedures (IDRP)

The IDRP is a formal dispute procedure through which complaints or disagreements about decisions made by a scheme employer or the Fund are investigated and resolved. The LGPS regulations provide a two-stage process.

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

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

The details of the Fund's IDRP process can be accessed via [the website].

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

The following formal disputes have arisen and/or been resolved during 2022-23 and 2023-24:

2023-24 Nature of dispute	Stage 1 Decision: Member complaint upheld/not upheld/partially upheld	Stage 2 Decision: Stage 1 decision upheld/not upheld/partially upheld
Refusal to pay 50% survivor's pension for a post retirement marriage case. (prior year)	Not Upheld	Upheld
Decision by CPF to reduce exiting employer's credit and also charge for actuarial work at cessation.	Challenge against reduction of exit charge – Not Upheld. Complaint against charge of actuarial work - Upheld	In Progress
Maladministration in allowing an overseas transfer in 2015	Not Upheld	Upheld
Maladministration in allowing an overseas transfer in 2015	Not upheld	Not progressed to Stage 2

2022-23 Nature of dispute	Stage 1 Decision: Member complaint upheld/not upheld/partially upheld	Stage 2 Decision: Stage 1 decision upheld/not upheld/partially upheld
Award of Pension Credit lower than estimated value.	Partially Upheld	Not progressed to Stage 2
Delays in paying AVC funds resulting in lower valuation of funds.	Upheld	Not progressed to Stage 2
Challenge in allowing a historic transfer of pension rights to an overseas scheme in 2015.	Not upheld	Not progressed to Stage 2
Delays in paying AVCs causing anxiety and stress.	Upheld	Not progressed to Stage 2
Challenging Tier 3 ill health entitlement awarded.	(employer)	Not Upheld
Refusal of employer's decision not to award ill-health pension from Active status.	(employer)	Not Upheld

The Pensions Ombudsman

The Fund is not aware when a member has raised a dispute with The Pensions Ombudsman (TPO) unless:

- we have had initial contact from TPO in that year,
- the case has been resolved by acceptance of an opinion from a TPO adjudicator in that year (even if that is deemed as withdrawal of the complaint/dispute), and
- the case has been resolved by a TPO determination in that year.

The Pensions Ombudsman notified the Fund in 2023-2024 that a single complaint had been received relating to an administering authority decision. The complaint related to issues with membership record keeping resulting in overstated benefit details on annual statements and on an estimate prior to retirement. The outcome has yet to be determined.

Scheme Administration (continued)

Complaints

Should you have a complaint about the service, we will do our best to put things right. To access support, please contact Pensions@westnorthants.gov.uk, telephone 01604 526 471, or write to:

Pensions Service, West Northamptonshire Council, The Guildhall, St Giles Square, Northampton, NN1 1DE

The Fund received 17 complaints during 2023-24, which were managed outside IDRP (2022-23:11).

Member Satisfaction levels

A member satisfaction survey is sent to a member once their enquiries or requests have been completed by the Fund.

For the financial year 2023-24, the member satisfaction survey has been sent to 1,931 members. The Fund has received 250 responses in total (12.9% reply rate) with average score of 3.92 out of 5.

Employer satisfaction levels

There was no employer satisfaction survey carried out during 2023-24, however, the next scheduled survey is to be completed during 2024-25.

Governance and Training

Risk Management

The Cambridgeshire Pension Fund has both a risk strategy and a risk register in place to identify, evaluate, mitigate and monitor risks associated with the activities that the Fund carries out. Risk is managed through regular reporting to the Pension Fund Committee, Local Pension Board, Cambridgeshire County Council's Monitoring Officer and Section 151 Officer. This ensures that risks are integrated within the governance structure of Cambridgeshire County Council and all follow a consistent approach. Identified risks are recorded in the Risk Register, a copy of which can be found at: Risk Register

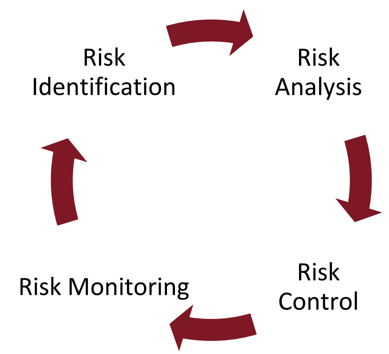
The aim of the Risk Register is to ensure that an informed decision can be made on whether a risk can or should be accepted. Risk appetite is informed by an understanding of any existing controls and will also be influenced by the expected reward or outcome. Once risks have been identified the Fund assesses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

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

The Risk strategy and register covers key administration, governance and investment (including pooling) risks.

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

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 to the right.



Cyber Risk

Cyber risks are managed through the risk register. In addition, as cyber-crime continues to evolve and becomes increasingly sophisticated, a Cyber Action Plan has been developed and is regularly reviewed by Officers. All updates of the Cyber Action Plan are reported as an exempt appendix to the Business Plan Update report at each meeting of the Pension Fund Committee and Local Pension Board.

The Fund's Cyber Strategy sets out the Fund's approach to cyber governance and incorporates evaluation of key cyber risks. The current version of the Cyber Strategy was reviewed and agreed by the Pension Fund Committee, following collaboration with the Local Pension Board in September 2021. The strategy is due to be formally reviewed by the Committee again in late 2024 and will be updated accordingly.

Investment Risk

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

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

Governance and Training (continued)

Investment Risk (continued)

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

Market Risk – investments will reduce in value due to fluctuations in prices, interest rates, exchange rates and credit spreads.	The Fund invests in different markets across the world and in different types of investment to reduce the risk of the portfolio reducing in value due to adverse market conditions and to smooth returns.
Price Risk – investments may be incorrectly valued due to price fluctuations or estimates used in pricing.	Investments are valued at published prices, where available. Investments that are not sold on a market are valued by specialist Investment Managers. Notes 16, 17 and 18 in the Statement of Accounts give information about how investments are valued and give an indication of the value of investments subject to an element of estimation.

Risk Assurance

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

At year end all Investment Managers, including Waystone Management who are the Operator of the ACCESS pool (page 50), are required to provide ISAE 3402 Services Organisation Control Reports, which are made available to external audit.

There were no issues identified in following a review of the reports received by the Investment Managers.

A risk management dashboard was developed during 2023-24 for introduction in 2024-25. This will provide a high-level overview of the Cambridgeshire's Pension Fund risk profile. The profile includes the total number of risks and collective risk index between reviews as well as how those risks are distributed across high, medium and low residual risk ratings.

Risk assurances against any red and amber risks were also introduced to provide additional reassurance surrounding the management of the higher risks facing the Fund. The table contains tangible indicators to monitor performance of these risks against targets/tolerances.

Governance and Training (continued)

Policies and Strategy Statements

Information about the Fund's policies and procedures can be found on the Fund's website:
[Cambridgeshire Pension Fund Key Documents]

The following strategies and policies were in place during the financial year

- Administering Authority Discretions
- Administration Strategy
- Admitted Bodies Scheme Employers and Bulk Transfers Policy
- Annual Business Plan & Medium Term Strategy
- Anti-Fraud and Corruption Policy
- Cash Management Strategy
- Cessations Policy
- Communications Strategy
- Conflicts of Interest Policy
- Data Improvement Policy
- Data Retention Policy
- Employer Data Retention Policy
- Funding Strategy Statement
- Governance Policy and Compliance Statement
- Investment Strategy Statement
- Overpayment of Pension Policy
- Payment of Employee and Employer Pension Contributions Policy
- Reporting Breaches of the Law to the Pensions Regulator Policy
- Review of Contribution Rate Policy
- Risk Register
- Risk Strategy
- Training Strategy
- The Fund also has a Cyber Strategy, however this is not published due to its sensitive nature

The following other documentation is in place during the financial year

- Climate Action Plan
- Communications Plan
- Cyber Action Plan
- Data Improvement Plan
- Decarbonisation Dashboard

Policies and strategies are reviewed by the Pension Committee on a three-year cycle to ensure they remain relevant and fit of purpose. Officers review all policies and strategies on an annual basis to ensure they remain fit for purpose and apply non-material amendments. If there are any material changes required, Committee approval is required before the three-year formal review point

Statement/Policy Changes in 2023-24

The following strategies and policies have been reviewed, updated and approved by the Pensions Committee accordingly in 2023-24:

- Annual Business Plan and Medium-Term Strategy
- Cash Management Strategy
- Climate Action Plan
- Communications Plan Governance Policy and Compliance Statement
- Data Retention Policy
- Governance Policy and Compliance Statement
- Investment Strategy Statement
- Review of Contributions Rate Policy
- Risk Register
- Training Strategy

Governance and Training (continued)

Managing Decision Making

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

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

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

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

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

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

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

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

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

LPB members are also required to attain a desired level of skills and knowledge, in order to exercise their authority to assist Administrating authority to secure compliance with the various legislation and to ensure the effective and efficient governance and administration of the scheme.

All PFC, ISC and LPB members have the right to vote at each meeting.

Governance and Training (continued)

Pension Fund Committee and Local Pension Board Training

In July 2021, CIPFA published its revised Knowledge and Skills Framework aimed at Pension Committee and Board members as well as senior officers. The principles of the guide include the need for formal objectives, policies, practices and strategies concerning 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.

Cambridgeshire Pension Fund has adopted the LGPS Online Learning Academy (LOLA) 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.

The platform also covers current LGPS issues, some examples include understanding McCloud, Pensions Dashboards, Cyber Risk and the Investment Consultation.

The Pension Regulator has an online toolkit designed to help those running public service schemes to understand the governance and administration requirements in the public service schemes Code of Practice. The toolkit is an user friendly 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.

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. The completion of the LOLA modules and the Pensions Regulator e-learning programme are a compulsory requirements of the Training Strategy for members of the Committee, Board and senior officers.

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

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

- In-house training events 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.
- Topical training events in advance of decisions at meetings.

Progress reports will be monitored by Officers and information provided to both the Chair of the Committee and Board on an annual basis.

For more information the Fund’s Training Strategy can be found on our key documents page

Governance and Training (continued)

Pension Fund Committee and Local Pension Board membership

The following table shows the attendance of Committee and Board members at applicable Pension Fund Committee, Investment Sub-Committee and Local Pension Board meetings during 2023-24, training undertaken in year, including; Training days, Conferences and Strategic Workshops.

Councillor/Member Name	Representation as at March 24	Committee/Board	Meetings Attended	Training Undertaken (In person and virtual)
Cllr Alison Whelan	Cambridgeshire County Council – Chair	Cambridgeshire Pension Committee Investment Sub Committee	5 meetings out of 5 4 meeting out of 4	22 sessions attended
Cllr Catherine Rae (Resigned July 2023)		Cambridgeshire Pension Committee Investment Sub Committee	1 meeting out of 1 1 meeting out of 1	0 sessions attended
Cllr Mike Black (Appointed July 2023)	Cambridgeshire County Council - Vice Chair	Cambridgeshire Pension Committee Investment Sub Committee	5 meetings out of 5 3 meeting out of 3	9 sessions attended
Cllr Alan Sharp (Resigned February 2024)		Cambridgeshire Pension Committee Investment Sub Committee	2 meetings out of 4 2 meeting out of 3	0 sessions attended
Cllr Peter McDonald (Appointed May 2023)	Cambridgeshire County Council	Cambridgeshire Pension Committee Investment Sub Committee (from Feb24)	4 meetings out of 5 1 meeting out of 1	0 sessions attended
Cllr Adela Costello	Cambridgeshire County Council	Cambridgeshire Pension Committee Investment Sub Committee	5 meetings out of 5 3 meeting out of 3	16 sessions attended
Cllr Keith Prentice (Resigned February 2024)		Cambridgeshire Pension Committee	0 meetings out of 4	0 sessions attended
Cllr Nick Gay (Appointed February 2024)	Cambridgeshire County Council	Cambridgeshire Pension Committee	1 meetings out of 1	1 sessions attended
Cllr Tom Sanderson (Appointed March 2024)	Cambridgeshire County Council	Cambridgeshire Pension Committee	0 meetings out of 1	0 sessions attended
Cllr Chris Boden	All other Local Authorities, Police and Fire	Cambridgeshire Pension Committee Investment Sub Committee	2 meetings out of 5 3 meetings out of 4	1 sessions attended
Cllr Andy Cole (Resigned November 2023)		Cambridgeshire Pension Committee	2 meetings out of 4	14 sessions attended
Lee Phanco (Resigned November 2023)		Cambridgeshire Pension Committee Investment Sub Committee	2 meetings out of 3 1 meeting out of 3	0 sessions attended
Howard Nelson (Appointed December 2023)	All other employers	Cambridgeshire Pension Committee Investment Sub Committee	1 meeting out of 2 1 meeting out of 1	21 sessions attended
Matthew Pink	Active Scheme Members	Cambridgeshire Pension Committee	3 meetings out of 5	18 sessions attended
John Walker (Resigned June 2023)		Cambridgeshire Pension Committee	1meeting out of 1	0 sessions attended

Governance and Training (continued)

Pension Fund Committee and Local Pension Board membership (continued)

Councillor/Member Name	Representation as at March 24	Committee/Board	Meetings Attended	Training Undertaken (In person and virtual)
Liz Brennan (Appointed June 2023)	Deferred and Pensioner Members	Cambridgeshire Pension Committee Investment Sub Committee	2 meeting out of 4 1 meeting out of 3	18 sessions attended
Cllr Denis Payne	Scheme Employers Chair	Cambridgeshire Pension Fund Board	3 meetings out of 4	27 sessions attended
Cllr Geoffrey Seeff	Scheme Employers	Cambridgeshire Pension Fund Board	3 meetings out of 4	12 sessions attended
Cllr Simon King	Scheme Employers	Cambridgeshire Pension Fund Board	3 meetings out of 4	0 sessions attended
Barry O'Sullivan	Scheme Members	Cambridgeshire Pension Fund Board	4 meetings out of 4	7 sessions attended
Val Limb	Scheme Members	Cambridgeshire Pension Fund Board	2 meetings out of 4	21 sessions attended
Cllr Edna Murphy (Resigned April 2023)	Scheme Members	Cambridgeshire Pension Fund Board	0 meetings out of 1	0 sessions attended

Governance and Training (continued)

Summary of Committee Activity

It is the responsibility of the Pension Fund Committee to develop and maintain strategies, policies, and procedures, thus ensuring effective governance, oversight and accountability is upheld on behalf of the Fund's stakeholders.

The below information demonstrates the key decisions and approvals that have been made by the Pension Fund Committee during 2023-24, supported by the Investment Sub-Committee and Pension Fund Board.

Key Governance Activities

- Approval of the Cash Management Strategy
- Approval of the Employer Contributions Rates Policy
- Approval of the Training Strategy
- Approval of the Annual Report and Statement of Accounts
- Approval of the Business Plan
- Approval of the Communications Plan
- Approval of the Data Retention Policy
- Review of the Additional Voluntary Contribution providers

Key Investment Activities

- Approval of the Funds submission to the UK Stewardship Code
- Annual Investment Review
- Annual Investment Consultancy Provider review

Key Service Activities

- Review of the cyber activity Action Plan

Reports noted

- Administration Report
- Business Plan update
- Governance and Compliance Report
- Employers Admissions and Cessations
- Risk Monitoring
- ACCESS update
- Internal Audit Report
- Assurance report on potential breaches of the law
- Cashflow projections report

Summary of Board Activity

The below information shows the reports the Local Pension Board have considered during 2023-24.

- Administration report
- Governance and Compliance Report
- Business Plan update
- Valuation update
- Investment Strategy Update
- ACCESS update
- Review of the Training Strategy
- Risk Monitoring
- Internal Audit Report
- Assurance report on potential breaches of the law
- Review Cash Management Strategy
- Review Cyber resilience and Data Protection Policy
- Review of the Additional Voluntary Contribution providers
- Annual Report and Statement of Accounts
- Cyber Resilience update

A copy of the most recent Local Pension Board Annual Report can be found on the Councils website here.

Conflicts of interest

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

Therefore, a conflict of interest may arise when an individual has a responsibility or duty in relation to the management of, or provision of advice to, the LGPS fund administered by Cambridgeshire County Council, and at the same time, they:

- have a separate personal interest (financial or otherwise), or
- have another responsibility in relation to that matter.

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

Cambridgeshire County Council, as Administering Authority will:

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

One of the key areas of potential conflict relate to the dual roles held by an individual who sits in the governing bodies of the Fund and at the same time is employed or representing Cambridgeshire County Council as the Administrating Authority to the Fund or/and a participating employer in the Fund.

All declarations should be collated and recorded on the Fund's Register of Conflicts of Interests.

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

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

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

The three main ways to assist in resolving conflict include:

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

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

For more information, the Fund's Conflict of Interest Policy can be found on our key documents page

Investments

Investment Policy

The Fund's approach to its investment arrangements is set out in its Investment Strategy Statement, (ISS) as required by Regulations that requires the Fund to create and maintain an approach to investments that includes, amongst other things:

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

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

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

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

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

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

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

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

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

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

Voting Rights

The Fund has delegated the exercise of voting rights to all investment managers on the basis that voting power will be exercised by them with the objective of preserving and enhancing long-term shareholder value. These findings are reported to the ISC for review periodically.

Investments (continued)

Waystone, the operator of the ACCESS Pool, requires investment managers appointed by the Pool to exercise their voting rights in line with the agreed ACCESS voting guidelines. Where investment managers on the platform do not adopt the positions set out in the Waystone policy, they are required to provide a robust explanation of the position adopted on a comply or explain basis in each sub-fund prospectus. This information is also included in the Fund's own stewardship reporting.

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

Role of Investment Managers

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

Active focus

With the exception of the passive global equity and passive index-linked bond mandates, the Fund favours an active management style to outperform agreed specific benchmarks.

Custodian

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

Investment Management Fees

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. For investments like actively managed equities, private equity etc the investment management fee is higher as the expected return is also meant to be higher. All returns are reported net of fees to give a true view of performance achieved by the Fund.

Asset Pooling

The Fund is working with ten like-minded LGPS funds to implement the ACCESS asset pool in response to the Government's LGPS reform agenda. The main aim is to encourage LGPS Funds to work together to form asset pools to "pool investments to significantly reduce costs, while maintaining investment performance." Individually, the participating funds have a strong performance history and potential for substantial benefits for a group of successful, like-minded authorities collaborating and sharing their collective expertise. Collectively as at 31st March 2024, the ACCESS Pool has significant scale with assets of £64.6bn (of which 69% has been pooled) serving 3,510 employers with 1.2 million members including 341K pensioners.

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

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

On 31 March 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.

Investments (continued)

Asset Pooling continued

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

In addition to the savings in Investment Management fees through joint investments, there are other tangible benefits from pooling including a governance premium (potential for reduced risk due to manager diversification achieved at pool level), improved performance and tax savings.

More information about the ACCESS asset pool can be found on their website: ACCESS Pool. The ACCESS Annual Report can be found at Appendix A to this Annual Report.

The below table reports the progress the Fund has made in pooling their assets across the different asset classes.

	£m Asset values as at 31 March 2023				£m Asset values as at 31 March 2024			
Asset class	Pooled	Under pooled management	Not pooled	Total	Pooled	Under pooled management	Not pooled	Total
Equities	1,485.0	884.7	0	**2,369.7**	1,159.8	1,086.2	0	**2,246.0**
Bonds	202.8	0	383.3	**586.1**	603.6	401.6	0	**1,005.2**
Private Debt	0	0	66.9	**66.9**	0	0	74.5	**74.5**
Property	0	0	267.5	**267.5**	98.4	0	282.2	**380.6**
Private Equity	0	0	520.2	**520.2**	0	0	603.0	**603.0**
Infrastructure	0	0	359.2	**359.2**	0	167.4	171.9	**339.3**
Dervatives	0	0	1.4	**1.4**	0	0	0	**0.0**
Cash and net current assets	0	0	40.3	**40.3**	0	4.8	84.1	**88.9**
Total	**1,687.8**	**884.7**	**1,638.8**	**4,211.3**	**1,861.8**	**1,660.0**	**1,215.7**	**4,737.5**

Pooled means assets invested through the Fund's chosen pool.

Under pool management means that the pool is responsible for the oversight or discretionary management of the investment, whether or not procured through the pool, (including passive market index tracker funds procured before pooling).

Not pooled means that the asset is neither pooled nor under pool management.

The focus for pooling during 2024-25 is to continue the development of the property mandates and infrastructure assets. It plans to transition its UK core real estate allocation to a UK direct real estate portfolio within ACCESS and will redirect new private equity commitments to the pool when this asset class is made available. 9% of the Fund's assets are earmarked for pooling during the next financial year.

Investments (continued)

Asset Pooling continued

A significant proportion (29.4%) of the Fund's assets are currently invested in UK assets. The below table sets out the Fund's investments in the United Kingdom in 2022-23 and 2023-24 by asset class:

Asset class	£m Asset values as at 31 March 2023				£m Asset values as at 31 March 2024			
	Pooled	Under pooled management	Not pooled	Total	Pooled	Under pooled management	Not pooled	Total
UK Listed Equities	0	81.5	0	81.5	68.4	290.6	0	359.0
UK Government Bonds	0	0	197.0	197.0	0	401.6	0	401.6
UK Property	0	0	267.4	267.4	98.4	0	273.5	371.9
UK Infrastructure	0	0	102.4	102.4	0	0	100.6	100.6
UK Private Equity	0	0	127.8	127.8	0	0	161.4	161.4
Total	**0**	**81.5**	**694.6**	**776.1**	**166.8**	**692.2**	**535.5**	**1,394.5**

UK Levelling Up

The Government has confirmed that funds will be required to publish plans for increasing investment in line with an ambition of up to 5% of assets to be invested in projects which support levelling up. “Levelling up” refers to assets which make a measurable contribution to one of the missions set out in the Government’s Statement of Levelling Up Missions (which is made under Section 1 of the Levelling Up and Regeneration Act 2023) and support any local area within the United Kingdom.

As at the 31 March 2024 the Fund has 5% invested in levelling up assets:

£m Asset values as at 31 March 2024	Pooled	Under pooled management	Not pooled	Total	% Percentage of Total Fund
UK Levelling up	0	0	242.3	242.3	5%

Investments (continued)

The Costs of Pooling

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

Operational Costs	2023-24 £000	2015-16 to 2023-24 Cumulative £000
Strategic & Technical	49.6	241.6
Legal	33.7	165.6
Project Management	0.0	81.1
ACCESS Support Unit	57	268.2
Other	5.8	41.1
Total Operational Costs	**146.1**	**797.6**

Pooled Savings

Gross savings are calculated using the Chartered Institute of Public Finance and Accountancy price variance methodology based on average assets over the year. Net savings are calculated by subtracting the costs of pooling from the gross savings.

The below table sets out the gross and net fee savings for the 2023-24 financial year.

Savings	2023-24 £000	2015-16 to 2023-24 Cumulative £000
Gross savings	3,444.0	14,987.7
Fees	-146.1	-797.6
Net savings	**3,297.9**	**14,190.1**

Cost Transparency

The analysis below shows the investment expenses incurred during the financial year 2023-24 between expenses incurred in respect of Pooled and under pool management assets and not pooled assets.

Management Costs 2023-24	Asset Pool Direct £000	Asset Pool Indirect £000	Asset Pool Total £000	Non- Asset Pool Direct £000	Non- Asset Pool Indirect £000	Non- Asset Pool Total £000	Fund Total £000
Investment Management Fee	7,949	705	**8,654**	7,635	1,266	**8,901**	**17,555**
Performance Fee	2,052	-953	**1,099**	-94	-1	**-95**	**1,004**
Transaction Taxes	0	22	**22**	3	0	**3**	**25**
Broker commissions	0	430	**430**	47	-18	**29**	**459**
Other explicit costs	0	335	**335**	107	2	**109**	**444**
Implicit/indirect transaction costs	0	1,337	**1,337**	284	827	**1,111**	**2,448**
Administration	263	0	**263**	481	18	**499**	**762**
Governance and Compliance	29	0	**29**	235	21	**256**	**285**
Other	622	-329	**293**	1,732	1,106	**2,838**	**3,131**
Total	**10,915**	**1,547**	**12,462**	**10,430**	**3,221**	**13,651**	**26,113**

Investments (continued)

Investment Allocation and Performance

The Pension Fund Committee (PFC) is responsible for approving the Strategic Asset Allocation proposed by the Investment Sub-Committee (ISC). The PFC performed a review of the Strategic Asset Allocation at the March 2023 meeting in conjunction with the Fund's Investment Consultants, Mercer Ltd and the independent Investment Advisor. The review assessed the appropriateness of the current strategy and any changes necessary to increase the likelihood of meeting the Fund's objectives, namely:

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

The recommended changes to the strategy aim to manage the risk that asset returns are below those assumed by the actuary, whereby the funding position worsens. The following changes to the strategy were approved by PFC in March 2023:

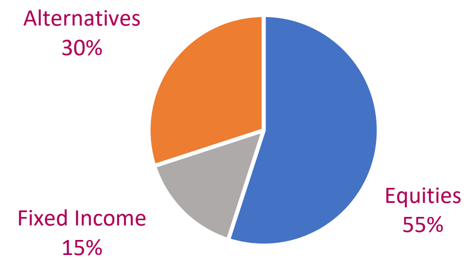
- Reduce the equity allocation by 12.5%, maintaining the passive equity allocation at 20% and reduce active managers;
- Increase fixed income and alternative allocations by 10% and 2.5% respectively to provide greater exposure to inflation linked, cash flow generative assets while protecting the strong funding position; and
- Consider sustainable and impact opportunities across an expanded private markets portfolio – aligned with "levelling up" guidance.

The following changes have been carried out during the year to reach the new strategic asset allocations.

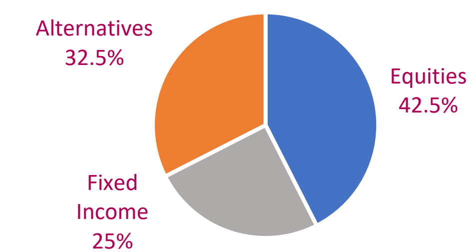
- Discontinue of the Schroders gilts and equity protection mandate (£165.1m) and switch to the UBS gilts pooled Fund
- Implement listed equity sales (£211.5m) to fund increased index linked gilts allocation
- Implement equity sales (£64m) to find increased Multi-Asset Credit (MAC) allocation
- Implement equity sales (150m) to fund increased private market allocations (property and infrastructure investments)
- Invested in ACCESS long lease property manager (£98.6m)

The charts below show the strategic asset allocation before and following PFC approval and the actual allocation of assets at 31 March 2024.

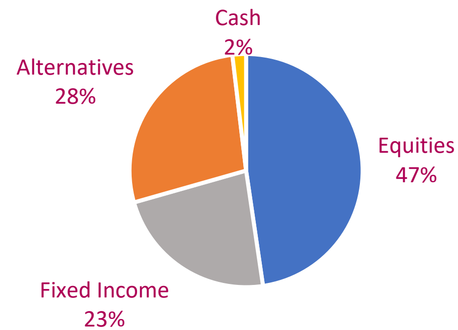
Strategic Allocation at 31 March 2023



Strategic Asset Allocation at 31 March 2024



Actual Asset Allocation 31 March 2024



Investments (continued)

Total Fund Performance

The total investment return for the Fund over the financial year was 11.7% net of fees compared with a weighted benchmark return of 14.2%. In the previous year the total investment return was -2.8% compared with a weighted benchmark of -2.5%. The Fund's total investment return was 6.3% p.a. over the three years to 31 March 2024 and 7.5% p.a over the five years to 31 March 2024.

Performance of Managers

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

Asset Class /Manager	Benchmark	Return %	Benchmark %	Variance %
Dodge & Cox – Equity	MSCI AC World Value Index	16.3	17.7	1.4
J O Hambro – Equity	MSCI AC World (NDR) Index	20.5	19.7	-0.8
Longview – Equity	MSCI AC World (NDR) Index	20.5	18.1	-2.4
Osmosis -Equity	Solactive Osmosis Resource Efficient Core Equity Ex-Fossil Fuels Index NTR	n/a	n/a	n/a
UBS Passive – Equity	FTSE Developed (GBP Hedged) Index	n/a	n/a	n/a
BlueBay Asset Management - Bonds	Composite Benchmark	11.2	9.2	-2.0
M&G Alpha Opportunities – Bonds	Composite Benchmark	11.2	12.2	1.0
Schroders - Bonds	Assumed equal to fund performance	-11.3	-11.3	0.0
UBS Passive – Gilts	FTSE A Over 5 Year Index-Linked Gilts Index	n/a	n/a	n/a
Adams Street – Private Equity	MSCI World Index	10.3	-2.7	-13.0
Foresight – Private Equity	MSCI World Index	10.3	6.2	-4.1
HarbourVest – Private Equity	MSCI World Index	10.3	-2.7	-13
Allianz – Infrastructure	IRR of 4.0% p.a.	4	11.1	7.1
Ares debt – Infrastructure	IRR of 10.0% p.a.	10	-1.6	-11.6
Equitix – Infrastructure	IRR of 10.0% p.a.	10	6.7	-3.3
IFM - Infrastructure	IRR of 10.0% p.a.	10	5.5	-4.5
JP Morgan – Infrastructure	IRR of 10.0% p.a.	10	5.0	-5.0
Partners Group – Infrastructure	IRR of 10.0% p.a.	10	4.1	-5.9
UBS - Infrastructure	IRR of 10.0% p.a.	10	-28.3	-38.3
M&G - Secured Loans	SONIA +4.0% p.a.	9.2	11.8	2.6
Aviva - Property	Composite Benchmark	n/a	n/a	n/a
M&G Residential - Property	Absolute Return of 6.0% p.a.	6	-1.2	-7.2
M&G Shared Ownership - Property	Net Return of 5-7% p.a.	6	-0.4	-6.4
Schroders – Property	MSCI All Balanced Property Funds Index	-0.7	1.4	2.1

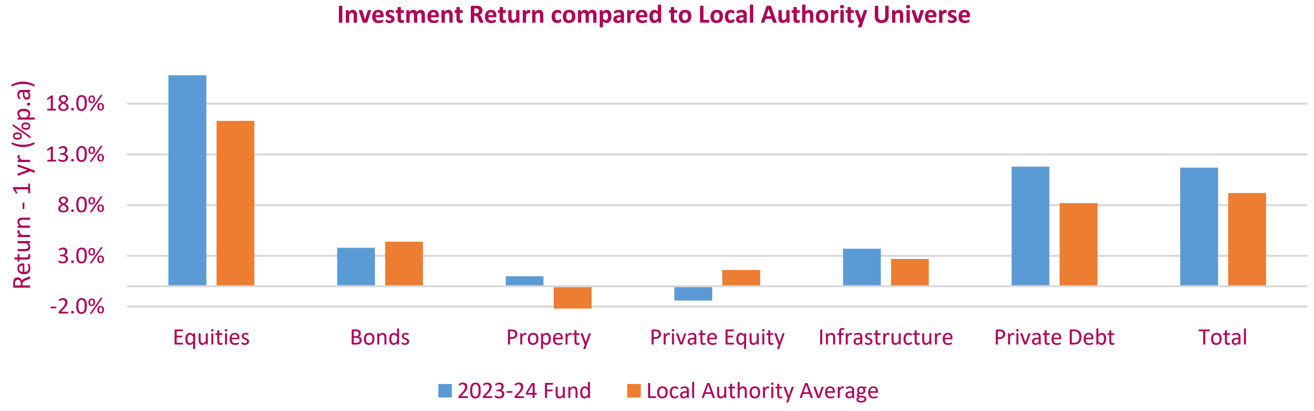
n/a = Not invested for the full period therefore no meaningful performance measure is available

Investments (continued)

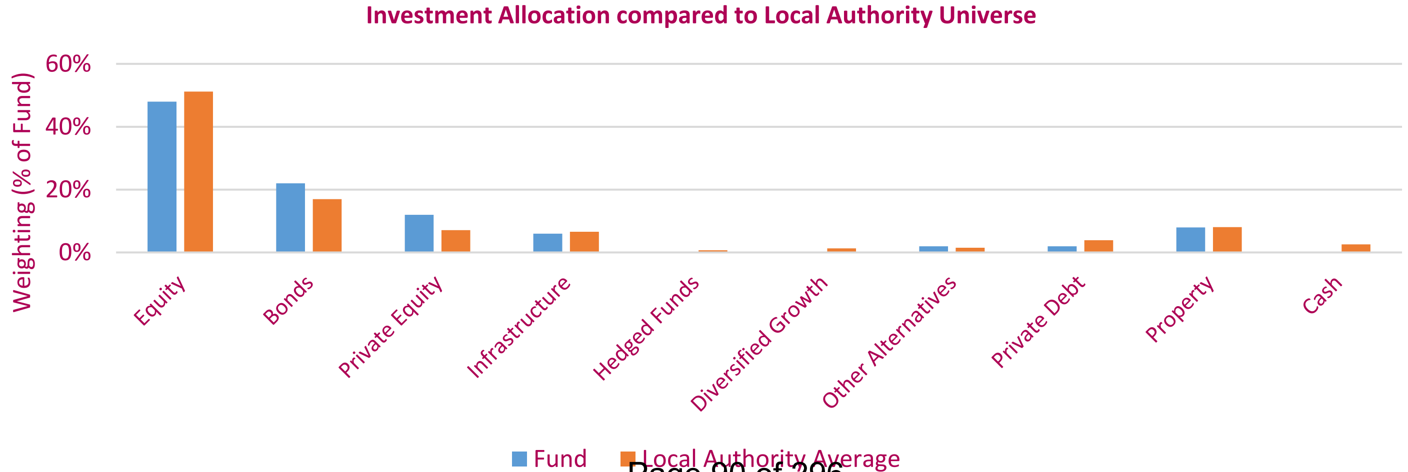
Performance in Comparison with Local Authority Universe

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

In 2023-24 the Fund's performance of 11.7% net of fees over the financial year was ranked 23rd percentile out of the 63 Funds participating in the Universe.



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



Investments (continued)

Climate Change Report

Executive summary

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

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

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

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

Governance

The Administering Authority has delegated to the PFC the power to determine and maintain the Fund's strategies, policies and procedures. Implementation of the strategy and the monitoring of performance is delegated to the Investment Sub-Committee (ISC), for which the membership is drawn from the PFC.

Research into how climate-related risks and opportunities impact financial markets is constantly evolving and expanding. The PFC or its ISC receives training on a regular basis to keep up-to-date with developments and will allocate time on meeting agendas to cover items such as developing and meeting the Fund's climate action plan, climate-change scenario analysis, reporting of metrics and monitoring of progress against agreed targets.

The PFC acknowledges that the reporting of climate-related risk is relatively new and the collective experience of the PFC and ISC will grow over time.

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

Strategy

The Fund undertook climate scenario analysis on its investment strategy in 2021. Given the uncertainty around the timing and impact of climate-related transition and physical risks, the ISC considered three climate scenarios or 'warming pathways' i.e. the expected degrees of warming of the atmosphere by the end of the century relative to pre-industrial levels, to help test the resiliency of the Fund's investment strategies at the strategic level.

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

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

Investments (continued)

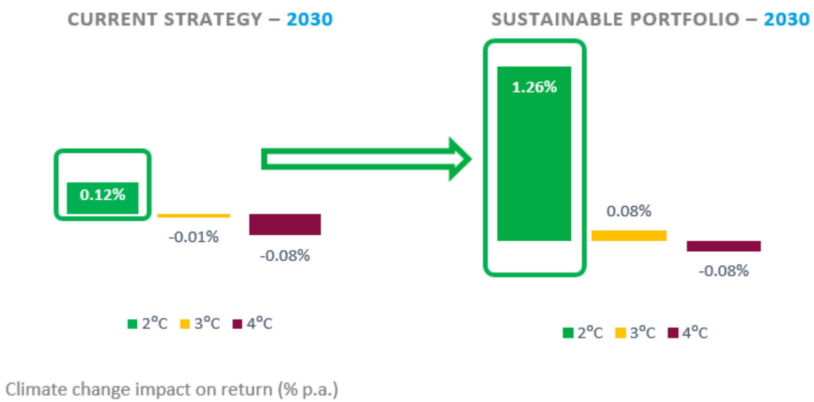
Resilience of the Fund's investment strategy

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

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

Transition opportunities emerge from a 2^{o}C scenario

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



As at 30 June 2021. Source: Mercer/Investment Managers

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

Key findings of the analysis

Investing for a 2^{o}C scenario is both an imperative and an opportunity the Fund should address.

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

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

Action taken since analysis date

Since the date of the climate scenario analysis (30 June 2021), the ISC has undertaken a number of workstreams with a view to improving the sustainability characteristics of the Fund's investment strategy. These include:

- Reviewing the Fund's passive equity allocation (20% of total Fund assets at 30 June 2023) and implementing changes to the underlying benchmarks to increase exposure to stocks with positive climate-related characteristics, in favour of stocks with negative climate-related characteristics while maintaining expected return.
- Switching one of the Fund's multi-asset credit mandates (7.5% of total Fund assets at 30 June 2023) to a portfolio with the same expected risk and return and stronger integration of positive Environmental, Social and Governance factors.
- Agreeing a strategic allocation of 1% of total Fund assets to timberland.

Investments (continued)

Risk Management

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

Governance	The Fund recognises the systemic risk associated with climate change and the views and aspirations of other scheme employers and scheme members. The Fund has acknowledged the risk to the Fund of climate change in its Risk Register: "As long-term investors, the Fund believes climate risk has the potential to significantly alter the value of the Fund's investments." The Officers maintain a Climate Action Plan which is reviewed and updated on a regular basis. This document forms part of the ISC's wider business plan and summarises the progress, actions and outcomes of scheduled climate-related investment projects and tasks.
Strategy	The Fund's advisers will take climate-related risks and opportunities into account as part of the wider strategic investment advice provided to the Committee and ISC. This includes highlighting the expected change in climate-risk exposure through proposed asset allocation changes, both from the top-down level (via climate scenario analysis) and bottom-up (via climate-related metrics). Climate scenario analysis for the investments of the Fund will be reviewed periodically.
Reporting	The ISC will receive an annual climate dashboard providing an update on climate-related metrics and progress against targets in respect of the assets held in the Fund. The ISC may use the information to engage with the Fund's investment managers. The ISC receives a biannual stewardship monitoring report which summarises how the investment managers choose to vote and engage on climate-related issues (among other key engagement priorities).
Manager selection and retention	The ISC, with advice from its advisers, will consider an investment manager's firm-wide and strategy-specific approach to managing climate-related risks and opportunities when either appointing a new manager, in the ongoing review of a manager's appointment, or as a factor when considering the termination of a manager's appointment.

What are the climate-related risks and opportunities?

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

1. Transition risks and opportunities

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

- Policy and legislation
- Market
- Technology
- Reputation

Investments (continued)

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

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

2. Physical risks and opportunities

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

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

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

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

Metrics and targets

Metrics

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

- Absolute emissions. This is the total emissions of seven major GHGs associated with the investments held (carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulphur hexafluoride and nitrogen trifluoride).
- Carbon footprint. This is the total emissions per million pounds invested.
- Weighted average carbon intensity (WACI). This is the total emissions per million pounds of sales

From the 2024 analysis date, the Fund's reporting will expand to include an additional forward-looking metric, SBTi alignment.

Limitations of emissions data

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

The Fund will seek to include corporate bonds in its carbon reporting from the 2024 analysis date as the quality and availability of climate-related data has improved over time. The Fund will also request data across a range of metrics annually from its private markets investment managers and engage with them on improving this data over time.

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

Targets

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

Targets were set on an absolute emissions basis in 2021, but also monitored on an intensity basis (using two intensity metrics: carbon footprint and weighted average carbon intensity (WACI)). However, the Fund switched to a carbon footprint metric as the baseline measure for a de-carbonisation pathway from the 2022 analysis date as it:

Investments (continued)

a) It is not impacted by changes in strategy, unlike absolute emissions. For example, a reduction in the Fund's strategic target equity allocation would, all else equal, lead to a reduction in the level of absolute emissions.

b) Widening the scope of the Fund's climate reporting to include additional asset classes would naturally increase absolute emissions.

Carbon footprint is not impacted in the same way. Instead, it normalises absolute emissions by the amount of assets invested.

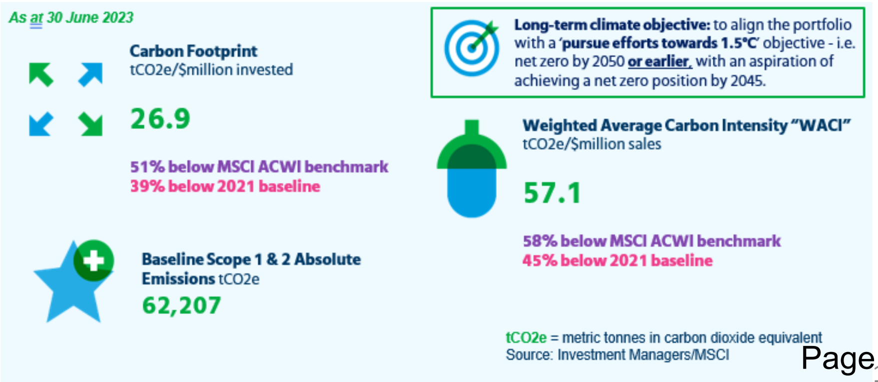
The Fund will continue to track both absolute emissions and WACI (and from the 2024 analysis date, SBTi alignment) as each metric provides a different insight as to the nature of the companies held within portfolios.

Carbon reporting dashboard

The Fund's metrics were initially measured as at 30 June 2021, providing a baseline for future targets, and were recalculated as at 30 June 2022 and 30 June 2023 in order to monitor progress against these targets. The metrics are set out in a publicly available carbon reporting dashboard:

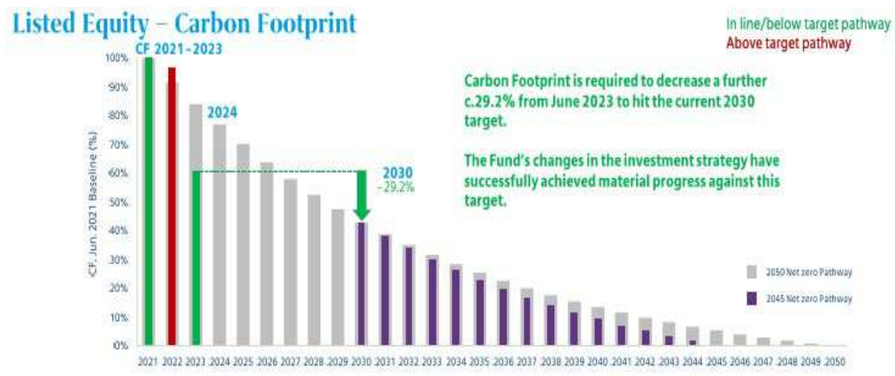
The reported metrics are based on Scope 1 and 2 emissions data for the listed equity portfolio. From 2024 this will be expanded to include corporate bonds.

The dashboard will be updated on an annual basis.



Progress against targets

The chart below demonstrates the Fund's progress (Green and Red bars) against the pre-defined pathway (Grey bars) required in order to achieve the Net Zero objective by 2050. The purple bars demonstrate the pathway to achieve Net Zero by 2045 for information.



Changes to the Fund's passive equity portfolio were implemented in early 2023 with the objective of improving the portfolio's climate characteristics. This is the key driver of the material reduction in the listed equity portfolio's carbon footprint over the year to 30 June 2023.

The Fund will review and assess its interim targets following analysis of its carbon metrics as at 30 June 2024.

Investments (continued)

Independent Adviser's annual review – Twelve months to 31st March 2024

It seems there doesn't seem to be such a thing as a "quiet year" any more. Events in the Middle East, with open conflict once again rearing its head, have added to a sense of uncertainty that the ongoing war in Ukraine only reinforces. Continued cost of living pressures at home and abroad make every day life for pension scheme members challenging. At least we have moved past the era of a new UK Prime Minister every few weeks / months!

I wrote last year about the need to maintain resilience in the portfolio, to diversify, weather inflation, and do so while meeting commitments made to address environmental and social concerns. I say the same this year.

Implementation of the Fund's Responsible Investment and net-zero policy continues apace, with good progress being made. This year has also seen positive momentum on development of private markets propositions from the ACCESS Pool with initial Real Estate and Infrastructure investment options coming on-line and a timeline in place for Timberland and Affordable Housing options to be in place. Furthermore, the overall funding position of the fund has continued to improve, leaving us in a strong position from which to address the various challenges we can anticipate in the coming year.

Here I take the opportunity to provide an investment review covering the financial year 2023/24, in addition to providing some thoughts for the future.

Market Activity

<u>Equities</u>

Global equities offered solid returns in Q2 2023, with the MSCI World index delivering 6.8% in USD terms. This was predominantly driven by developed markets, specifically the US. In contrast, emerging markets, as reflected by the MSCI EM Index's return of 0.9%, continued to lag behind. US equities experienced growth amid signs of a resilient economy, despite higher interest rates. Regardless of a slight rise in unemployment to 3.7% in May, the labour market remained historically tight. The technology sector led the stock market gains due to seemingly broad enthusiasm around the growing use of artificial intelligence. Eurozone shares also saw gains in Q2, with the IT and financial sectors leading the way, and the energy and communication services sectors underperforming. The European Central Bank raised interest rates twice during this period as headline inflation declined. Japanese shares, represented by the MSCI Japan index, returned 15.6% during the quarter in local currency terms and reached a 30-year high. This rally is partially credited to foreign investment inflows, expected corporate governance overhauls, and structural shifts in the economy. In the April and June policy meetings, the Bank of Japan, under the guidance of newly-appointed Governor Kazuo Ueda, persisted in their accommodative stance. Emerging market equities saw minor gains over the quarter, lagging behind developed markets. Contributing to this underperformance were tensions between the US and China, and concerns over China's weak economic recovery. Elsewhere, Brazil showcased notable strength backed by promising economic indicators. The tech sectors in Korea and Taiwan outpaced others due to optimism surrounding AI expansion, while Indian shares surged, buoyed by foreign investments and stable earnings.

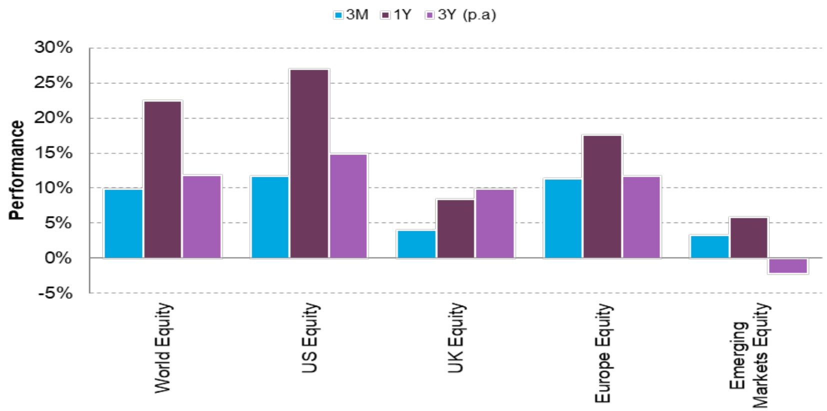
As we reached the end of September, global equities showed strength for the 6-month period but relinquished some of their gains from the previous quarter. Rising oil prices, geopolitical tensions and hawkish signalling from key central banks led the MSCI ACWI 3.4% lower. Though the economic landscape remained robust, the anticipation of 'higher for longer' interest rates to combat inflation coupled with higher oil prices translated to negative sentiment towards US equities. This impacted large tech firms like Apple and Microsoft, which can be considered "long-duration" businesses. Consequently, the S&P 500 fell 3.4% over the quarter. In local currency terms, European equities (as measured by MSCI Europe) dropped by 2.1%, driven by concerns around excessive monetary tightening. During this period, the European Central Bank initiated two interest rate hikes, leading to significant declines in the Consumer Discretionary and IT sectors.

Emerging markets also experienced declines, with the MSCI EM down by 2.9%. The ongoing weaknesses in the Chinese economy had a negative effect on risk appetite. Contributing to China's slowdown was the property sector, which faced increased pressure in September due to the risk of default from Country Garden, a major property company.

Additionally, Evergrande's trading was halted just a month after resuming from a 17-month suspension. In contrast, Japanese equities performed well, with the TOPIX rising by 2.5% in local terms. Positive economic growth, coupled with dovish sentiment from the Bank of Japan, contributed to the index's upward trajectory. Financials and domestically oriented small- and medium-sized companies outperformed.

Investments (continued)

Performance of Equity Markets to 31 March 2024



Source: bfinance

Indices Used

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

As 2023 drew to a close, global equity markets had delivered a robust rebound, bouncing back strongly from the declines of 2022. The MSCI ACWI posted a 22% return in USD terms. Moderating inflation invited the prospect of a 'soft economic landing' and the pivot towards an accommodative monetary policy environment. Markets consequently shifted focus from recession risk and ongoing geopolitical tensions. As a result, all major equity geographies except China concluded the year in positive territory. The final quarter of 2023 saw a reversal of Q3 weakness as dovish signalling from key central banks led to both developed (MSCI World, 11.4%) and emerging markets (MSCI EM, 7.9%) outperforming.

Within developed markets, the United States led the way (S&P 500, 11.6%), buoyed by the Federal Reserve's indication of potential interest rate cuts in 2024, following a two-year effort to stabilise rates. While a substantial portion of the year's returns came from a select group of US mega cap names associated with tech and innovation ('Magnificent Seven'), the overall positive market sentiment in Q4 saw returns across the market cap spectrum, with small and mid-caps outperforming.

In Europe (MSCI Europe, 6.4% in Euro), the prospect of no further rate increases in 2024 drove returns, despite downward revisions in economic growth expectations for 2023. Japan's participation in the Q4 rally was less exuberant compared to peers, with the Topix returning 2.0% in Yen terms. However, Japan emerged as one of the best-performing markets over the year due to improved governance reforms for listed companies alongside positive economic growth prospects. Within emerging markets, India, Taiwan, and Latin America strongly outperformed offsetting the underperformance of China. A key index constituent, China lagged behind (MSCI China, -4.2% in USD) due to factors including sluggish economic data and the ongoing real estate crisis.

In the last quarter, global equity markets again exhibited robust performance, bolstered by favourable economic indicators. The MSCI All Country World Index (MSCI ACWI) rose by +8.2%. Developed markets were the primary drivers of this growth, while emerging markets also posted gains, albeit more modest, with a +2.4% increase in USD terms. Japanese equities experienced significant growth, with the TOPIX index surging up +18.1% in Yen terms. This rise was primarily attributed to strong corporate earnings and a supportive monetary policy from the Bank of Japan, which raised interest rates for the first time in 17 years, shifting from negative rates (-0.1%) to a target range of 0.0-0.1%. in the United States, markets outperformed expectations due to stronger-than-anticipated economic data. The S&P 500 marked a substantial rise of +10.4%. Large-cap stocks outperformed their smaller counterparts, driven by the 'magnificent seven,' who benefited from optimism surrounding artificial intelligence (AI) as well as positive earnings reports from the previous quarter. European markets also saw gains, with the MSCI Europe index increasing by +7.6% in Euro terms. The economic outlook improved significantly, with the Eurozone composite index moving from contraction to near-neutral levels (a reading above 50 indicates growth, while below 50 indicates contraction).

Sectors sensitive to economic cycles, such as Financials, Industrials, and Consumer Discretionary, performed particularly well. Emerging markets ended the quarter on a positive note driven by various factors. Regions like Taiwan capitalised on the AI-driven optimism, showing notable outperformance.

Investments (continued)

Meanwhile, countries such as India and Turkey experienced growth driven by economic improvements. However, concerns over China's growth prospects, particularly due to ongoing issues in the property sector, dampened overall performance. An additional drag on returns also came from Latin American markets, specifically Brazil, influenced by pricing pressure in the iron ore sector.

Bonds

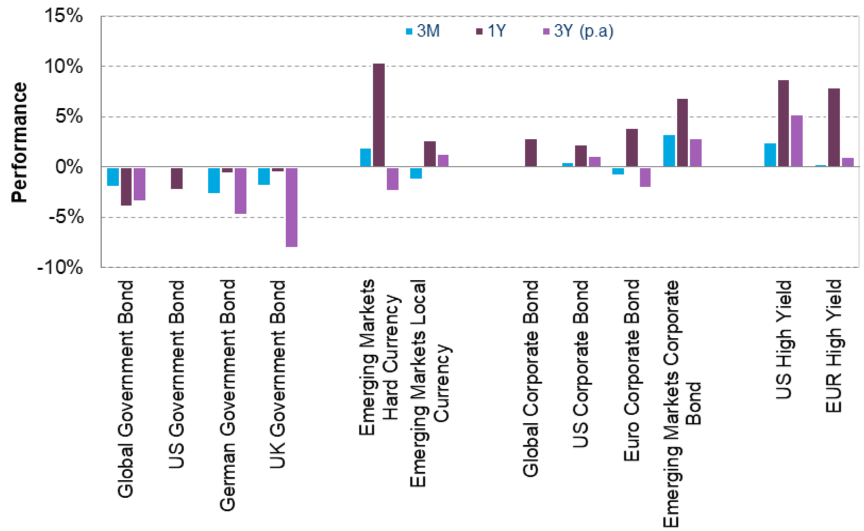
The second quarter of 2023 saw renewed pressure on interest rate sensitive markets as inflation numbers across the developed world came in higher than expected. Central banks responded to the risk of more entrenched inflation by increasing interest rates, with the Federal Reserve raising rates by 25bps in Q2, the ECB hiking rates by 50bps over the quarter and the Bank of England increasing its base rate by 75bps during the second quarter. As a result, government bond yields in developed markets increased as investors anticipated stronger monetary policy as a response. This rise in yields saw the DM indices post negative returns for the quarter. Credit spreads tightened across the board as investors took a more "risk on" stance and credit indices showed positive performance across the credit quality spectrum.

Hard Currency emerging market debt returned +2.2% in USD terms in Q2 2023, mainly driven by credit spread compression. 62 out of 70 countries in the JP Morgan EMBI Global Diversified index posted positive returns over the quarter.

After a good start to the quarter in July, the following two months, and especially September were volatile for fixed income investors as expectations of sustained higher interest rates weighed on bond markets. In this context, credit-oriented strategies outperformed the more interest sensitive asset classes, as government yields rose further, and credit spreads kept remarkably broadly unchanged. In the US, the Fed lifted interest rates by 25bps at its July policy meeting, but took a pause at the September meeting, in line with expectations. Yet the Fed turned rather hawkish and indicated the possibility of further rate hikes, and sentiment shifted towards "higher for longer" narrative due to reducing, yet still somewhat persistent inflation numbers and strong economic data.

Despite rates volatility, spreads behaved and ended the quarter broadly unchanged. Ultimately, all rating buckets retreated, but lower-rated securities and typically less rate sensitive BBBs outperformed delivering -2.3%. Yields for the asset class have climbed above 6% with an increase of 55bps for the quarter. High yield bonds outperformed significantly when compared to their higher quality counterparts due to the shorter duration of the asset class.

Hard Currency emerging market debt was down over the quarter, offsetting Q2 gains. The rise in US core rates weighed on hard currency asset classes. Only 26 countries out of 70 posted positive returns with top performers being smaller frontier countries such as Venezuela (+29.6%), Lebanon (+24.9%), El Salvador (+23.0%) and Ukraine (+21.1%).



Source: bfinance

Indices Used

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

Investments (continued)

The final quarter of 2023 saw strong returns across a broad range of fixed income markets, as inflation data across the developed world showed signs of falling, leading markets to believe central banks could move from hiking rates to reducing them in 2024. Credit spreads ended the quarter at 88bps, tighter by 19bps as economic growth continued to be robust. This narrowing was seen across the quality spectrum with AA spreads and BBB spreads tightening by 9bps and 24bps respectively.

Hard Currency emerging market debt returned 9.2% in USD terms in Q4 2023, mainly driven by the decline in underlying US treasury yields. This strong quarter pushed full year returns to 11.1%. Spreads narrowed by 47bps, ending the quarter at 383bps for a yield-to worst of 7.84%. In the quarter, 64 out of 69 countries in the JP Morgan EMBI Global Diversified index posted positive returns. Frontier markets were the main beneficiaries of a more risk on environment. Spreads on EM corporate debt narrowed slightly compared to the end of Q3 and higher yield issuers slightly underperformed Investment grade names. Finally, local currency emerging market debt delivered a positive return of +8.1% (in USD terms) in Q4 2023, driven by a rally in both EM FX & local rates. Local yields fell across a broad range of EM countries as markets priced in further rate cuts as inflation numbers moderated. The dollar was also weaker relative to most EM currencies, with several Eastern European currencies in particular posting strong returns.

Despite dovish signs from the FOMC and Federal Reserve at the back end of 2023, there still appears to be no sign of a rate cut in sight, particularly as the US recently recorded a slight uptick in inflation. The first quarter of 2024 saw fixed income markets become more concerned about the ‘potential for stickier inflation’, particularly in the US as CPI made a surprising move to the upside with a figure of +3.5% year-on-year (YoY) in March, whilst European CPI was slightly cooler at +2.9% YoY and UK CPI registered a +3.4% YoY increase. Markets walked back their hopes of central bank rate cuts and most major central banks kept their policy levels unchanged. At the same time, continued robust economic growth numbers left markets happier to reward credit risk. As a result, government bond yields in developed markets increased and credit spreads tightened further as economic growth numbers continued to be robust.

Hard Currency emerging market debt returned +2.0% in Q1 2024, driven by a narrowing in sovereign credit spreads, which helped offset the rise in underlying treasury yields. Local currency emerging market debt delivered a negative return of -2.1% (in USD terms) in Q1 2024, driven by a rally the US dollar as markets priced out interest rate cuts making the dollar appreciate against most currencies.

Fund Activity

Valuation and Strategic Asset Allocation review

Even with the committee having taken some steps to reduce risk in the portfolio and introduce more diversification and focus on income, fund assets finished the year in excess of £4.8 billion, an increase of c.£526m in the past 12 months. With the fund’s liabilities remaining relatively stable over the same time period we are in the enviable position of being extremely well funded, securing the position the fund is in to meet its existing and future pension payments. Confidence in the fundamental funding position remains empowering when it comes to taking decisions regarding the fund’s social and environmental impact, decisions that I have said before could be more complicated should the requirement for financial growth be substantially more urgent.

Responsible Investment

In line with plans made following the adoption of a new Responsible Investment Policy in 2021, along with a revised Investment Strategy Statement and net zero investment commitments the fund has made substantial changes this year with a shift to low carbon passive equity investments. The fund’s consultants are providing regular reporting on the portfolio’s carbon footprint and the committee is monitoring progress closely to ensure we continue to move along our net zero pathway.

Similar scrutiny is being applied to the stewardship of our assets with robust reporting on voting activity at companies we invest in and Environmental, Social and Governance investment concerns form a substantial part of investment decision making for the fund.

I’m confident the work of officers and committee members in this regard is delivering an investment programme to be proud of. One that is delivering the returns needed to safeguard members’ pensions while also ensuring that we leave the world a better place for future generations.

Investments (continued)

<u>Fund Performance</u>

The fund continues to perform well, seeing a further increase in its funding ratio in the past year as the value of the liabilities remained stable while asset values climbed strongly (up c.£575m or c.14%).

For the past 12 months our equity investments are in aggregate up 20.8% slightly behind the passive benchmark return of 21.7%. Fixed income investments are also up, if more modestly at 3.7% vs benchmark 4%. The alternatives portfolio demonstrated significant diversification but ultimately returned just 1.6% vs the long term benchmark of 8%.

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

These alternative investments, particularly those focused on infrastructure, are designed to enhance portfolio diversification – providing a return stream meaningfully different to that provided by the equity investments and also have potentially useful inflation proofing characteristics. These investments take time to build up, committing to managers who then go out and source appropriate assets over an investment period that can run to several years.

The ACCESS Pool has begun delivering on ambitions to provide highly cost effective and efficient alternatives investment solutions, with new Real Estate investment options likely to be implemented shortly and several other asset areas of interest to the fund nearing launch.

<u>Outlook</u>

The past year has again been all about inflation and it will continue to be a substantial theme for the year ahead. While inflation shows some signs of reducing, interest rates remain elevated, and many expect them to stay “higher for longer”.

Political uncertainty, (in particular relating to US elections due this year but also a General Election due in the UK), continued war in Ukraine and more recent conflict in the Middle East make predictions on asset class investment performance incredibly difficult. We will rely on the diversified nature of the fund’s investment portfolio and react to major events in a considered and thoughtful manner as they occur.

Progress against our responsible investment and environmental impact commitments is much more within the committee’s control. As data quality continues to get better and better we are increasingly well equipped to understand the nuances of the impacts our investments are having and we can look to shape these to meet our objectives.

The ACCESS Pool private markets propositions are starting to become a reality and I can envision some fantastic opportunities to gain exposure to highly beneficial alternative asset classes in a more efficient and effective manner this year.

With the fund in a healthy funding position we are in a good place, with strong governance and a resilient portfolio, to continue to face the future with confidence.

Sam Gervaise-Jones, CFA

May 2024

Actuarial Information

Cambridgeshire Pension Fund ("the Fund") Actuarial Statement for 2023-24

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

Description of Funding Policy

The funding policy is set out in the Administering Authority's Funding Strategy Statement (FSS), dated March 2023. In summary, the key funding principles are as follows:

- 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 meet the regulatory requirement for long-term cost efficiency (where efficiency in this context means to minimise cash contributions from employers in the long term)
- 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
- manage the fund in line with the stated ESG policies.

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable. For employers whose covenant was considered by the Administering Authority to be sufficiently strong, contributions have been stabilised to have a sufficiently high likelihood of achieving the funding target over 20 years. Asset-liability modelling has been carried out which demonstrate that if these contribution rates are paid and future contribution changes are constrained as set out in the FSS, there is at least a 70% likelihood that the Fund will achieve the funding target over 20 years.

Funding Position as at the last formal funding valuation

The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was as at 31 March 2022. This valuation revealed that the Fund's assets, which at 31 March 2022 were valued at £4,305 million, were sufficient to meet 125% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting surplus at the 2022 valuation was £860 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving their funding target within a time horizon and likelihood measure as per the FSS. Individual employers' contributions for the period 1 April 2023 to 31 March 2026 were set in accordance with the Fund's funding policy as set out in its FSS.

Principal Actuarial Assumptions and Method used to value the liabilities

Full details of the methods and assumptions used are described in the 2022 valuation report.

Method

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

Actuarial Information (continued)

Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

The key financial assumptions adopted for the 2022 valuation were as follows:

Financial Assumptions	31 March 2022
Discount Rate	4.9%
Salary increase assumption	3.2%
Benefit increase assumption(CPI)	2.7%

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of 1.50% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	22.0 years	24.6 years
Future Pensioners*	22.8 years	26.1 years

*Aged 45 at the 2022 Valuation.

Copies of the 2022 valuation report and Funding Strategy Statement are available on request from the Administering Authority to the Fund to the Fund and on the Fund’s website.

Experience over the period since 31 March 2022

Markets were disrupted by the ongoing war in Ukraine and inflationary pressures in 2022 and 2023, impacting on investment returns achieved by the Fund’s assets. High levels of inflation in the UK (compared to recent experience), have resulted in higher than expected LGPS benefit increases of 10.1% in April 2023 and 6.7% in April 2024. However, asset performance has improved towards the end of 2023 and into 2024 and inflation has begun to return towards historical levels and the Bank of England’s target (2% pa). There has been a significant shift in the wider economic environment since 2022, resulting in generally higher expected future investment returns and a reduction in the value placed on the Fund’s liabilities. Overall, the funding position is likely to be stronger than at the previous formal valuation at 31 March 2022.

The next actuarial valuation will be carried out as at 31 March 2025. The Funding Strategy Statement will also be reviewed at that time.

Adrian Loughlin FFA

10 May 2024

For and on behalf of Hymans Robertson

Actuarial Information (continued)

Extract from the Actuarial Valuation Report

Executive Summary

We have carried out an actuarial valuation of the Cambridgeshire Pension Fund ("the Fund") as at 31 March 2022. The results are presented in this report and are briefly summarized below.

Funding Position

The table below summarises the financial position of the Fund at 31 March 2022 in respect of benefits earned by members up to this date (along with a comparison at the last formal valuation at 31 March 2019).

Valuation Date	31 March 2019 (£m)	31 March 2022 (£m)
Past Service Liabilities	3,204	3,445
Market Value of Assets	3,193	4,305
Surplus/(Deficit)	-11	860
Funding Level	100%	125%

The most significant external event to occur since the last valuation has been the Covid-19 pandemic. The impact on the funding position has been small, likely due to the age profile of the excess deaths and the level of pension.

Other significant factors occurring which affect the funding strategy of the Fund have been the better than expected investment returns. This has had a material positive impact on the funding position and employers' secondary contribution rates.

Contribution Rates

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

Primary Rate (% of pay)	Secondary Rate (£)		
1 April 23 – 31 March 26	2023-24	2024-25	2025-26
18.4%	£16,449,000	£14,485,000	£13,144,000

The Primary rate also 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.

The minimum contributions to be paid by each employer from 1 April 2023 to 31 March 2026 are shown in the Rates and Adjustment Certificate.

Douglas Green FFA　　Robert Mclnroy FFA

31 March 2023
For and on behalf of Hymans Robertson LLP

The full valuation report is available on the Funds website 2022 Valuation Report

Audit Opinion

Audit Opinion (continued)

Audit Opinion (continued)

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 £000		Notes	31-Mar-24 £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**

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 (subject to audit), 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 that it is sufficiently liquid to conclude that it is a going concern, since the value of pension fund assets that can be liquidated at short notice if needed is £3.4 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 £000		31-Mar-24 £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 £000		31-Mar-24 £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 £000		31-Mar-24 £000
18,402	Individual transfers	23,390
18,402		**23,390**

9. BENEFITS PAYABLE

By category:

31-Mar-23 £000		31-Mar-24 £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 £000		31-Mar-24 £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 £000		31-Mar-24 £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 £000		31-Mar-24 £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

2023/24	Management fees £000	Performance related fees £000	Transaction costs £000	Other costs £000	Total £000
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**

2022/23	Management fees £000	Performance related fees £000	Transaction costs £000	Other costs £000	Total £000
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 £000		31-Mar-24 £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 £000		31-Mar-24 £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)

14(b) INVESTMENTS ANALYSED BY FUND MANAGER

Market value 31-Mar-23 £000	% of net investment assets		Market value 31-Mar-24 £000	% of net investment assets
Investments managed under Pool Governance:				
1,687,761	40.0	Waystone Management Limitied	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 Liabilites		**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	0
197,030	0	0	Bonds	0	0	0
2,854,045	0	0	Pooled investments	3,030,883	0	0
267,510	0	0	Pooled property investments	380,587	0	0
879,370	0	0	Private equity/Infrastructure	942,397	0	0
4,141	0	0	Derivative contracts	27	0	0
0	25,360	0	Cash	0	74,544	0
0	415	0	Other investment balances	0	4,824	0
0	12,375	0	Debtors	0	13,707	0
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	0	Other investment balances	0	0	
0	0	-5,751	Creditors	0	0	-9,171
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 Asset Type	Value as at 31-Mar-24 £000	% (rounded) Change	Value on Increase £000	Value on Decrease £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 Asset Type	Value as at 31-Mar-23 £000	% (rounded) Change	Value on Increase £000	Value on Decrease £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 £000	Asset Type	31-Mar-24 £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 £000	Impact of 1% decrease £000	Impact of 1% increase £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 £000	Impact of 1% decrease £000	Impact of 1% increase £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	AAAm	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.

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 Male	Active and Deferred Members Female	Current Pensioners Male	Current Pensioners 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 Upmost 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. Consequently there is a strong relationship between the Council and the Fund. 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 administrating 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 results in the payment of an exit credit, with the current progresses.

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 16/04/202 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
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

DEFFERED 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 divided. 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.

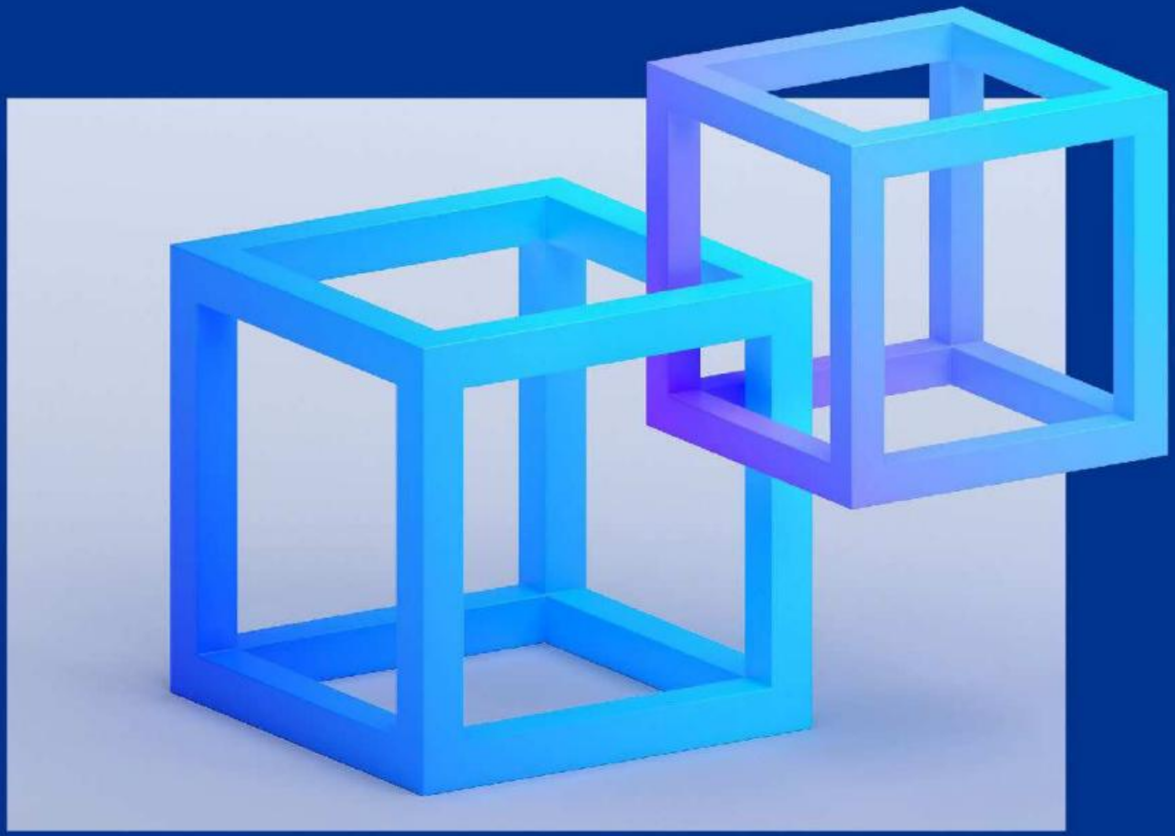
Appendix A

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	1/60th	1/49th
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	1/160th accrual based on Tier 1 ill health pension enhancement	1/160th accrual based on Tier 1 ill health pension enhancement
Ill Health Provision	Tier 1 – Immediate payment with service enhanced to Normal Pension Age (65) Tier 2 – Immediate payment with 25% service enhancement to Normal Pension Age (65) Tier 3 – Temporary payment of pension for up to 3 years	Tier 1 – Immediate payment with service enhanced to Normal Pension Age Tier 2 – Immediate payment with 25% service enhancement to Normal Pension Age Tier 3 – Temporary payment of pension for up to 3 years
Indexation of Pension in Payment	CPI (RPI for pre-2011 increases)	CPI
Vesting Period	3 months	2 years

KPMG

Cambridgeshire Pension Fund



Draft Year End report to the Audit and Accounts Committee

Draft Year end report for the year ended 31 March 2024

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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**

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
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 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.

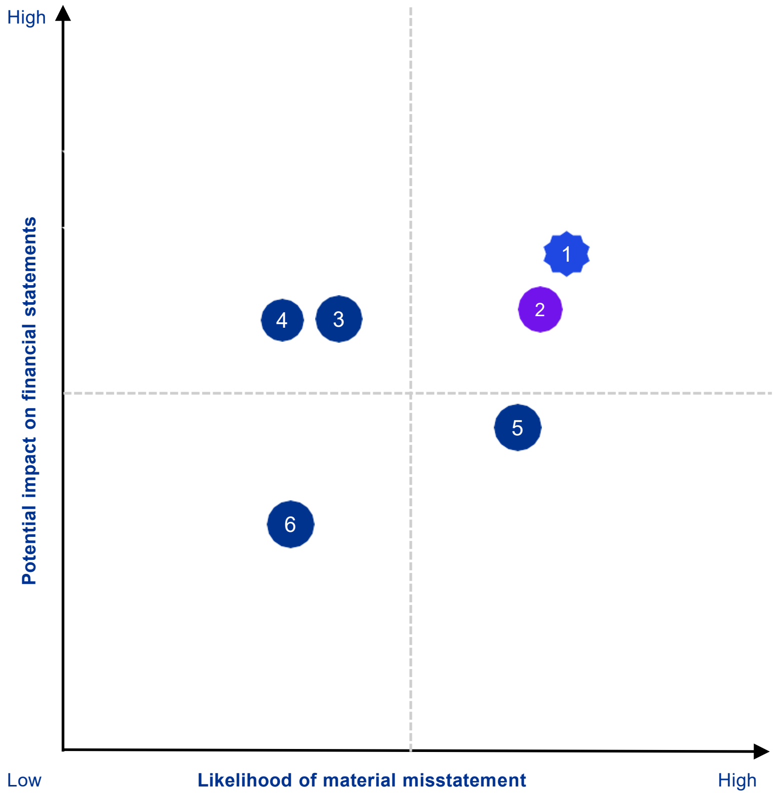
In the Audit Plan we stated, that due to the levels of economic uncertainty there is an increased likelihood of significant risks emerging throughout the audit cycle that are not identified (or in existence) at the time we planned our audit. We further stated that we would amend our audit approach accordingly 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

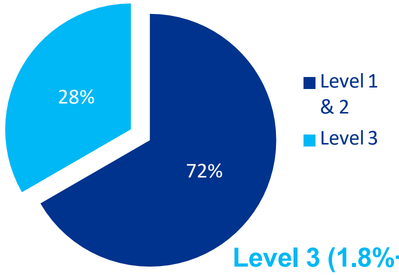
Our approach in relation to valuation for different types of investments is as follows:

- **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



Level 3 (1.8%+26.2%)

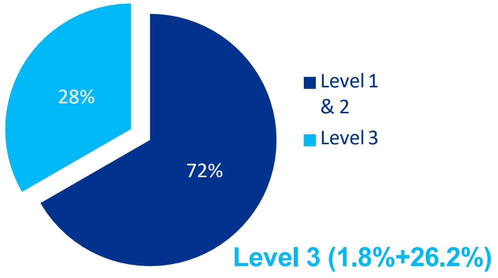
Type of security	Market value 2024 (£m)	Percentage of portfolio 2024 (%)	Market value 2023 (£m)	Percentage of portfolio 2023 %
Inputs are unobservable (i.e. market data is unavailable)				
Cambridge and Counties Bank (CCB)	84	1.8%	69	1.7%
Total	84	1.8%	69	1.7%

Our findings

Type of security	Our findings	Assessment of accounting estimate
Cambridge and Counties Bank	• 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 at 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

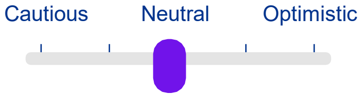
Audit risks and our audit approach

Level 3 Investments



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%

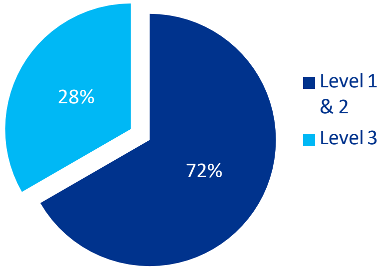
Our findings

Type of security	Our findings	Assessment of accounting Estimate
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.	

Key:
Current year

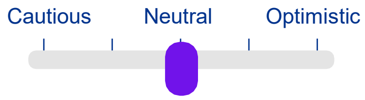
Audit risks and our audit approach

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	• 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.	

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.

Our Findings

There are no matters arising from our work in this area.

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 provides any further updates verbally in the meeting.

Appendices

Contents

Required communications

Type	Response
Our draft management representation letter	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	There were adjusted audit differences with an impact on net assets of £26.8 million.
Unadjusted audit differences	There are no unadjusted audit differences.
Related parties	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	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	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	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	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	We have not identified any such matters.

Type	Response
Significant difficulties	No significant difficulties were encountered during the audit.
Modifications to auditor's report	We do not anticipate to issue a modified opinion for Cambridgeshire Pension Fund
Disagreements with management or scope limitations	The engagement team had no disagreements with management and no scope limitations were imposed by management during the audit.
Other information	Our review of the other information in the annual report, Strategic and Directors' reports is on-going.
Breaches of independence	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	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	No such matters have arisen during the audit.
Certify the audit as complete	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 remining £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 valuation statements (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 valuation statements 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					
❶	**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.	❷	**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.	❸	**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	❷	**Review of Cambridge and Counties Bank valuation** 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. 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.	We will work with auditor to better understand the control weakness here and look to increase assurance over what already exists.

Control Deficiencies (Cont'd)

#	Risk	Issue, Impact and Recommendation	Management Response / Officer / Due Date
2	2	**Authorising and approving transactions with related parties.** 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. 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.	We will work with auditor to better understand the control weakness here and look to increase assurance over what already exists.

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

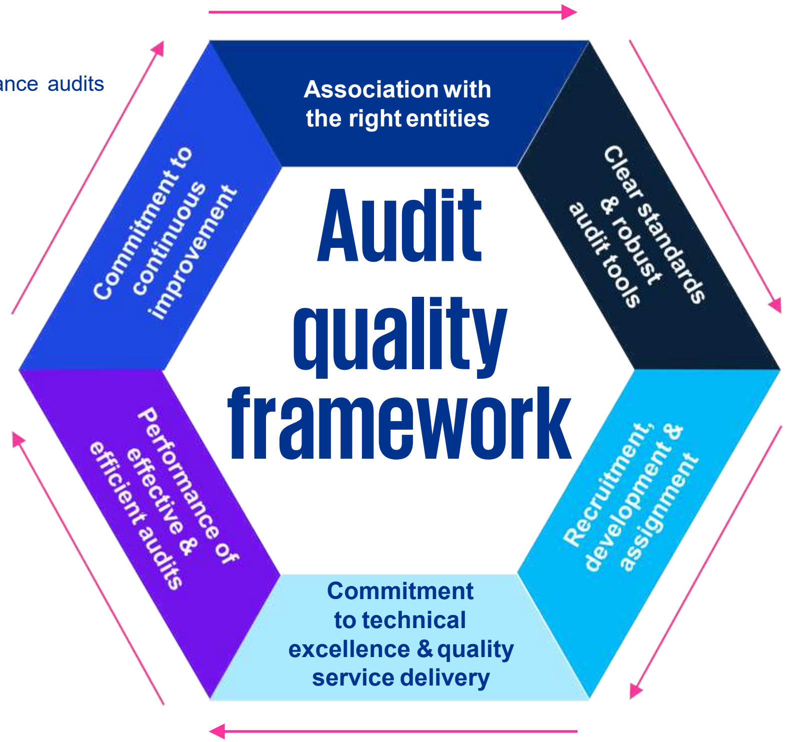
- Comprehensive effective monitoring processes
- Significant investment in technology to achieve consistency and enhance audits
- Obtain feedback from key stakeholders
- Evaluate and appropriately respond to feedback and findings

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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Executive Director's Assurance Report: Adults Health and Commissioning

To:	Audit & Accounts Committee
Meeting Date:	30 January 2025
From:	Executive Director Adults, Health and Commissioning
Electoral division(s):	All
Key decision:	No
Forward Plan ref:	Not Applicable

Executive Summary:

The purpose of this report is for the Executive Director for Adults, Health and Commissioning to provide assurance to the Audit & Accounts Committee that a sound system of internal control is in place and operating effectively for their areas of responsibility. This will support the delivery of the key functions of the Audit & Accounts Committee, in line with the Committee's Terms of Reference.

Recommendation:

The Committee is asked to:

a) scrutinise the contents of the paper, noting the contents and providing a view that there are internal controls in place within the Directorate.

b) note the actions and approach being taken to provide adequate internal controls, to reduce risks to the council, and support the delivery of key functions.

Officer contact:

Name: Sarah Bye
Post: Head of Performance and Strategic Development
Email: sarah.bye@cambridgeshire.gov.uk

1.0 Creating a greener, fairer and more caring Cambridgeshire

1.1 The purpose of this report is for the Executive Director Adults, Health and Commissioning Directorate to provide assurance to the Audit & Accounts Committee that a sound system of internal control is in place and operating effectively for their areas of responsibility. The report will also update the Committee on the implementation of planned actions to further strengthen arrangements for governance, risk and control, and the outcomes of whistleblowing referrals in the Directorate.

1.2 This will support the Audit & Accounts Committee to deliver the following key functions within the Committee's Terms of Reference:

- Monitor the effectiveness of the system of internal control, including arrangements for internal audit, external audit, financial management, ensuring value for money, risk management, governance, assurance statements, supporting standards and ethics, and managing the authority's exposure to the risks of fraud and corruption.

- Provide independent assurance of the adequacy of the risk management framework and the associated control environment.

- Review compliance with the relevant standards, codes of practice and corporate governance policies.

1.3 As such, this will support the delivery of all seven of the Council's ambitions as set out within its Strategic Framework.

2.0 Background

2.1 The Council is required to include an Annual Governance Statement (AGS) as part of the Annual Statement of Accounts. The AGS is an important statutory requirement which enhances public reporting of governance matters. It should therefore be honest and open, favouring disclosure.

2.2 A key element of developing the AGS is the preparation of self-assurance statements by all directors, as a formal assurance from those managers who have responsibility for the development, implementation and maintenance of the governance environment.

2.3 These assurance statements require Executive Directors to:

- Confirm that they have obtained assurance from their service directors on the key elements of risk and control systems for which they are responsible.

- Confirm that all significant internal control matters brought to their attention have been or are being properly dealt with.

- Confirm that that risks have been identified and internal controls for which they are responsible have been sufficiently addressed in order to provide reasonable assurance of effective financial and operational control, compliance with the Code of Corporate Governance and with other laws and regulations; and confirm that to the best of their knowledge, these arrangements have been complied with in all material respects throughout the period.

- Identify any exceptions to the above and/or any significant governance issues[1] the Executive Director is aware of, and how these are being addressed.

3.0 Highlights from the Annual Governance Statement

3.1 An action plan has been developed in line with the Annual Governance Statement taking into account the outcomes from the annual review of corporate governance and any actions or issues identified in the development of the AGS.

The Adults Health and Commissioning Directorate support the delivery of actions identified in the AGS Action Plan. Outlined below are the two specific actions for the Directorate which have been progressed.

- **Implementation of the Complaints Action Plan in Adults, Health and Commissioning**
  The annual adult social care customer care report brings together the information on complaints, representations, MP enquiries and compliments received by the council in respect of adult social care services. This allows learning from complaints across all service areas to be identified and actions agreed to make improvements in services. As a result of the learning identified from feedback, we have implemented a number of service improvements which include system and process improvements, revisions of documentation to ensure clarity of information and staff training.

- **Formal review and update of the Adult Social Care Complaints Policy**
  This action is complete but further recent guidance has recently been published by the Local Government and Social Care Ombudsman (LGSCO) to support best practice for handling complaints within Adult Social Care and our policy will be updated to ensure any additional areas of good practice are taken into account. In addition, the internal audit team will be undertaking a review of the application of the Adult Social Care Complaints Policy as a part of the planned audit cycle. Any findings from this audit will be implemented as part of the on-going review process.

The Adults, Health and Commissioning Directorate have supported the delivery of other actions contained within the AGS Action Plan which have included implementing new processes and training for appropriate officers in relation to political awareness and procurement and contract management.

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[1] N.B. Significant governance issues are defined as those which:

- Seriously prejudice or prevent achievement of a principal objective of the authority;
- Have resulted in the need to seek additional funding to allow it to be resolved, or has resulted in significant diversion of resources from another aspect of the business;
- Have led to a material impact on the accounts;
- The Audit Committee advises should be considered significant for this purpose;
- The Head of Internal Audit reports on as significant in the annual opinion on the internal control environment;
- Have attracted significant public interest or have seriously damaged the reputation of the organisation;
- Have resulted in formal action being undertaken by the Chief Financial Officer and / or the Monitoring Officer

4.0 Overall Control Environment

4.1 A number of key developments within the control environment for the Adults, Health and Commissioning Directorate have been implemented in the last 12 months. This has included:

- Establishing a Directorate level Change Board to oversee key projects and programmes which are delivering improved outcomes for the people we support. The Board operates in line with the Council's Change Strategy and governance structures for overseeing change across the organisation.

- Implementing the Council's Performance Framework which was approved at the Strategy, Resources and Performance Committee in October 2024. This includes the review and development of a range of performance indicators which will be used to manage the overall performance of the directorate and provide opportunity for scrutiny.

4.2 To provide further assurance about the directorate's processes the Executive Director for Adults Health and Commissioning requested that internal audit conduct a review of the governance and planning processes carried out as part of the development of 2024/25 business planning proposals within the directorate. The findings of the audit report were that Adequacy of System had 'limited' assurance and compliance had 'limited' assurance, whilst the organisational impact was 'Minor'. The key reasons were:

- At the time of audit, there was no clearly defined and documented overarching governance structure in place to provide oversight and assurance across the entire range of Adult, Health and Commissioning business planning proposals. However, it was noted that these arrangements were under development at the time, including oversight and accountability mechanisms for savings and transformation programmes.
- There was a lack of consistency in the level of detail regarding benefits realisations, delivery plans and risk assessments associated with business planning proposals.
- The implementation and communication of a clear corporate project management framework and change board system across the organisation would provide further guidance and support for the implementation of proposals.

4.3 The audit report made a set of six recommendations. Three of these are risk rated as high and the remaining three as medium. Five of these recommendations have been completed with work continuing to complete the remaining recommendation. The completed actions are outlined below. The outstanding actions are covered in section 5.3 of this report.

	Recommendation	RAG	Completed Actions
1A	Establish a comprehensive governance structure	High	Central Adults, Health and Commissioning directorate change board established and meets monthly to oversee implementation of all proposals.

			Organisational requirements for the oversight of directorate change programmes are in place Project and programme boards and delivery governance and reporting lines established. Power BI reporting dashboard has been developed providing overview of all projects. Red RAG projects reported monthly to corporate change board. Risk management process established.
2A	Learning Disability Deep Dive: Develop comprehensive and well-defined project proposals	High	Proposal documents have been enhanced to ensure clear scope, objectives and action plans are in place. Finance verified savings methodology and tracking mechanisms in place. Programme board is aligned with central Adults Health and Commissioning Change Board, with reporting and governance oversight established.
2B	Learning Disability Deep Dive: Develop and embed risk identification, register, mitigation strategies and sufficient details in highlight reports.	Medium	Risk register and savings tracker in place for all projects. This includes inclusion of more robust risk mitigation plans. Consistent highlight reporting implemented, reporting up to directorate change board.
3A	All Age Locality Review: Develop detailed proposals, investment plans, alignment with existing governance and monitoring mechanisms.	High	Consultancy support has been commissioned and work is underway with detailed milestone plan in place. The outcomes of this will inform future opportunities and plans. Clear governance for the project has been established, ensuring robust oversight and accountability.
3B	All Age Locality Review: Implement robust risk identification and managements processes and clear project plans.	Medium	A comprehensive risk register has been implemented. Project oversight board has been established Regular reports are feeding into the directorate change board and associated governance.

4.4 The findings and implementation of recommended actions has had a positive impact on the process for the 2025/26 business planning cycle, as the Adults, Health and Commissioning Directorate have embedded the learning and developed more robust processes to support delivery, risk management and governance

4.5 Following the inclusion of Public Health within the directorate, from May 2024, the risk register for the Adults, Health and Commissioning Directorate has been reviewed to ensure that all risks from both a public health and adult social care perspective have been identified.

4.6 There are currently 12 risks on the Directorate Risk Register with two risks reaching the threshold for inclusion on the Corporate Risk Register. The Directorate Risk Register is reviewed on a regular basis by the Adults, Health and Commissioning

Leadership Team, the Corporate Risk and Assurance Group and is presented on a six-monthly basis to Adults and Health Committee.

4.7 The following risk is included on the Corporate Risk Register outlining the risk factors where there are reputational and legal impacts if the Council's arrangements for Safeguarding Adults with Care and Support needs fail. Current mitigations for this risk include:

- Adult Social Care Assurance - The organisation engages in the ongoing process of revising its practices and procedures to align with emerging local and national trends. This includes learning from local and national reviews such as Serious Case Reviews to continuously improve safeguarding measures

- Skilled ASC Workforce - To ensure high quality safeguarding, staff receive comprehensive training, ongoing professional development opportunities, and regular supervisions that reinforce safeguarding procedures and best practices, enabling them to maintain professional registration.

- Multi Agency Safeguarding - Multi-agency Safeguarding Boards and Executive Boards provides multi agency focus on safeguarding priorities and provides systematic review of safeguarding activity.

- Internal Quality Assurance - Robust process of internal Quality Assurance (QA framework) including case auditing and monitoring of performance.

- Commissioned Services - Regular monitoring of social care providers and information sharing meetings with other local organisations, including the Care Quality Commission and ICB are in place.

- Coordinated work with system partners and agencies - Coordinated work between multi-agency partners for both Adults and Children's. Police, County Council, and other agencies to identify child sexual exploitation, including supporting children and young people transitions to adulthood, with the oversight of the Safeguarding Boards.

- Information Sharing with regulatory bodies. Continue to work with the CQC to share information.

- Manage demand - Managing increasing demand and acuity to ensure adults receive right support at the right time. Regular DMT's to discuss and escalate issues.

4.7 There are current actions underway to mitigate the corporate risk that arrangements to support people with Learning Disabilities result in poor outcomes due to uncertainty of decoupling of funding arrangements via section 75 agreement. Current mitigations of this risk include:

- Focussed action to manage the ending of the Section 75 Arrangements and management agreement including review of service delivery and financial arrangements.

- Using external resources to manage the review of cases prior to the ending of the current arrangements.

- Specific resources in place to support the delivery of the programme.

- On-going relationship building with health colleagues.

- Working closely with providers and maintaining regular communications with people who use services and their families/carers, to provide assurance on continuity of care.

5.0 Outstanding Audit Actions

5.1 As at December 2024 the Adults Health and Commissioning Directorate had outstanding audit actions relating to audits carried out in the following areas:

- Adults Business Planning Review
- Case 143 – Direct Payment

5.2 The current outstanding audit actions are contained in Appendix 3 of this report. Work to complete all outstanding audit actions is underway with notable progress against all recommendations.

5.3 In relation to the Adults Business Planning Review the remaining actions are:

	Recommendation	**RAG**	**Update**
1a and 1b	Improved planning/refinement of implementation plans, savings and costs and procurement processes prior to execution	Medium	Corporate business planning process has been refined for 2025/26 to ensure more robust proposal development and testing, including finance testing. Further work linked to 25/26 business planning process includes the development of benefits realisation framework and stakeholder engagement plans. For any initiatives involving consultancy support, we are progressing procurement plans and have clear timelines in place. Review of resourcing to support the co-ordination of the central portfolio overview for adults, health and commissioning underway.

5.4 The remaining outstanding actions in relation to both the Business Planning Review and Direct Payments case are all on track for delivery in Quarter 4 of 2024/25 in line with the agreed timescales.

5.5 It is anticipated that all current outstanding actions will be closed by the end of March 2025.

6.0 Whistleblowing, Complaints & Inspections

6.1 During 2023/24 the Local Government and Social Care Ombudsman (LGSCO) and Joint Working Team, which considers complaints relating to both health and social care issues, considered a total of 13 complaints that had been responded to by the council relating to adult social care. This is 1 more complaint than the previous reporting year (2022 – 2023) where 12 were considered by LGSCO for adult social care.

This equates to 5% (13 / 269) of our total complaint cases received by the Council in relation to Adult Social Care in period. The outcomes of the 13 cases investigated by the LGSCO this reporting year are:

- 6 not investigated
- 3 not upheld
- 4 partially upheld

Full details of these cases are published on the LGSCO's website and can be found in the Adult Social Care Customer Care Annual Report 2023/24 which will be presented in full to the Adults and Health Committee in March 2025.

6.2 The LGSCO set 'recommendations' to stipulate what the council can do to improve their service or to remedy any fault found. The LGSCO were satisfied we had successfully implemented their recommendations in all of their cases.

6.3 There have been no whistle blowing disclosures received directly within the Directorate. The process of whistle blowing is reinforced through essential training requirements for all staff to ensure they are aware of and understand the Whistleblowing policy and promotion of the channels people can use to raise concerns. This includes both within the Directorate and wider Council channels. Concerns received via the Audit and Risk Management team are reported to this committee separately and the Directorate will also be reviewing their processes to ensure staff are aware of the policy requirements and all incidents are logged in line with the policy.

6.4 On the 11th of November the Executive Director of Adults, Health and Commissioning was notified of an inspection of the Council's Adult Social Care provision by the Care Quality Commission (CQC). The CQC assurance framework outlines the process that all Local Authorities will undertake. The first part of the assurance process involved the submission of a self-assessment document and evidence to support the areas requested by CQC as part of the information return. This was submitted to CQC on the 6th of December 2024.

6.4 CQC will undertake an on-site visit within the next 6 months. We will receive 6-8 weeks' notice of the on-site visit and the directorate is working with staff and partners to prepare for this.

6.5 CQC will produce a written report on their assessment on assurance of the council undertaking adult social care across Cambridgeshire, the report will include a single word 'score'; Inadequate, Requires Improvement, Good or Outstanding.

7.0 Appendices

7.1 The following appendices are attached to this report:

- APPENDIX 1 – Executive Director Adults Health and Commissioning Annual Assurance Statement 2024

- APPENDIX 2 – Executive Director Adults Health and Commissioning Actions within the Annual Governance Statement Action Plan

- APPENDIX 3 - Audit Actions Overdue in Adults Health and Commissioning as at December 2024

8.0 Accessibility

8.1 An accessible version of the information contained within this report and appendices is available on request from the report author.

To: Chair of the Strategy and Resources Committee
From: Patrick Warren-Higgs
Ref: Annual Governance Statement - 2023/24
Date: 18/04/22
cc:

EXECUTIVE DIRECTOR ASSURANCE STATEMENT

The Council's Code of Corporate Governance illustrates how the Council is governed as a corporate body. On an annual basis the Council is required to prepare an Annual Governance Statement, which reports the extent to which the Council has complied with the Code of Corporate Governance for the financial year in question, as part of its Annual Financial Statement.

The Executive Director Assurance Statement is a key element of evidence to illustrate the degree of compliance with the Code of Governance.

ASSURANCE STATEMENT

I confirm the following points to the Chair of the Strategy and Resources Committee:

- I understand the requirements of my job as set out in my contract of employment and my job description.

- I have made a Declaration of Private Interests as required by the Code of Conduct for any paid or unpaid private work or consultancy, or any potential conflict of interests relating to my work at the Council.

- I am aware of the principal statutory obligations and key priorities of the Council which impact on the services for which I am responsible and have actively communicated these to staff within my Directorate. I have made an assessment of the significant risks to the successful discharge of the Council's key outcomes and my service outcomes and have identified the appropriate controls to cost effectively mitigate these risks.

- I acknowledge that one of my managerial tasks is to develop, maintain and operate effective control systems to manage risk in all areas for which I have responsibility.

I confirm that I understand what this involves and that I have the necessary authority to establish and operate such controls effectively.

I have obtained assurance from my service directors on the key elements of risk and control systems for which I am responsible, and I am satisfied that they:

- have met their responsibilities to identify and manage areas of high risk.
- have ensured control systems are operating effectively having taken action to address control weaknesses.
- are empowered to operate such control procedures.
- are aware of their responsibility to report upwards any unresolved matters of concern about the management of risk and to deal with any risk matters reported to them in an expeditious manner.
- have made Declarations of Private Interests as required by the Code of Conduct for any paid or unpaid private work or consultancy, or any potential conflict of interests relating to their work at the Council.
- are familiar with the Council's policy on whistleblowing which enables them to bypass intermediate levels of management without fear of victimisation, and
- have up to date business continuity plans in place for all the services they are responsible for.

I confirm that all significant internal control matters brought to my attention by staff, Internal Audit and Risk Management, External Audit or external regulators have been or are being properly dealt with.

Throughout the financial year 2023/24 I consider that the risks and internal controls for which I am responsible have been sufficiently addressed in order to provide reasonable assurance of effective financial and operational control, compliance with the Code of Corporate Governance and with other laws and regulations. To the best of my knowledge, these arrangements have been complied with in all material respects throughout the period.

I am not aware of any significant weaknesses in internal control or non-compliance with Council policies or procedures, including any relating from any change in business practice in my area of responsibility, or other irregularities in accounting practice which should be brought to your attention.

I confirm that any future plans will be assessed for their risks and internal control implications and that sufficient control will be put in place before such plans are implemented.

Any exceptions to the above are set out below:

[*N/A*]

I detail below any significant governance issues[1] I am aware of, and the action being undertaken to address these:

[*N/A*]

In support of the annual assessment of the Council's compliance with its Code of Corporate Governance, I detail below any reflections and comments on the Council's current governance arrangements, against the seven characteristics of governance within the Centre for Governance & Scrutiny's [Governance Risk & Resilience Framework](#):

1. **Extent of recognition of individual and collective responsibility for good governance.**
2. **Awareness of political dynamics.**
3. **How the Council looks to the future to set its decision-making priorities.**
4. **Officer and Councillor roles.**
5. **How the Council's real situation compares to its sense of itself.**
6. **Quality of local (external) relationships.**
7. **The state of member oversight through scrutiny and audit committees.**

I also detail any actions which have been completed in 2023/4 or which are planned for 2024/5 to strengthen the Council's systems of governance against the seven characteristics noted above.

[*N/A*]

SIGNATURE: [redacted]
DATE: 18/04/24

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[1] N.B. Significant governance issues are defined as those which:

- Seriously prejudice or prevent achievement of a principal objective of the authority;
- Have resulted in the need to seek additional funding to allow it to be resolved, or has resulted in significant diversion of resources from another aspect of the business;
- Have led to a material impact on the accounts;
- The Audit Committee advises should be considered significant for this purpose;
- The Head of Internal Audit reports on as significant in the annual opinion on the internal control environment;
- Have attracted significant public interest or have seriously damaged the reputation of the organisation;
- Have resulted in formal action being undertaken by the Chief Financial Officer and / or the Monitoring Officer

Annual Governance Statement Action Plan

This Action Plan has been developed taking into consideration the outcomes from the annual review of corporate governance and development of the Annual Governance Statement; actions and issues identified by the Statutory Officer Group, issues arising from the Monitoring Officer report; governance issues raised by Internal Audit reviews; and third party feedback, inspections or complaints. The implementation of the actions outlined in this plan will be monitored through the Statutory Officers Group and reported to the Audit and Accounts Committee.

The actions are thematically grouped under the themes of the Centre for Governance and Scrutiny "Risk and Resilience Framework."

Action	Owner	Target	Status
i. Extent of recognition of individual and collective responsibility for good governance			
Implement a module within the Member Induction Programme to include training on decision making and Member/Officer Protocol.	Democratic Services Manager	1st June 2025	The draft Pre-Election and Members' Induction Programme has been considered by the Member Development Panel and CLT. This training will take place on 15 May "Good decision making"
To include in Manager Induction a module on decision making at Cambridgeshire County Council.	Service Director: Legal & Governance	31st March 2025	In progress.
To review process for completion of Annual Governance Statement to ensure that the process is directed and owned by those charged with governance.	Joint Administration/Statutory Officers Group	31st March 2025	In progress. Audit underway.
Embed new client-side management arrangements with Pathfinder Legal Services and implement action plan following audit review.	Service Director: Legal & Governance	31st March 2025	Actions identified in audit now complete – action plan on service improvement

			developed and implemented.
Ensure external auditors finalise their sign-off of outstanding accounts and value for money opinions.	Executive Director: Finance & Resources	31st March 2025	In progress
Implement Whistleblowing Action Plan following Protect benchmarking exercise.	Head of Internal Audit & Risk Management	31st March 2025	Annual report going to Committee 31/10

Fully implement system of Change Boards throughout the Council.	Executive Director: Strategy & Partnerships	31st March 2025	Complete
Complete a review of client-side governance in the Council's relationship with This Land Ltd.	Service Director: Legal & Governance	31st March 2025	Complete – reported to July A&A
ii. Awareness of political dynamics			
Deliver training to Extended Leadership Team on political dynamics and awareness.	Service Director: Legal & Governance	31st March 2025	Training delivered 5th Nov 24.
Deliver further training and communications to Extended Leadership Team as needed to embed understanding and awareness of key governance issues and developments.	Service Director: Legal & Governance	31st March 2025	ELT sessions planned for January 2025.
iii. How the council looks to the future to set its decision-making			
Work with the Corporate Leadership Team to enhance awareness and understanding of the political nature of strategic planning and decision-making, including a session focused on the Local Government Association guidance on setting up joint arrangements.	Service Director: Legal & Governance	31st March 2025	Complete
Delivery of Cambridgeshire's Local Productivity Plan outlining the Council's plans for transforming the way it designs and delivers services to make best use of resources and how it intends to take advantage of the use of data and technology to improve decision-making.	Statutory Officers Group	1st July 2024	Complete
iv. Officer and councillor roles			
Consider adoption of the Local Government Association Model Councillor Code of Conduct.	Service Director: Legal & Governance	31st March 2025	Complete
Delivery of procurement and contract management training to officers with responsibility for managing contracts.	Head of Procurement & Commercial	31st March 2025	In progress

Review the Constitution to develop a structure that is easier to read and understand.	Service Director: Legal & Governance	31st March 2025	In progress – new constitution drafted
v. How the council's real situation compares to its sense of itself			
Implement new Performance Management Framework.	Service Director, Policy Insight & Change	31st October 2024	Complete
Develop and implement an Action Plan to address the key recommendations from the March 2024 Ofsted Inspection of Local Authority Children's Services.	Executive Director, Children Education & Families	31st October 2024	Complete and submitted to Ofsted on Monday 19th August
Conduct a self-assessment of Cambridgeshire County Council against the 2024 statutory guidance on the Best Value Duty for local authorities in England.	Corporate Leadership Team	31st December 2024	Audit TOR developed and circulated. Work commenced on Audit.
vi. Quality of local (external) relationships			
External LGA healthcheck on the Council's approach to communications and consultation.	Executive Director: Strategy & Partnerships	30th September 2024	Complete
Development and publication of a new Consultation & Engagement Strategy.	Service Director Policy, Insight & Change	31st August 2024	Complete
Launch partnerships self-assessment tool.	Service Director Policy, Insight & Change	31st October 2024	Complete
Implementation of the Complaints Action Plan in Adults, Health & Commissioning.	Executive Director: Adults, Health & Commissioning	31st March 2025	Complete
Formal review and update of the Adults Social Care Complaints Policy.	Executive Director: Adults, Health & Commissioning	31st March 2025	Complete - TOR has been signed off

Cambridgeshire County Council

vii. The state of member oversight through scrutiny and audit			
Update the Terms of Reference for the Audit & Accounts Committee.	Head of Internal Audit & Risk Management	31st December 2024	Draft update of TOR shared with SAT Officers, will go to Committee 31/10
Continue to implement the new processes in relation to selection and scoping of Health scrutiny items for Adults and Health Committee.	Democratic Services Manager	31st March 2025	The Adults and Health Committee agreed on 14th December 2023 to produce a health scrutiny work plan for 2024/25 which reflected committee members' priorities, was assessed against agreed scrutiny objectives and which was sufficiently flexible to respond to emerging local or national events. Suggestions for potential topics were sought

			from committee members, senior officers, Healthwatch Cambridgeshire, the voluntary sector and the Integrated Care Board. A long-list of 24 topics was produced which was assessed and scored against criteria agreed by committee members. A work planning workshop was held on 13th March 2024 to which all committee members were invited, including the co-opted members representing the Council's city and district council partners. Members discussed the topics proposed and identified six priority topics for 2024/25. A

			formal scope has been shared with committee Spokes for each of the topics scrutinised so far during 2024/25 and key lines of enquiry agreed. These have been shared with those being scrutinised and used to structure the committee's scrutiny pre-meet and the public scrutiny session. On 10th October 2024, the Committee agreed similar arrangements to develop an annual health scrutiny work plan for 2025/26.
Increasing emphasis on the role of Health scrutiny in the Members 'Training programme.	Democratic Services Manager	31st March 2025	Complete

Summary of Outstanding Recommendations

*(Recommendation status as at **31.12.2024**).*

Audit	Risk level	Summary of Recommendation	Target Date	Status
Adults Business Planning Review	H	1a Establish a comprehensive central Governance Structure: a) Established a singular overarching body, like Adults Change Board with defined roles, responsibilities, decision-making authorities, and reporting lines, tasked with overseeing the effective implementation all business plan proposals. b) Implement structured reporting, monitoring and performance tracking mechanisms aligned with objectives and targets and encompassing all Adults Business Planning proposals. This should include identifying for each proposal the level of risk associated with the achievement of savings and actions (for instance, proposals without clear defined actions to deliver savings should be classed as high risk, whereas those where there is a clear action to deliver a well-quantified benefit (e.g. ending a contract) would likely be classed as low risk) and using this to inform the level of monitoring for proposals by the central governance body. Ensure effective stakeholder engagement and communication plan. c) Established a framework and guidelines for benefit realisation, ensuring all proposals have well defined, measurable ("SMART") benefits, and detailed plans to achieve them which demonstrate how delivery of actions will directly	31/10/2024	The service has reported that All actions complete except for two outstanding areas of stakeholder and engagement plan and benefit realisation framework. 1A a) Adults Change Board in place and meets monthly, reporting into the Corporate Change Board. B) Risk assessment in place for all savings proposals in current year and also for 25/26. Savings risks are also reviewed as part of the corporate savings trackers with quarterly forecasts from project owners. c) A review of all proposals for 24/25 has been undertaken with plans for delivery/risks. Development into 25/26 to build this into a clear overview of the whole change programme with breakdown of complex change vs BAU with benefit and risk mapping. d) Risk appraisal reported monthly to the Adults Change Board and escalations to Directorate Risk Register where required. e) Integrated timeline being developed to include 25/26 proposals f) Project Boards in place for all complex initiatives which are currently underway with reporting into Adults Change Board. BAU and complex change evaluated in line with Corporate Change Strategy. 1B a) Groundwork for 25/26 delivery is being completed to ensure implementation development is clearly scoped and key milestones identified. b) Stakeholder and Engagement plan not yet started - awaiting further scoping of implementation c) Process

		link to delivery of the corresponding benefits. This should also include interim milestones for the achievement of benefits over the course of the financial year and should capture baseline information to support the measurement of benefit delivery. Once this is complete, implement a robust monitoring and reporting process to track benefits realisation progress across proposals, allowing for timely course correction. Consider implementing a risk tolerance process to require slippage of more than (e.g.) 10% against expected benefits to require escalation to the Change Board or equivalent. d) Link this to a comprehensive risk management process to aggregate risk information from across different projects and proposals, allowing emerging risks from across all projects/programmes to be escalated up to the central Board and (if necessary) on to the Directorate Risk Register. e) Develop an integrated programme timeline or schedule mapping out the key phases and dependencies between key actions across the various business planning proposals, to ensure the Board has a high-level view of the critical actions needed to progress the delivery of all proposals and increase the ability of the Board to identify risks if timescales are missed or dependencies are not effectively managed. f) Establish project/programme boards below the Adults Change Board for complex initiatives requiring dedicated governance oversight, which then report into the overarching board. For BAU initiatives, establish clear reporting lines and mechanisms within existing operational / departmental governance structures. Ensure the governance arrangements for each level are documented.		for 25/26 Business Planning worked closely with finance on all proposals to ensure that numbers for new proposals for delivery in 25/26 were realistic and risk assessed. d) Procurement appraisal conducted for all proposals e) Consultancy appraisal conducted for all appraisals f) Quarterly corporate savings tracker is used to monitor under or over delivery against financial savings. This is reviewed and discussed at Adults Change Board. g) Additional resource identified to support co-ordination of Adults programme on a short-term basis. Request for permanent resource being discussed. Revised target date: 31 March 2025 Revised target dates from previous reporting cycles: n/a

		1b a) Mandate to continue refining and development detailed implementation plans for their proposals throughout the approval process, ensuring that the necessary groundwork is completed before the start of implementation of proposals. b) Establish a comprehensive stakeholder and communication plan that aligns and integrate the plans across all initiatives within the program considering both internal and external stakeholder. c) Establish a formal process requiring the services to refine and solidify the cost projections, savings targets and implementation plans for their approved business planning proposals. This process should occur before the implementation of proposals, ensuring that the figures and plans are as accurate and realistic as possible. d) Establish a comprehensive program level procurement plan that addresses procurement related activities across all initiatives within the overarching Adult's business planning program. e) For initiatives involving Consultancy support, expedite the approval process for the consultancy services specifications, to ensure timely engagement of consultants and development of procurement plan to achieve the potential savings f) Consider implementing 'stretch' targets for projects which may have the capacity to over-achieve on expected savings, and a costed risk/slippage register to allow the service to identify and quantify the cost of project slippage or under-delivery against expected benefits. g) Review the resourcing of the co-ordination of central oversight activity and ensure that there is sufficient resource in place to support the Board in its co-ordination and aggregation of		

		management information to support its oversight and decision-making.		
Case 143 - JS Direct Payment	H	This Direct Payment should be moved to an arranged provision as soon as possible, in order to prevent any further misspend and reduce the risk of potential fraud. Alongside this, the Service Director should also formally consider invoicing the family for repayment of the spend where it can be demonstrated that the family were informed or should clearly have known that the spend was inappropriate. This should not include the amount invoiced per recommendation 2 to avoid double counting.	30/09/2024	The service has confirmed that the direct payment has ceased and a care agency in place. An Officer has been to visit the family and discuss the misuse. Further discussions are needed before taking any further actions. Revised target date: 31 March 2025 Revised target dates from previous reporting cycles: n/a
Case 143 - JS Direct Payment	M	An invoice should be issued for the amount of c. £16,734 that has been refunded twice to XS's account. The service should create a reconciliation of the duplicate requests to the first requests in order to support the invoice and evidence the correct amount.	30/11/2024	The service has reported that Adult Finance Team and Direct Payment Monitoring Officer is undertaking final round of reconciliations of the account, in preparation for dispute meeting with Direct Payment Support Service, client and family. Revised target date: 31 March 2025 This is the first reporting cycle for which this action has been overdue.
Case 143 - JS Direct Payment	M	The Direct Payment Monitoring Team should formally raise the issue of duplicate refund requests to the DPSS and request that procedures be put in place to prevent this. For example: Refund request forms should be stored in a central location for each service user (on Wisdom/Mosaic), in order to prevent duplicate requests from being paid. The request forms should be saved to include the date of expenditure in the title, in yyyymmdd format, to allow sorting by date. Before any refund requests are approved, it should be verified that no requests have already been submitted for the same date of expenditure. If they have, this should be reviewed to ensure that no duplicate requests exist between the refund forms. Any refund requests for expenditure over 6 months old must be approved by CCC Adult Social Care.	31/10/2024	The service has reported that the DPSS service requested more information from the DPMO team to establish the exact details of the issue. This has now been received this and officers are in contact with the DPSS to finalise their response. Revised target date: 31 March 2025 This is the first reporting cycle for which this action has been overdue.

Agenda Item No: 7

Adult Social Care Client Contributions – Method of credits

To:	Audit and Accounts Committee
Meeting Date:	30 January 2025
From:	Executive Director: Adults, Health and Commissioning
Outcome/s:	The Committee is asked to note the report, addressing enquiry from the Committee.
Recommendation/s:	The Committee is asked to note the report.

Officer contact:

Name: Richard Gibson
Post: Head of Service: Financial Operations, Adult Social Care
Email: Richard.gibson@cambridgeshire.gov.uk
Tel: 01480 379415

1. Background

1.1 Action arising at Committee on 31 October 2024, to understand the crediting method for ASC client contributions used to make adjustments, individuals typical experience in financial assessment process and how crediting and revisions can input customer accounts and collections.

1.2 All reports must have a clear description of intended outcomes in this introductory section. This should cover financial and service outcomes as well as the impact on the public.

2. Main Report

2.1 Sources of Credit for ASC Client Contributions

The Charging Policy, in compliance with the Care Act 2024 and the Care and Statutory Supporting Guidance (CASS), states that it must ensure a person only contributes what they can reasonably afford, and should not be charged more than is fair, reasonable and affordable for them to pay. Any charge for care and support services will not exceed the cost that the council incurs in meeting the person's assessed needs.

The most common cases for a reduction in an assessed client contribution, that would result in credits, are:

a) Change of information or circumstances, reflected through Financial Re-Assessment

Under the Charging Policy, to ensure compliance with the regulations, any increase or decrease in income or capital should be declared to the council at the earliest opportunity.

Where a person's circumstances change that result in reductions in income or capital, their financial contribution will be reassessed and adjusted to the date at which evidence of these changes took effect.

For example, if a person evidenced a reduction in welfare benefit income several months prior, the financial reassessment will be amended to the new (lower) assessed contribution to account for this reduced income, from the date the person's income reduced.

b) Disability Related Expenditure (DRE)

DRE are any reasonable additional costs directly related to a person's disability, that a person without a disability is unlikely to need to pay for, or whose costs are higher due to their disability. Common examples of DRE are

high energy costs, specialist washing or laundry, special clothing, or toward equipment such as a wheelchair, Turning bed or hoist.
DRE is usually a recurrent expenditure for clients; DRE costs are calculated to a weekly value in the financial assessment and reduce the person's assessed financial contribution.

At any time, a person can submit evidence of Disability Related Expenditure and request a financial reassessment. Where a person provides evidence of expenditure and the DRE is agreed by the Social Care practitioner, the person will then have a financial reassessment, and their assessed contribution amended.

The new assessed financial contribution will be applied from the date expenditure is evidenced of being incurred.

c) Reconciliation from Full Cost assessment to client contribution

Charges for permanent residential care apply from the date the person moves into the care home.

A person can be assessed as Full Cost under the regulations due to their assets exceeding the upper capital threshold, due to non-return of information (excessive delay) under Section 6.1 of the Charging Policy, or where (as they are entitled to do under the regulations) they refuse to disclose their finances.

A person assessed as Full Cost, means they must pay for the full cost of their care and support provision.

If subsequently there is a change, including evidence being provided, which results in the person's assets falling below the upper capital threshold of £23,250, the person will have a financial reassessment to determine their financial contribution.

Where a person chooses not to complete a financial assessment, they will be assumed able to have the finances to meet the costs of their care invoiced for the full cost. From experience, what often happens is the person does not pay these invoices, for the full cost, resulting in a debt accruing. Where the person then chooses to disclose their information, a financial reassessment will be completed to determine their financial contribution. Where the reassessment determines the client is not full cost, their account will be credited which will reduce the level of debt owed to the council.

Once the financial assessment has been completed, the person's account is reconciled for any overpayment or deficit in contribution and adjusted in subsequent invoices.

Credits in this manner are typically where a person has chosen initially to not respond to the financial assessment, received invoices for the full cost of their care, and then responded with the required information for a financial reassessment resulting in credits to their account.

d) ***Change between planned care and delivered care***
Where the cost of a person's care provision/package is the same or less than their assessed financial contribution, adjustments are required to ensure the client does not pay more than they should, where there might be changes in care required or delivered.

For example, if the person's assessed weekly financial contribution is £50 and cost of their care provision is also £50 per week, then any reductions in their care mean that their assessed contribution must also reduce.

2.2 How are Credits "transacted" on the Council's systems

Adult Social Care use a case recording system 'Mosaic' to manage the person's personal information and the planned provision of care for them, along with their assessed financial contribution.

Where adjustments are made that retrospectively reduces the financial contribution, the Mosaic system will replace the original records for the required time period, with new records with the new values/details.

Data is extracted from 'Mosaic' in an interface file to 'ERP Gold'.

'ERP Gold' is the system used by the council to transact is Accounts Payable and Accounts Receivable functions. 'ERP Gold' therefore holds the account balance for each client, and it is to this balance any adjustments are applied. Invoices for assessed a person's financial contributions are issued 4-week in arrears from the start of care being received.

The Adults Finance Team manually reconcile the credits against the invoices already issued in ERP, credit notes and revised statement are then issued to the person. If any overpayments have been made by the person, then a refund will also be processed.

Balances are adjusted according to payments made by the person, and any changes on Mosaic via the 4-weekly data extract.

2.2 Individual's experience of the Financial Assessment, and how crediting and revisions can input customer accounts

The financial assessment is a complex means-test process that can therefore be a challenging and frustrating experience, at a time where people s and their families are experiencing life-changing events.

Supported by Social Care practitioners, Financial Assessment Officers and voluntary organisations, people are given information and advice about the regulations of charging for care and the information required for an accurate and timely assessment, to ensure their client contribution is determined correctly.

Where people find it difficult to source the information required for their financial assessment and to respond to the questions being asked, time extensions can be requested to do so.

Financial contributions are invoiced 4-weeks in arrears from when the care is received. The financial assessment is typically completed around the same time as care is started, depending on information being provided.

Where a person has undergone several reassessments, for example repeated adjustments for DRE that result in a series of credits to their account, it can be frustrating, and at times difficult, for the person to understand these changes where billing is 4-weeks in arrears of actual events.

To mitigate this frustration, the Adult Finance Team will (manually) issue a revised statement to the client; and are available to speak with the person and their family, to help clarify any aspects

3. Appendices

3.1 None

4. Source documents

4.1 None

Agenda Item No: 8

Internal Audit Progress Report

To:	Audit and Accounts Committee
Meeting Date:	30 January 2025
From:	Head of Internal Audit & Risk Management
Electoral division(s):	N/A
Key decision:	No
Forward Plan ref:	Not Applicable
Executive Summary:	The purpose of the report is to provide an update to Audit & Accounts Committee on the main areas of internal audit coverage for the period to 31st December 2024.
Recommendation:	Committee is requested to consider and comment on the contents of this report.

Officer contact:

Name: Mairead Claydon
Post: Head of Internal Audit & Risk Management
Email: Mairead.claydon@cambridgeshire.gov.uk

1. Background

1.1 The role of Internal Audit is to provide the Audit & Accounts Committee and Management independent assurance on the effectiveness of the controls in place to ensure that the Council's objectives are achieved. Internal Audit coverage is planned so that the focus is upon those areas and risks which will most impact upon the Council's ability to achieve these objectives.

1.2 The annual Audit Plan is split out into two elements: the 'core' plan, comprising key areas of assurance that are reviewed every year and audit support work (e.g. to working parties or panels) which is ongoing throughout the year; and the 'flexible' plan, i.e. the areas of audit coverage that vary from year to year, with planned coverage based on a risk assessment process.

2. Main Issues

Please see the full Internal Audit Progress Report provided at Appendix 1 to this report.

2.1 INTERNAL AUDIT PLAN

2.1.1 Section 6 of the report sets out the proposed rolling 12 month flexible Audit Plan for the service and highlights some changes which have been made to the Audit Plan to reflect the updated risk assessment and resourcing for the team.

2.2 OUTSTANDING AUDIT ACTIONS

2.2.1 Annex B details 81 outstanding audit agreed actions as at 31st December 2024, an increase of 2 outstanding actions compared to our previous report in October. This includes 2 outstanding 'essential' actions (compared to 3 in October). These relate to the Dedicated Schools Grant Safety Valve audit and the Interims and Agency Staff audit; see Section 7.2 for a summary of these actions.

2.2.2 Narrative updates on actions where the current target date is after 31st December 2024 have not been followed-up by Internal Audit in this reporting cycle and will be reported in the next Progress Report.

2.2.3 See Section 7 of the report for more details.

2.3 INVESTIGATIONS CASELOAD

2.3.1 Section 9 of the Progress Report summarises the open whistleblowing cases currently under review by the Internal Audit Team, as well as a short summary of all cases which have been closed by the Internal Audit team since the previous progress report, as requested by the Audit & Accounts Committee.

2.4 KEY FINANCIAL SYSTEMS

2.4.1 Section 10 provides an update on key financial systems reports. The 2023/4 Payroll report has now been issued as final, and a short summary of findings and recommendations is provided.

3. Significant Implications

3.1 This report is an information-only update and there are no significant implications to highlight.

4. Source Documents

4.1 None

Internal Audit & Risk Management

Cambridgeshire County Council

Update report

As at 31st December 2024

1 INTRODUCTION

1.1 A summary of the content of the key sections of this report is provided below, for reference:

SECTION 1: Introduction

SECTION 2: Internal Audit Reporting Process

SECTION 3: Finalised Assignments

SECTION 4: Summaries of Completed Audits with Limited or No Assurance

SECTION 5: Internal Audit Activity

SECTION 6: Audit Forward Planning: 2024/25

SECTION 7: Follow Up of Agreed Audit Actions

SECTION 8: Risk Management

SECTION 9: Fraud and Corruption Update

SECTION 10: Key Financial Systems Update

ANNEX A: Internal Audit Plan Progress 2024/25

ANNEX B: Outstanding Agreed Actions

2 INTERNAL AUDIT REPORTING PROCESS

2.1 THE REPORTING PROCESS

2.1.1 This quarterly report provides stakeholders, including Audit & Accounts Committee and CCLT, with a summary of internal audit activity for the first three quarters of the 2024/25 financial year.

2.2 HOW INTERNAL CONTROL IS REVIEWED

2.2.1 There are three elements to each Internal Audit review. Firstly, the control environment is reviewed by identifying the objectives of the system and then assessing the controls in place mitigating the risk of those objectives not being achieved. Completion of this work enables internal audit to give an assurance on the control environment.

2.2.2 However, controls are not always complied with, which in itself will increase risk, so the second part of an audit is to ascertain the extent to which the controls are being complied with in practice. This element of the review enables internal audit to give an opinion on the extent to which the control environment, designed to mitigate risk, is being complied with.

2.2.3 Finally, where there are significant control environment weaknesses or where the controls are not being complied with and only limited assurance can be given, internal audit undertakes further substantive testing to ascertain the impact of these control weaknesses.

2.2.4 At the conclusion of each audit, Internal Audit assigns three opinions. The opinions will be:

- Control Environment Assurance
- Compliance Assurance
- Organisational Impact

2.2.5 The following definitions are currently in use:

	Compliance Assurance	**Control Environment Assurance**
Substantial Assurance	The control environment has substantially operated as intended although some minor errors may have been detected.	There are minimal control weaknesses that present very low risk to the control environment

Good Assurance	The control environment has largely operated as intended although some errors have been detected.	There are minor control weaknesses that present low risk to the control environment.
Moderate Assurance	The control environment has mainly operated as intended although errors have been detected.	There are control weaknesses that present a medium risk to the control environment.
Limited Assurance	The control environment has not operated as intended. Significant errors have been detected.	There are significant control weaknesses that present a high risk to the control environment.
No Assurance	The control environment has fundamentally broken down and is open to significant error or abuse.	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment OR it has not been possible for Internal Audit to provide an assurance due to lack of available evidence.

2.2.6 Organisational impact is reported as major, moderate or minor. All reports with major organisation impacts are reported to CLT, along with the appropriate Directorate's agreed action plan.

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

3 FINALISED ASSIGNMENTS

3.1 Since the last Internal Audit Progress Report in **October 2024**, the following audit assignments have reached completion, as set out below in Table 1.

Table 1: Finalised Assignments

No.	Directorate	Audit Title	Assurance			Actions Agreed			
			System	Compliance	Organisational	Essential	High	Med.	Low
1.	Finance & Resources	Establishment Control	Moderate	Good	Minor	0	0	2	4
2.	Place & Sustainability	Highways Grants Briefing Note	N/A	N/A	N/A	0	1	1	0
3.	Finance & Resources	Payroll 2023 – 4	Moderate	Moderate	Minor	0	2	9	1
4.	Adults, Health & Commissioning	Mosaic System (*delivered by TIAA*)	Good	Moderate	Moderate	0	0	5	2
5.	Children, Education & Families	Alderman Payne Schools Audit	Limited	Limited	N/A	N/A[1]			
6.	Children, Education & Families	Samuel Pepys School Audit	Moderate	Moderate	N/A	N/A			
7.	Children, Education & Families	St Annes School Audit	Limited	Limited	N/A	N/A			

[1] Individual recommendations within individual schools reports are not risk rated and are not followed up individually by Internal Audit. An action plan to respond to the audit findings is agreed with the school and presented to Governors. Thematic findings are then incorporated into the overarching schools audit report issued to the Director of Education, and recommendations within the overarching report are then risk rated and followed up by audit as usual.

No.	Directorate	Audit Title	Assurance	Actions Agreed			
8.	Finance & Resources	Contain Outbreak Management Fund (COMF)	Grant Certification provided.				
9.	Place & Sustainability	Case 150 - Investigation	Investigation Report.	0	1	3	0

3.2 Summaries of any finalised reports with limited or no assurance (excluding individual school audits) issued as final since our last Progress Report in October 2024 would typically be provided in Section 4. However, there are no such finalised audits to report for this period. Summaries of investigation reports are provided in Section 9.

3.3 The following audit assignments have reached draft report stage, as set out below in Table 2:

Table 2: Draft Reports

No	Directorate	Assignment
1.	Children, Education & Families	In-house Foster Carers
2.	Place & Sustainability	Light Blue Fibre Ltd
3.	Finance & Resources	IT Security for Overseas Working
4.	Place & Sustainability	Street Lighting PFI Contract
5.	Children, Education & Families	Overall Schools Report
6.	Children, Education & Families	Castle Camps School Audit
7.	Children, Education & Families	Castle School Audit
8.	Children, Education & Families	Elton School Audit
9.	Children, Education & Families	Granta School Audit
10.	Children, Education & Families	Gt & Lt Shelford School Audit
11.	Children, Education & Families	Queens Federation School Audit
12.	Children, Education & Families	Trumpington School Audit
13.	Finance & Resources	Rental Income
15.	Finance & Resources	Treasury Management
16.	Finance & Resources	Investigation Case 151

3.4 Further information on work planned and in progress may be found in the Audit Plan, attached as Annex A.

4 *SUMMARIES OF COMPLETED AUDITS WITH LIMITED OR NO ASSURANCE*

4.1 No audit reports with limited or no assurance ratings have been issued during this reporting period. Any future reports with such ratings will be summarised here for review and consideration.

5. INTERNAL AUDIT ACTIVITY

5.1 AUDIT PLAN PROGRESS 2024/5

5.1.1 Progress with delivery of the Audit Plan 2024/5 is provided at Annex A to this report.

5.2. SCHOOLS AUDITS

5.2.1 Since September, the Internal Audit team has been undertaking a programme of school finance audits. All ten schools in the sample have now been visited with draft reports issued in all cases, one of which has had a final report issued.

5.2.2 An overarching thematic schools audit report has also been issued in draft, bringing together these findings and making recommendations for the Council to improve its guidance to schools. This report also highlights areas of good practice identified through school visits which can be shared more widely.

5.3. GRANT AUDITS

5.3.1 There were a number of grants received by the Council for use in 2023/24 which Internal Audit are required to sign off in the current financial year. This work involves reviewing the terms and conditions of each grant and undertaking sample testing to provide assurance that the grant funding has been spent in line with the terms and conditions. Once satisfactorily reviewed and signed off, a declaration is provided to the funding body. In 2024/25 Internal Audit have completed the following grant reviews: the Basic Needs Funding grant; the A14 Diversionary Corridor Grant; the Disabled Facilities Grant; the Contain Outbreak Management Fund (COMF); and ongoing assurance on the Supporting Families funding.

5.3.2 Internal Audit also provides assurance over expenditure made by Cambridgeshire County Council on behalf of the Cambridgeshire and Peterborough Combined Authority (CPCA). These reviews provide assurance to the CPCA that central government grants passed to the Council from the CPCA have been spent in accordance with the relevant terms and conditions. The CPCA can then place reliance on Internal Audit’s work to support their returns to central government. In 2024/25, Internal Audit have completed the Pothole Fund and the Local Transport Capital Block Funding (LTCBF) grant reviews for the CPCA.

5.3.3 Our grant review programme also includes a review of the systems and controls in place to help ensure that grant expenditure is only spent on activities allowable under the grant conditions and that there are sufficient records in place to evidence this. Our review of the three highways related grants (the A14 grant, pothole fund and the LTCBF grant) identified there was no clear and consistently complied with timesheet system in place to clearly evidence officer time and associated costs that had been charged to projects funded by the grants.

5.3.4 A recommendation was previously made in 2019 for Highways Services to implement a time recording system, and in 2023/24 Internal Audit noted the same issue while reviewing grants and made a further recommendation to implement such a system. A Highways Grants Briefing Note was issued to the service in September to reiterate these findings and recommendations that a system to record time spent needs to be implemented and that all relevant officers must compete timesheets. It also recommended that all such timesheets and supporting data/documentation should be retained in a central file in Finance. These recommendations have been agreed to by the relevant senior officers and the final briefing note has been issued.

5.3.5 Internal Audit will establish which grants received in 2024/25 require sign off via colleagues in Corporate Finance and other key contacts. Once done, we will contact the grant awarding body to confirm if sign off is still required – this is to check that the original terms and conditions have not been amended since the grant was awarded.

5.4. INTERNAL AUDIT RESOURCE & RECRUITMENT

5.4.1 Following our September report, there has been further progress in recruitment efforts. The Principal Auditor who joined the team at the end of October has settled in well. One of our existing Principal Auditors transitioned to a new role in the Council's Finance team at the end of December. To fill this vacancy, we conducted interviews with internal candidates, and an appointment has been made. The new Principal Auditor is expected to join the team in February.

5.4.2 For the Corporate Risk Manager role, the offer has been accepted, and the onboarding process is ongoing. These updates ensure we continue to have the necessary resources to meet our work demands effectively.

5.5 IMPLEMENTATION OF GLOBAL INTERNAL AUDIT STANDARDS

5.5.1 As previously advised, in January 2024 new Global Internal Audit Standards (GIAS) were issued by the Institute for Internal Auditors (IIA), which replace the previous standards in its International Professional Practice Framework.

5.5.2 The authority for determining standards applicable to internal audit in the UK public sector rests with the Relevant Internal Audit Standard Setters (RIASS), who are advised by the UK public sector Internal Audit Standards Advisory Board (IASAB). Since 2012 there has been a common set of standards (the UK Public Sector Internal Audit Standards, or PSIAS) which are based on standards developed by the IIA and other mandatory material in the IIA's International Professional Practice Framework.

5.5.3 The IASAB has now considered the content of the GIAS and has determined that it is applicable to the internal audit of UK public sector bodies, subject to some additional requirements and interpretations. The IASAB has developed an Application Note for the UK Public Sector, setting out the interpretations and requirements which will come into force from April 2025.

5.5.5 At the same time, the Chartered Institute of Public Finance and Accountancy (CIPFA) have released a draft Code of Practice for the Governance of Internal Audit in UK Local Government, to reflect the details of applying the GIAS within the internal audit of UK local government bodies.

5.5.6 Cambridgeshire County Council's Internal Audit team have already started the work of reviewing the new GIAS, the draft Application Note and the draft Code of Practice. The introduction of this new guidance will require a range of updates to existing Internal Audit processes and documentation at Cambridgeshire. The Internal Audit team will provide a further update on progress and planned developments in this area to the next meeting of the Audit & Accounts Committee.

5.6 ADVICE & GUIDANCE:

5.6.1 Internal Audit also provide advice, guidance and support to the organisation on governance, assurance and related issues. This work is undertaken on an ad-hoc basis as and when required. Some of the key areas of support provided since the previous Progress Report include:

- Supporting the Head of Finance Operations and Supplier Maintenance Team on the strengthening the supplier amendment process. The Supplier Maintenance Team has procured bank detail checking software and Internal Audit advice has considered the new processes that utilise this system.

- Providing advice and support to colleagues in the Adults, Health & Commissioning Directorate on preparing reporting for the new Director's Assurance reporting process for Audit & Accounts Committee.

- Provision of additional documentation to the Council's external auditors, KPMG, to support their audit of the Council's accounts.

6. AUDIT FORWARD PLANNING: 2024/25

6.1 Core audit work is progressing in line with the agreed Audit Plan 2024/25. Progress on work underway is detailed at Annex A to this report.

6.2 At Cambridgeshire County Council, Internal Audit has recognised that the Annual Internal Audit Plan essentially comprises two key elements:

The "Core" Audits: This is the part of the Plan which remains largely unchanged from year-to-year. It comprises key areas of assurance which are reviewed every year, such as Key Financial Systems, grant compliance audits, strategic risk management, and core governance reviews, as well as allowances of time for ongoing areas of work including reporting to the Audit Committee and senior management, and following-up on the implementation of agreed actions from previous audit reviews. However, it must be recognised that completion of these core audits alone would not give sufficient assurance to fully inform the Chief Audit Executive's annual opinion.

The "Flexible" Audits: This is the part of the Plan which varies significantly from one year to the next, comprising audits of areas which are identified as being high-risk through the Internal Audit risk assessment process. Equally, the broader themes within the flexible audits remain largely consistent; for example, each year it is expected that a significant resource would be directed towards the audit of contracts, although the specific contracts under review varies according to the risk assessment.

6.3 In practice, this means that the 'core' element of the Plan is set annually, while the 'flexible' element is presented as a series of rolling quarterly Audit Plans, based on current risk assessments. Quarterly risk assessments ensure that the timing of planned audits is always actively informed by an up-to-date assessment of the areas of highest risk, and that the flexible plan is subject to regular challenge and comment by both CLT and the Audit and Accounts Committee.

6.4 In December 2024, the Internal Audit team conducted a review and refresh of the Internal Audit Plan 2024/25. This has included revising and updating current risk assessments to reflect the changing risk environment. Internal Audit has also undertaken an exercise to reconcile projected available productive time within the Audit team to the end of the financial year, against the Audit Plan to ensure that planned work reflects the actual resource available.

6.5 This has identified the need for a small reduction in planned audit days; however, at present taking forecasted future resource levels into account there are expected to be sufficient resources in the team to provide adequate coverage of the authority's control environment. The Internal Audit team are currently on track to deliver an increased number of productive days for 2024/5, compared to 2023/4, providing job offers are taken up successfully following our recent rounds of recruitment.

6.5 Reductions in planned audit days have primarily come from deferring elements of the plan which are not critical to the annual assurance opinion. When deciding which audits may be deferred to the next financial year, the Head of Internal Audit considers the risk profile of the area under review, as well as the types of risk the audit will provide coverage over, and the directorate within the Council (where relevant). The aim is to maintain a balanced Audit Plan which provides coverage across a wide range of organisational risks and areas, which is focused on the areas of highest risk, and which is sufficient to enable an annual assurance opinion to be given across the Council's control environment.

6.6 The proposed 'flexible' Internal Audit Plan for the next four quarters (Q4 2024/5 – Q3 2025/6) is set out below, showing the current risk profiling of Internal Audit reviews over the next year. This reflects the approach outlined above, and reflects new jobs proposed to commence in the period. Ongoing work is not included, as this is reflected in Annex A.

Table 5: Proposed 'Flexible' Internal Audit Plan (Next Four Quarters)

Audit	Directorate	Category	Days	Why
Proposed Flexible Internal Audit Plan for Q4 24/25:			**120**	
Business Planning	Strategy & Partnerships	Governance	30	Review of governance, compliance, management and monitoring, and benefits realisation.
Response to Health & Safety Incidents	Place & Sustainability	Safeguarding	20	Review the policies and processes in place to identify, report and respond to health and safety incidents including how management obtains assurance that risks are addressed effectively
Projects Assurance (Non-Capital)	Strategy & Partnerships	Project Management & Change	20	Review of a sample of key projects focusing on compliance with the corporate project management framework and the implementation of actions from the 2023/4 review of Project Framework & Projects Assurance.
LDP Pooled Budget Disaggregation (Projects Assurance)	Adults	Project Management & Change	15	Review of the programme to disaggregate the pooled budget with health for the Learning Disability Partnership, to provide assurance over governance and programme management

				especially financial management and business continuity.
Dedicated Schools Grant (DSG) Safety Valve (Projects Assurance)	Children's	Project Management & Change	15	Embedded assurance review of the Council's response to the DSG Safety Valve agreement including a review of progress with implementing planned actions and programme management. This review will follow up on the findings of the previous audit in 2023/24.
Implementation of Ofsted Inspection Action Plan	Children's	Safeguarding	20	Review to provide assurance over the implementation of key actions arising from the Ofsted ILACS review in March 2024, to verify that plans to address key findings are in place and are being actively implemented and monitored.
Proposed Flexible Internal Audit Plan for Q1 25/26:			**170**	
Social and Education Transport Services	Children's	Procurement & Commissioning	20	Review of the Council's social and education transport services covering how services are planned and commissioned and the monitoring frameworks in place to ensure that suppliers deliver in line with the Council's requirements.
Projects Assurance (Capital)	Place & Sustainability	Project Management & Change	40	Review of a sample of key projects focusing on compliance with the corporate project management framework and the implementation of actions from the 2023/4 review of Capital Project Governance.
Care Agency Contract Monitoring	Adults	Safeguarding	30	Review of the arrangements for monitoring care agencies who contract with the Council, with a focus on how the Council monitors agencies for compliance with safeguarding and health and safety requirements, as well as considering supplier resilience and continuity.
Quality Assurance in Adult Social Care	Adults	Safeguarding	20	Review of quality assurance arrangements in Adults; effective quality assurance is key to

				ensuring that key safeguarding risks are mitigated through appropriate monitoring of practice.
High Cost Placements (Childrens)	Children's	Value For Money	20	Review of high-cost external placements in Children's with a focus on residential and out-of-county placements to provide assurance that placements are made in line with policy and achieve value for money while safeguarding service users.
Change Programme	Strategy & Partnerships	Project Management & Change	20	Review of the implementation of new change governance structures both centrally and throughout the Council's directorates.
Connecting Cambridgeshire Superfast Broadband	Place & Sustainability	Project Management & Change	20	Review of this key contract with an annual value of £7.5m and the wider governance of the Connecting Cambridgeshire programme.
Proposed Flexible Internal Audit Plan for Q2 25/26:			**145**	
Contract Management - Integrated Sexual Health and Contraception Service	Public Health	Procurement & Commissioning	20	Review of this major contract with an estimated annual value of £4.1m
IT & Digital Strategy & Service Planning	Finance & Resources	Business Continuity	20	Review of service planning within ITDS following the process of decoupling from PCC, with a focus on 'second line of defence' arrangements around cyber and data security, and the front door programme and customer services.
Greater Cambridge Partnership Arrangements	CCC	Governance	20	Review of Cambridgeshire County Council's relationship with the Greater Cambridge Partnership, with a focus on both governance and provision of professional and administrative support.
High Cost Placements (Adults)	Adults	Value For Money	20	Review of high-cost care packages and Direct Payments in Adults to provide assurance that arrangements are made in line with policy and achieve

				value for money while safeguarding service users.
Early Years Entitlements Funding	Children's	Value For Money	20	To provide assurance that robust and efficient processes are in place to ensure payments to Early Years providers are timely and accurate and there are appropriate controls in place to reduce the risk of fraud.
ICT disaster recovery	Finance & Resources	ICT and Information Governance	20	Review of ICT disaster recovery planning and testing.
Integrated Care System Arrangements	CCC	Governance	25	Review of the Council's relationship with the Integrated Care System including the Integrated Care Board and Partnership, considering the effectiveness of governance arrangements in place.
Proposed Flexible Internal Audit Plan for Q3 25/26:			**160**	
Contract Price Variations	Finance & Resources	Procurement & Commissioning	20	Sample testing for compliance with the Council's guidelines for agreeing price variations in contracts, to provide assurance that cost increases are controlled appropriately
Governance of Lead Authorities Arrangements	Finance & Resources	Governance	20	Review of the governance arrangements to manage the Lead Authorities arrangements including ERP.
Modern Day Slavery Act	CCC	Governance	20	Review of the Council's compliance with its obligations to tackle modern day slavery.
Fleet Management	Place & Sustainability	Value For Money	20	Review of the Council's fleet management processes to consider assurance over compliance with key health and safety controls, how value for money is achieved and how climate change considerations are being addressed.
Minimum Revenue Provision	Finance & Resources	Financial Governance	20	Review of the calculation of the Council's Minimum Revenue Provision (MRP) to provide assurance that this is in line with statutory guidance. N.B. if an external MRP review is commissioned then this will be removed from the Audit Plan

Contract Management Policies & Compliance	Finance & Resources	Procurement & Commissioning	20	This would review contract management guidance and training available to managers in the organisation, and implementation of contract management processes.
Prevent Duty	CCC	Governance	20	Review of the Council's compliance with its obligations to deliver the Prevent duty within the Counter-Terrorism and Security Act 2015 (CTSA 2015).
Emergency Planning	Strategy & Partnerships	Business Continuity	20	Review to provide assurance over the Council's emergency planning and incident response arrangements. This will focus on external emergency planning / C1 Civil Contingencies response to incidents, considering compliance with emergency planning requirements including the role of on-call council directors and the training provided for senior leaders.

6.7 This programme of work is indicative only, and is subject to change to ensure that the Audit Plan can be reactive as well as proactive about providing assurance over emerging risk areas.

7. *FOLLOW UP OF AGREED AUDIT ACTIONS*

7.1 OVERVIEW OF FOLLOW UPS

7.1.1 The outstanding management actions from Internal Audit reports as at 31st December 2024 are summarised in table 7 below. This includes a comparison with the percentage implementation from the previous report (bracketed figures).

7.1.2 Internal Audit reporting on closed recommendations includes recommendations that have been closed in the previous 12 months as at the reporting date. This provides a more accurate comparator position regarding the implementation of recommendations and ensures that recommendations closed more than a year ago do not skew the statistics to give a falsely positive impression.

Table 7: Implementation of Recommendations

	Category 'Essential' recommendations		**Category 'High' recommendations**		**Category 'Medium' recommendations**		**Total**	
	Number	**% of total**	**Number**	**% of total**	**Number**	**% of total**	**Number**	**% of total**
Implemented	3 (2)	1.16% (0.94%)	41 (28)	15.83% (13.15%)	134 (104)	51.74% (48.83%)	178 (134)	68.73% (62.91%)
Actions due within last 3 months, but not implemented	0 (1)	0.00% (0.47%)	3 (2)	1.16% (0.94%)	19 (11)	7.34% (5.16%)	22 (14)	8.49% (6.57%)
Actions due over 3 months ago, but not implemented	2 (2)	0.78% (0.94%)	14 (13)	5.441% (6.10%)	32 (32)	12.36% (15.02%)	48 (47)	18.53% (33.07%)
Actions due over 12 months ago, but not implemented	0 (0)	0.00% (0.00%)	1 (3)	0.39% (1.41%)	10 (15)	3.86% (7.04%)	11 (18)	4.2565% (8.45%)
Totals	**5**		**59**		**195**		**259**	

7.1.4 There are currently 81 management actions outstanding, compared to 79 in the last reporting period. This change includes 19 recommendations becoming due for implementation in December 2024. Further detail on outstanding actions is provided at Annex B.

7.1.5 Table 8 below shows the number of overdue recommendations in each directorate.

Table 8: Overdue Actions By Directorate

Directorate		Outstanding recommendations
Children's		25
Adults, Health and Commissioning		4
Place and Sustainability		19
Finance and Resources Directorate	*Key Financial Systems*	3
	Other	22
Strategy and Partnerships		8

7.2 KEY UPATES

Overdue 'Essential' Recommendations:

7.2.1 There are two 'essential' recommendations that are overdue, compared to 3 as at the last reporting cycle. This follows the implementation of the essential recommendation from the Schools Capital Programme audit, which required the service to ensure that the Design and Build Framework was signed by an appropriate representative of the council and each of the building firms appointed to the framework. Internal Audit has seen the contract documents for each lot containing signatures of all relevant contractors and Council representative.

7.2.2 The first overdue essential recommendation is from the DSG Safety Valve Review and relates to the implementation of SMART targets, prioritisation of actions, and reporting against targets and expected benefits to demonstrate how planned actions will achieve expected outcomes. The service has reported that they consider that the recommendation has been implemented. At the time of writing, evidence to demonstrate implementation has not been provided to Audit to enable the action to be closed. Internal Audit have written to the service to confirm that the action will remain open until sufficient evidence is provided to Internal Audit for review and to assess if the risk is sufficiently mitigated to close the recommendation. Internal Audit will meet with the service to discuss the closure of this recommendation once evidence has been provided and reviewed. The following summary updates were provided by the service:

- The service has confirmed that a weekly data task and finish group are monitoring the progress of clearing data quality issues and working with working with the Policy & Insights team to create a data dashboard and suite of reports within Power BI. In addition, a business case has been developed for additional data quality officers to complete the scope of work and to support with the migration and implementation of a new system. The Service Director of Education has oversight of the data requirements to include in the data dashboard and this will be used to support reporting to the Inclusion Change Board on service performance targets including statutory timescales.

- As part of the Inclusion for All programme, 6 workstrands will have an action plan with clearly defined SMART targets/KPIs which will be reported against. Each of the 6 workstrands will have a high level project plan with key milestones and interdependencies identified and monitored together with individual workstrand risk registers.

- The Safety Valve Agreement has been updated and was submitted to the DFE on October 31st. This revised agreement has reshaped the action plan for the service and focuses on reducing high-cost independent placements and supporting children to remain in mainstream provision. A revised target date of April 2025 has been provided by the service.

7.2.4 The second overdue essential recommendation is from the Interims and Agency Workers audit and became overdue at the end of July. It relates to ensuring there is a shareholder agreement, shareholder board, and overarching corporate contract to govern the council's relationship with OPUS People Services. The Service has confirmed that the initial Services Agreement in place from January 2017 was extended by a Deed of Variation agreed at Strategy and Resources Committee for the period 8th January 2022 until 8th January 2027. The Deed of Variation whilst approved was never sealed but has now been sent for sealing to Pathfinder Legal. Discussions regarding the future of this arrangement will need to start in 2025 and any future arrangements will take on board the recommendations in the audit report.

7.2.5 The service has reported that the establishment of an organisation wide shareholder board has been addressed via agreement that this role will be held by Assets and Procurement Committee. An annual progress report for Opus will be scheduled for committee in early 2025. A revised target date has not been provided for this reporting cycle but the revised target date from the previous cycle was 31 January 2025.

Other Overdue Recommendations:

7.2.6 There are 11 recommendations currently overdue by 12 months or more, compared to 18 as at the last reporting cycle. One of these is a 'high', compared to three as at the last point of reporting. Two high level recommendations from the Transparency Code audit were closed. These related to the introduction of an Information Management Strategy and identifying the key Officers responsible for ensuring that the Transparency Code data is published in line with requirements. Three further "medium" recommendations from the Transparency Code and Freedom of Information audits have also been closed. These actions were all dependent on the approval of draft policies by the new Information Management Board (IMB) which has now occurred.

7.2.3 61 of the outstanding actions are medium level recommendations, with 10 of these being overdue by 12 months or more. Two of these relate to the IT Incident & Problem Management audit. These were delayed due to the split from Peterborough City council, but it is expected these can be closed once the service provides supporting evidence. Two relate to the Insurance Fund Audit and two to the In-House Fostering service audits.

8.0 *RISK MANAGEMENT*

8.1 The Internal Audit & Risk Management team continues to facilitate and support the effective implementation of risk management practice across the organisation. Since the previous update on the Corporate Risk Register which was brought to the Committee in October 2024, the following work has been undertaken by the team:

- Facilitating a meeting of the Corporate Risk Group on the 19th November, bringing together colleagues engaged in risk management across the organisation. This included a presentation on assessing and managing health and safety risk, delivered by colleagues from the corporate Health & Safety team.

- Facilitating a meeting of the CLT Risk & Assurance Group on the 21st November to review and challenge the Corporate Risk Register. This included a session to assess Cambridgeshire's risk management practice against relevant elements of the national Best Value Standards and Intervention guidance published earlier in 2024.

- A meeting with colleagues engaged in risk management at Peterborough City Council and the Cambridgeshire & Peterborough Combined Authority (CPCA) on 26th November, to share current practice across the three organisations, discuss the risk management frameworks in place and upcoming planned changes.

- Work continues to develop corporate Risk Management eLearning which will be available to all CCC colleagues. In November and December 2024 the draft eLearning has tested by members of the Internal Audit team and further updates made. It is planned to launch the new eLearning modules in early 2025.

9 *FRAUD AND CORRUPTION UPDATE*

9.1 WHISTLEBLOWING & FRAUD INVESTIGATIONS 2024/25

9.1.1 The current Internal Audit caseload of investigations is summarised below in Table 7. As at the 31st December 2024, Internal Audit has received 25 whistleblowing referrals in the 2024/25 financial year, similar to the number of referrals received by the same point in 2023/24 (23 cases). There are 3 open cases which have been carried forward from 2023/24.

Table 9. Current Internal Audit Whistleblowing & Investigations Caseload

Open Cases From 2023/24 *Carried Forward*		**Open**	**Closed**	**Total**
Fraud and Theft	Council Officer Fraud	1	0	1
	Direct Payments	1	0	1
Governance	Internal Governance Issue	1	0	1
Total		**3**	**0**	**3**
All Cases Reported in 2024/25 *To Date*		**Open**	**Closed**	**Total**
Fraud and Theft	Council Officer Fraud	2	1	3
	Third Party Fraud	2	3	5
	Theft	1	0	1
	Direct Payments	2	0	2
	Money Laundering	0	1	1
Grievance/Bullying	Conduct/Grievance	1	2	3
Governance	Internal Governance Issue	4	2	6
	Breach of Contract	1	0	1
Safeguarding and Health & Safety	Safeguarding	0	1	1
External issues	Not related to CCC	0	2	2
Total		**13**	**12**	**25**

9.1.2 It should be noted that the Internal Audit team records all whistleblowing referrals we receive; however Internal Audit normally act as the investigating service only for referrals relating to theft, fraud, corruption and governance concerns. Where whistleblowing referrals relate to e.g. safeguarding or HR issues, the referrals are passed on to the appropriate service to investigate and respond.

9.1.3 Summaries of the current open whistleblowing and investigation cases are provided below:

- **Internal Governance (5 open cases)** – Internal Audit are currently investigating five cases relating to internal governance concerns. Internal Audit have initiated audit reviews of all five situations.

- **Council Officer Fraud (3 open case)** – Internal Audit is currently investigating three cases of alleged fraud involving someone working for CCC.

- **Third Party Fraud (2 open cases)** – Internal Audit is currently investigating two cases of alleged fraud against the Council by third parties. These cases are being investigated by Internal Audit, including reviews of the control environment where appropriate.

- **Conduct/Grievance (1 open case)** – Internal Audit is currently investigating a case linked to employee conduct, in conjunction with HR colleagues. Preliminary advice has been provided in this case.

- **Theft (1 open case)** – Internal Audit is currently undertaking one investigation in relation to concerns of theft. A draft report has been issued in relation to this case recommending improvements to the control environment.

- **Direct Payments (3 open cases)** – Internal Audit is reviewing three allegations of potential misuse of Direct Payments. These include concerns over eligibility, monitoring, and compliance with policies. Where necessary, investigations are being conducted in conjunction with Adult Social Care colleagues.

- **Breach of Contract (1 open case)** – Internal Audit is currently undertaking one allegation of a breach of contract. This investigation is in its initial fact-finding stage.

9.2 WHISTLEBLOWING CASES CLOSED

9.2.1 The following cases have been closed by Internal Audit since the last reporting date. Summaries of the reasons for closure are outlined below.

9.2.2 *Case 150 – Disposal of Road Planings*

Internal Audit reviewed a concern raised regarding the disposal of road planings from the A10 Milton interchange project and identified some governance and compliance gaps in how decisions around the disposal were taken and recorded. Key issues included a lack of documentation of decisions and approvals, the absence of formal agreements with landowners, and insufficient adherence to corporate policies for resource management, as well as areas where the application of existing policy was not clear.

The investigation led to several recommended actions being agreed with the service, including developing clear policies to distinguish between routine maintenance and surface changes; ensuring documentation of approval processes; strengthening stakeholder communication and consultation protocols; and establishing a comprehensive work policy covering risk assessments, resource allocation, and legally binding agreements. These recommendations are being implemented to enhance governance and mitigate future risks.

9.2.3 *Case 169 Fictitious Life Insurance Policies*

Internal Audit received a report that a national insurance company had identified that another Council's bank details had been used to register fraudulent insurance policies. No funds had been lost at the point the fraud was identified and the information circulated, but a review was undertaken at CCC to provide assurance that the risk of this happening with Cambridgeshire's information was low.

9.2.4 *Case 167 Officer Conduct/Grievance*

Internal Audit received a report via the corporate whistleblowing service relating to concerns about an individual's manager. As such, the nature of the concerns did not constitute a whistleblowing under the Council's Whistleblowing Policy, and the individual was referred to raise the concerns under the Resolving Workplace Concerns Policy. The Internal Audit team also offered to support the individual in raising their concerns with HR under the relevant policy, although this offer was not taken up.

9.2.5 *Case 169 External Issue*

Internal Audit received a request for advice in relation to a fraud issue from another organisation. This issue was unrelated to CCC, but Internal Audit referred the organisation to the relevant authority to obtain the information, and the case was closed on this basis.

9.3 NATIONAL FRAUD INITIATIVE (NFI)

9.3.1 The NFI is a statutory exercise led by the Cabinet Office, which compares different data sets provided nationally by local authorities and partner organisations, for the purpose of detecting and preventing fraud. The NFI works on a two-yearly cycle, and data matches which indicate a possibility of fraud in Cambridgeshire are returned to the Local Authority for investigation.

9.3.2 A new NFI exercise commenced data collection in October 2024, all data submissions were uploaded by Internal Audit to the national online portal before the deadline of 25th October. Adult Social Care datasets are not being collected in the first round of data matching this year, and the NFI anticipate that Adult social

Care datasets will be collected and matched as part of a later supplementary exercise.

9.3.3 Matches are being released from the first round of data matching from the 20th December 2024.

10 *KEY FINANCIAL SYSTEMS UPDATE*

10.1 2023/24 KEY FINANCIAL SYSTEMS AUDITS

10.1.1 The 2023/4 audit report on the Payroll system was issued as final on the 13th January, following an extended period of review of the draft report by the Payroll service.

10.1.2 The assurance opinions in the Payroll audit are moderate for the system design and compliance with key controls, which is equivalent to the assurance given in the 2022/23 audit. The review did not identify any fundamental control issues in relation to the starter and leaver processes, or the overall payment file process. System improvements recommended are focussed on expanding the implementation of quality assurance checks across different processes within the payroll service, to ensure that all key processes are double-checked to reduce the risk of error or fraud.

10.1.3 Some issues were identified with the effectiveness of control account reconciliations, and the service has agreed to update the procedures covering the reconciliation process to address this. Overall, the balance of aged unreconciled items has improved from previous years.

10.2 2024/25 KEY FINANCIAL SYSTEMS AUDITS

10.2.1 A paper on the approach and scope for the 2024/5 audits of key financial systems via the Lead Authority model was taken to the Lead Authority Board and approved on the 23rd October. It has been agreed that the Cambridgeshire Internal Audit Team will undertake the Payroll and Debt Recovery shared service audits to commence in January 2025, with the Accounts Payable and Income Processing audits to be undertaken by the West Northamptonshire and North Northamptonshire teams.

10.2.2 The Cambridgeshire Internal Audit service recommended that a new and more comprehensive approach to the auditing of Cambridgeshire and Northamptonshire pension funds should be developed with greater input from the pensions service. This was agreed by the Lead Authority Board and work on this has commenced, and is being led by Cambridgeshire's Head of Internal Audit in conjunction with the Head of Pensions. The approach currently being developed will be finalised in March/April, with audit work to commence in quarter 1 of 2025/26. Further updates will be brought to the Committee in due course.

Annex A

Internal Audit Plan Progress 2024/25

Progress to 31st December 2024 with the core Internal Audit Plan 2024/25 and the agreed Q1-3 'flexible' plan, on the basis of individual reviews completed, is summarised as follows:

Audit Plan 24/25 Progress In-Year		
Total Completed & Closed Reviews	26	29%
Ongoing Work (i.e. which will not 'close' until the end of the financial year)	18	20%
Draft Report Issued	15	17%
Fieldwork In Progress	21	23%
Reviews at Terms of Reference (ToR) stage and before	7	8%
2024/25 Planned reviews yet to start	3	3%
Reviews on hold/paused at Director request	0	0%

Detail of the agreed Core and Q1-3 'flexible' Internal Audit Plan 2024/25, including progress to 31st December 2024, is provided below:

AUDIT TITLE	Directorate	TYPE OF WORK	PROGRESS
Estate Health & Safety Inspections	Finance & Resources	Audit	Fieldwork
Adults Commissioning Governance	Adults	Audit	Complete
Establishment Control	Finance & Resources	Audit	Complete
Quality Assurance in Childrens Social Care	Children's	Audit	Fieldwork
Disciplinary Policy & Application	Strategy & Partnerships	Audit	Fieldwork
In House Foster Carers - New Applicants & Placements	Children's	Audit	Draft report
Recruitment Policy & Compliance	Strategy & Partnerships	Audit	Fieldwork
Mosaic System Uploads, Data Integrity and Key Controls	Finance & Resources	Audit	Complete
Adult Social Care Complaints	Adults	Audit	Fieldwork
Investment Properties	Finance & Resources	Audit	Fieldwork

Light Blue Fibre Ltd	Place & Sustainability	Audit	Draft report
Direct Payments	Adults	Audit	Fieldwork
IT Security for Employees Working Overseas	Finance & Resources	Audit	Draft report
Capital Budgetary Control	Finance & Resources	Audit	Fieldwork
Response to Information Security Incidents	Strategy & Partnerships	Audit	Terms of Reference & prior
Best Value Guidance	CCC-wide	Audit	Fieldwork
Social Care Debt Management	Finance & Resources	Audit	Terms of Reference & prior
Adult Social Care Finance	Adults	Audit	Terms of Reference & prior
Projects Assurance (Non-Capital)	Strategy & Partnerships	Audit	Not started
LDP Pooled Budget Disaggregation (Projects Assurance)	Adults	Audit	Not started
Dedicated Schools Grant (DSG) Safety Valve (Projects Assurance)	Children's	Audit	Not started
Business Planning	CCC-wide	Audit	Terms of Reference & prior
Response to Health & Safety Incidents	Strategy & Partnerships	Audit	Terms of Reference & prior
Implementation of Ofsted Inspection Action Plan	Children's	Audit	Not started
Supporting Families	Children's	Grants	Ongoing
Local Transport Capital Block Funding (Highways Maintenance)	Place & Sustainability	Grants	Complete
Pothole and Challenge Fund	Place & Sustainability	Grants	Complete
Disabled Facilities Grant	Adults	Grants	Complete
Contain Outbreak Management Fund (COMF)	Public Health	Grants	Complete
Open to All Community Experience Grant	Children's	Grants	Complete
Targeted Community Experience Grant	Children's	Grants	Complete
Basic Needs Funding	Children's	Grants	Complete

A14 Grant	Place & Sustainability	Grants	Complete
Traffic Signals Grant	Place & Sustainability	Grants	Complete
Highways Grant Briefing Note	Place & Sustainability	Grants	Complete
Street Lighting PFI Contract	Place & Sustainability	Audit	Draft report
Highways Contract	Place & Sustainability	Audit	Fieldwork
Waste PFI	Place & Sustainability	Audit	Consultancy work complete
Treasury Management 24 - 25	Finance & Resources	Audit	Draft report
Debt Recovery 23 - 24	Finance & Resources	Audit	Complete
National Fraud Initiative	CCC	Investigations	N/A
Fraud Investigations Review Process	CCC	Investigations	N/A
Case 143 - Direct Payments Case	Adults	Investigations	Complete
Case 145 - Governance Review	Finance & Resources	Investigations	N/A
Case 148 - Direct Payments Case	Adults	Investigations	Fieldwork
Case 149 - Bank Mandate Fraud	Finance & Resources	Investigations	Complete
Case 150 - Bridlepath	Place & Sustainability	Investigations	Complete
Case 151 - ICT	Finance & Resources	Investigations	Draft report
Case 152 - HR Investigation	Childrens	Investigations	Fieldwork
Case 154a - Disciplinary Investigation	Place & Sustainability	Investigations	Complete
Case 154b - Disciplinary Investigation	Place & Sustainability	Investigations	Complete
Case 158 – Prepayment Card	Adults	Investigations	Fieldwork
Case 163 – Tenancy	Finance & Resources	Investigations	Fieldwork

Case 168 – Complaints	Adults	Investigations	Fieldwork
Case 174 - Brokerage	Adults	Investigations	Fieldwork
Pro-active Counter Fraud Work	CCC	Investigations	N/A
Development of Anti-Fraud & Corruption Strategy	CCC	Investigations	N/A
Development of Counter Fraud & Whistleblowing eLearning	CCC	Investigations	Complete
Council Tax NFI Project	CCC	Investigations	N/A
Whistleblowing Policy Annual Review	CCC	Support	Complete
Schools Assurance Auditing	Children's	Audit	Draft report
Alderman Payne School Audit	Children's	Audit	Complete
Castle Camps School Audit	Children's	Audit	Draft report
Castle School Audit	Children's	Audit	Draft report
Elton School Audit	Children's	Audit	Draft report
Granta School Audit	Children's	Audit	Draft report
Gt & Lt Shelford School Audit	Children's	Audit	Draft report
Queens Federation School Audit	Children's	Audit	Draft report
Samuel Pepys School Audit	Children's	Audit	Complete
St Annes School Audit	Children's	Audit	Complete
Trumpington School Audit	Children's	Audit	Draft report
Schools Causing Concern Meetings	Children's	Support	N/A
Information Management Board	Strategy & Partnerships	Support	N/A
Annual Governance Statement/Code of Corporate Governance	CCC	Support	Complete
Risk Management	CCC	Risk Management	N/A
Development of Risk Management eLearning	CCC	Risk Management	Draft
Risk Management	CCC	Risk Management	N/A
Advice & Guidance	CCC	Support	N/A
Freedom of Information Requests	CCC	Support	N/A
Follow-Ups of Agreed Actions	CCC	Support	N/A
Committee Reporting	CCC	Support	N/A
Management Reporting	CCC	Support	N/A
Audit Plan	CCC	Support	N/A

ANNEX B

Summary of Outstanding Recommendations

*(Recommendation status as at **31.12.2024**).*

Audit	Risk level	Summary of Recommendation	Target Date	Status
Essential Recommendations overdue				
DSG Safety Valve Review	E	Once data accuracy is assured as per Recommendation 1, targets and expected benefits should be added and include measurable aims to allow for accurate monitoring of actions – e.g., 'if we do X, the no. of EHCPs should be reducing by X each month compared to this time last year in order to meet the target of X.' Once SMART targets are in place, a formal prioritisation of actions should then be undertaken, noting which actions will have the most significant impact on the programme and focusing on these first. Identify interdependencies between actions and add to the progress timeline in the action plan, so that any delays are shown clearly and can be taken into account when planning the start of new actions and reporting on progress.	31/05/2024	The service has reported that they consider that the recommendation has been implemented. At the time of writing, evidence to demonstrate implementation has not been provided to Audit to enable the action to be closed. Internal Audit have written to the service to confirm that the action will remain open until sufficient evidence is provided to Internal Audit for review and to assess if the risk is sufficiently mitigated to close the recommendation. Internal Audit will meet with the service to discuss the closure of this recommendation once evidence has been provided and reviewed. The following updates were also provided: 3A - The weekly SAT data task and finish group are monitoring the progress of clearing the data quality issues that were identified as part of the Impulse Nexus migration and implementation work. Staff from across a number of services within education are supporting with this piece of work and a business case has been developed to request additional data quality officers to complete the scope of work as well as support with the migration and implementation of the EYES system. The task and finish group is also working with colleagues in the Policy & Insights team to create a data dashboard a suite of reports within Power BI. The SD Education has oversight of the data requirements informed by the AD for Inclusion to include in the data dashboard and this will be used to support reporting to the Inclusion Change

				Board on service performance targets including statutory timescales. 3B - As part of the Inclusion for All programme, each of the 6 workstrands will have an action plan with clearly defined SMART targets/KPIs. Progress against these will be reported via individual workstrand highlight reports by the identified workstrand service leads. 3C - Each of the 6 workstrands will have a high-level project plan with key milestones and interdependencies identified and monitored together with individual workstrand risk registers. Workstrand leads have been identified and are in the process of setting up a series of sessions to undertake the development of project plan, action plan and risk register to provide updates to future Inclusion Change Boards. Revised target dates from previous reporting cycles • October 2024 - 31 October 2024 • July 2024 – 31 October 2024
Interims & Staff	E	Officers should confirm whether a current shareholder agreement and overarching corporate contract with Opus can be located from either the Council or Opus's records. If these documents cannot be located, a new shareholder agreement and contract should be developed in line with best practice guidance (such as the CIPFA Local Authority Owned Companies: Good Practice Guide) to ensure there are formal documented arrangements in place that clearly detail key areas such as roles and responsibilities, reserved matters, dividends, client/contractor split and performance management arrangements relating to Opus People Solutions as a supplier and the Council as a customer and shareholder. These arrangements should include Service Level Agreements and KPIs to ensure the Council is able to effectively measure whether Opus People Solutions are providing an effective value for money service (as would be expected in any contractual arrangement).	31/07/2024	The initial Services Agreement is in place from 9th January 2017 was extended by a Deed of Variation agreed at Strategy and Resources Committee for the period 8th January 2022 until 8th January 2027. The Deed of Variation whilst approved was never sealed, but has now been sent for sealing to Pathfinder Legal. Discussions regarding the future of this arrangement will need to start in 2025 and any future arrangements will take on board the recommendations here. Establishment of an organisation-wide Shareholder Board has been addressed via agreement that this role will be held by Assets and Procurement Committee. An annual progress report for Opus will be scheduled for Committee in early 2025. Revised target date: 31st January 2025 Revised target dates from previous reporting cycles: • October 2024 – 31 January 2025

		If the documents can be located, officers should conduct a review of these documents and the relationship between CCC and Opus against best practice guidance such as the CIPFA Local Authority Owned Companies: Good Practice Guide. Arrangements in place should include detail of the roles of the CCC director and a shareholder representative role, as well as establishing a 'shareholder board' to advise the shareholder representative in their role representing the authority at meetings of the company. It is suggested that any shareholder board for Opus could also act as shareholder board for other small companies in which the Council has a shareholder interest.		
High Recommendations overdue ***- over 12 months***				
Government Procurement cards (GPC)	H	Clear guidance to schools on GPC use should be developed. This should include clear guidelines regarding prohibited categories of expenditure and requirements to review and approve spend. This could be the same as the CCC standard GPC guidance document, or a separate document if it is believed this is required to suit school's needs. Once agreed, a copy should be circulated to all maintained schools and should be shared when schools apply for new GPC or to change a cardholder/approver	01/08/2023	As part of the guidance review, an independent schools administrator guide has been produced and will be circulated to CCC Audit and Schools and Colleges. The Service has confirmed to Internal Audit that schools do not have access to software that allows for review and approval in line with the council's process. Internal Audit have written to the S151 Officer to seek acceptance of the residual risk. Once this acceptance is confirmed, this action will be closed as partially implemented. Revised target date: TBC (partially implemented) Revised target dates from previous reporting cycles: • October 2024 – TBC • July 2024 – 30 September 2024 • March 2024 - 30 June 2024 • January 2024 - 31 March 2024 • December 2023 – 31 December 2023 • September 2023 - 30 September 2023

Medium Recommendations overdue - over 12 months				
DSG - High Needs Block Demand Management	M	A detailed written training package should be developed and implemented by the local authority and distributed to schools and special educational needs coordinators (SENCO), with information on how to conduct an annual review meeting and how to amend an Education, Health and Care Plan (EHCP) after an annual review has taken place. The service should also seek to identify schools which repeatedly supply annual review forms that do not meet the standard requirements expected by CCC and retrain them, in addition to challenging paperwork sent by schools if it is not completed correctly.	01/09/2022	A new training package has been developed on the EHCP 20 week process and AR process, which will soon be delivered to schools. There is also inhouse training on annual reviews delivered by a member of the SAT team. Training has been delivered to Caseworkers, social care and the SENCO network group. In addition, some schools have received some training. Revised target date: TBC. Revised target dates from previous reporting cycles: • October 2024 – TBC • July 2024 - 31 July 2024 • March 2024 - 31 July 2024. • September 2023 – 31 January 2024.
Insurance Fund	M	The Claims Handling Manual should be updated following implementation of an Insurance Strategy, this should ensure that the service goals and objectives are supported by operational processes which target management resource accordingly. This could also include current reporting review processes, betterment circumstances.	31/12/2022	Claims handling manual being rewritten to include motor and property claims which became an issue in September. Meeting of the Insurance management team w/c 7/10/24 to rewrite the insurance strategy, taking into account other partner governance documents having been reviewed. The update above is from the July 2024 reporting cycle. No update has been received for this reporting cycle. Revised target date: TBC Revised target dates from previous reporting cycles: • October 2024 - TBC • July 2024 - TBC • March 2024 – 30 April 2024 • January 2024 – 31 March 2024 • December 2023 - 31 January 2024

				• September 2023 - 1 December 2023
Insurance Fund	M	An Insurance Strategy is developed to provide a clear framework for the service goals and objectives including a structured approach to the Councils insurance arrangements. For example, this could include the following information: The strategic aims of the service, a breakdown of the risks the council self-insures and policies the council holds with external insurance providers, the process for projecting future risk profile, management and recharging arrangements, claims management processes and processes for reviewing the insurance strategy.	31/01/2023	Work underway in reviewing the draft strategy prepared by the previous HOS, the comments and views of the S151 officer and the structure of the Hampshire document. The plan is to share the draft strategy with all partners and comment to obtain general agreement and achieve consistency. The update above is from the July 2024 reporting cycle. No update has been received for this reporting cycle. Revised target date: TBC Revised target dates from previous reporting cycles: • October 2024 - TBC • July 2024 - TBC • March 2024 – 30 April 2024 • January 2024 – 31 March 2024 • December 2023 - 31 January 2024 • September 2023 - 1 December 2023
Debt Recovery 22/23	M	The Head of Finance Operations should decide if procedures should be amended to reflect the current practice and detail the approval time-out procedure, or whether to amend the system workflow in ERP for write-offs to ensure that budget holder approval must be given before write-offs are progressed. In conjunction with Recommendation 5, the procedure could vary for different values of write-offs.	30/09/2023	Business Systems and Finance Operations are finalising the change request to ensure that any bespoke write-off coding/processes meet the needs of individual clients. Once this is finalised, we are awaiting delivery date from Business Systems. Strong assumption this will be delivered by February 2025. Revised target date: 28 February 2025 Revised target dates from previous reporting cycles: • October 2024 – TBC • July 2024 – 30 September 2024 • March 2024 - 30 June 2024 • January 2024 - 30 June 2024 • December 2023 - TBC

Fostering Payments (In-House)	M	To avoid the need for complicated payment suspensions and delays in record updating, fostering finance management should be given access to edit payments within ContrOCC on notification of an error or change. There appears no need for this to be completed by IT, especially as they do not request any evidence of the change to verify any change request. Likewise, for SOC 408 changes, provided the change has been approved and this is verified by the finance team on receipt of the 408 notification the responsibility to update payment records could be shared by the finance, ART and Duty teams.	01/09/2023	The fostering service is working in partnership with a Controcc expert to implement a singular finance system that can be managed at an operational level. The programme started in late October; however the consultant employed left suddenly and has now been replaced. This objective should be achieved within the next 9 weeks Revised target date: 31 March 2025 Revised target dates from previous reporting cycles: • October 2024 – TBC • July 2024 - TBC • March 2024 – 31 March 2024 • January 2024 - 31 March 2024 • December 2023 - TBC
Fostering Payments (In-House)	M	The service should expand internal and external guidance for the outstanding elements that have not been addressed by the external Foster Handbook and Independent Fostering Agency (IFA) transfer guidance. These outstanding elements include allowances for children entering higher education and confirming allowances for pocket money/savings and respite placements, as these currently are quoted within the Handbook guidance as 'under review'.	01/09/2023	The service has reported that the allowance guide has been written and shared with the service- final changes are being made with a view to publish this in January 2025 Revised target date: 31 January 2025 Re Revised target dates from previous reporting cycles: • October 2024 – TBC • July 2024 – 31 July 2024, then 1 Sep 2024 • March 2024 – 31 March 2024 • December 2023 - TBC
*High Recommendations overdue - **over 3 months***				
Case 125 - Guided Busway Procurement	H	The service should consult with the Head of Procurement & Commercial and the Monitoring Officer regarding the areas of non-compliance with Contract Procedure Rules and Public Contracts Regulations outlined within this report (including the expert witness spend, etc) and agree	31/03/2024	Non-compliance with the key decision threshol in respect of spend with one contractor was reported to H&T Committee in June 2024. The service has reported that other elements of the recommendation are being progressed and they will liaise with Internal Audit regarding the provision of evidence on actions taken to date.

		the approach that should be taken to regularise the expenditure. In particular, this should include: • Agreeing to report the non-compliance with Contract Procedure Rules to Committee retrospectively under the new breach process (see Recommendation 6); • Undertaking an exercise to identify, as far as possible, from service records the full amount spent with each contractor prior to the 1st of April 2018 cut-off which has applied to the figures in this report. • Where costs are ongoing (such as with the land matters), this exercise should include identifying how best to bring any further spend into line with Contract Procedure Rules.		Revised target date: TBC Revised target dates from previous reporting cycles: • October 2024 - 31 October 2024 • July 2024 - TBC • March 2024 – 31st October 2024
Capital Project Management	M	In line with the recommendation from the previous audit, regular (quarterly/half yearly) reporting on capital project delivery should be developed and reported to an appropriate officer group and on to Committee. The reporting should bring together key information including: • All projects currently underway; • Current baseline including risk and optimism bias; up to date forecast final cost; • The extent to which the full budget envelope for the project is currently funded; where funding has come from; the 'funding gap' where there is one and how it is proposed this will be closed; • The baseline timescale and current forecast timescale to completion; • Highlight information on major risks, current gateway, KPI performance etc. Such reports could be used to obtain Member approval where required for progression of projects (linked to implementation of Recommendation 1b) rather than bringing separate reports per project, with sections on key projects.	30/08/2024	The service has stated that Committee and Capital Programme Board have declined the level of information in reporting as recommended and are satisfied with the level of detail currently provided. The service will seek formal confirmation from Committee and Capital Programme Board of those decisions and acceptance of the residual risk associated with reporting not including the full recommended information. The service has confirmed programme and project board level reporting is in place. They have also confirmed that detailed project information is available in the POWA BI application to officers and provided to officer groups. Internal Audit is liaising with the service to obtain system access and review the information. Revised target date: 31 March 2025 Revised target dates from previous reporting cycles: • October 2024 - TBC • July 2024 – TBC

Capital Project Management	H	The service should conduct a full review of capital project framework policies and guidance documentation, with a view to streamlining and reducing the number of separate documents; ensuring information is up to date and terminology is consistent between documents; and developing an index to the framework which links all the other guidance documents to help officers navigate the guidance. This review should be conducted in consultation with colleagues from the Policy Insight & Programmes service who are redeveloping project management requirements around revenue projects, to ensure consistency and alignment between processes. In particular, the review should include: 1a - Approval to proceed to the next gateway should be a centrally enforced control to ensure compliance with gateway requirements and good practice. Where projects complete a gateway, they should submit the evidence for this to a central team (e.g. the PMO) or Board etc., for independent review, challenge, and approval to proceed. Projects should not be able to proceed beyond a gateway without this approval. This requirement should be amended as part of the review of capital project framework policies and guidance. Additionally, the amended gateway requirements should include a requirement that projects which rely on the release of third-party funds cannot be progressed until formal agreements have been made. 1b - As part of the review of project processes, the service should update the approach to requiring Committee approval for gateways. The risk assessment project classification process (see Recommendation 1d, below) could be used to inform the extent and frequency of Committee approvals needed, while retaining alignment with the requirements in the Constitution re: key decisions. Delegation could be sought from Committee to manage lower-risk projects within approved advance tolerances at the outset of each project, with projects only required to seek further approval from Committee if they are particularly high risk/high profile or it is identified that they	31/05/2024	The service has reported that the majority of this recommendation has been implemented. They have confirmed that since the last reporting cycle, the Project Management Framework review has been updated to contain links to the requirements of the Council's Constitution and Scheme of Financial Management. The service has reported that the following elements of the recommendation are 'amber' and not yet implemented: 1e: Skills gap 1i: Procurement processes on Frameworks. Revised target date 30 April 2025 Revised target dates from previous reporting cycles • October 2024 – 31 December 2024 • July 2024 - TBC

		are likely to exceed tolerances. This should be developed in conjunction with the approach taken to Recommendation 6, below. 1c - The service should review their project framework documentation and ensure that it reflects the requirements of the Council's Constitution and Scheme of Financial Management, in particular the Constitutional requirement for business cases for capital spend to be approved by the relevant Finance Business Partner and Capital Programme Board prior to approval by the relevant service Committee. If it is felt that this requirement in the Scheme of Financial Management is no longer appropriate, the service should liaise with Finance to agree and formalise a new corporate requirement for approval which aligns with their processes. 1d - As part of the review of project procedures, the risk assessment process for projects should be reviewed and implemented in practice. This should include categorising projects based on risk, including appropriate financial and non-financial considerations. Alongside this, the service should implement a process to allow the management of lowest-risk projects to be aggregated under a wider Programme Board, and ensure the provision of clear guidance regarding the mandatory outputs for each category of project, which should align with existing corporate processes and requirements such as the Equality Impact Assessment process. 1e - As part of the review of project procedures, the service should establish a process for ongoing centralised oversight of skills and training for capital project management, linked to and informed by the outcomes of the Quality Assurance process. This should include ensuring that an updated Skills Matrix is maintained and staff complete core mandatory training as well as refresher training. 1f - The requirement for projects to have a clear cost management plan in place should be re-established as part of the review of project processes and an appropriate mechanism for scrutiny of these plans identified. It may be		

		more efficient to reduce the number of separate documents required and have a single document capturing baseline, tolerances and cost management at the outset of each project. As part of the review of this aspect of project processes, the service should also implement the reduction of the overall budget envelope for projects as they progress, optimism bias is reduced and cost certainty increases. 1g - As part of the review of procedures, controls around change management (for both cost and timeline changes) should be reviewed for consistency and clarity, and to ensure alignment with related corporate processes, particularly the virement delegations in the Scheme of Financial Management. A clear escalation process for changes in excess of tolerances should be articulated, and approval for cost increases in excess of tolerances should additionally rest with an authority outside the Project Board (for example, the Capital Programme Board). 1h - As part of the review of procedures, change control processes should be updated to distinguish between essential and non-essential variations: • Essential variations: changes to project scope which are necessary in order to achieve the project's core planned outcome (for instance, works commence and it is identified that additional groundworks are required). • Non-essential variations: changes to project scope which reflect 'nice to have' amendments to project scope but which are not required in order to achieve the project's core planned outcome (for instance, if a project is underspending and it is decided to use the underspend to fund additional landscaping or lighting). Essential changes can be funded by risk and contingency allowances and approved by the Project Board providing they remain within the project's tolerances; otherwise they should be escalated in line with agreed approval processes. Non-essential changes should be subject to a higher degree of challenge and should not be funded from contingency budgets.		

		1i - As part of the review of processes, guidance should be developed to ensure officers are supported to undertake a consistent approach to procurement options for different types of procurement (specifically including consultancy, design and build vs. design or build, NEC supervisor role etc.) which takes into account financial and non-financial considerations and the best way to achieve value for money based on the features and circumstances of individual schemes. This should also include an agreed exception route by which a non-standard approach can be approved in exceptional cases by a suitable senior officer. 1j - The service should complete the implementation of planned key performance indicators, including the Strategic Performance Indicator requested by Highways & Transport Committee. This should link to the development of a robust baseline position for every project (see Recommendation 1f) and ensure that indicators are calculated in a way which takes account of planned contingency values including optimism bias, as well as ensuring that source data for performance indicators is both robust and timely. Alongside this, the service should develop a clear reporting framework ensuring that performance data is regularly reviewed within the most senior levels of the service to enable senior effective management oversight of all projects, and ensuring that clear guidance is available to officers regarding the KPIs they are expected to meet. 1k - As part of the review of project management framework documents, the Project Boards Terms of Reference document should be reviewed and the approval limits and tolerances within the document updated for clarity; to align with other project management documents and corporate policies in line with Recommendations 1c and 1g; and to ensure that suppliers are not in a position to approve deviations to project tolerances or have an undue level of influence over Council decision making on projects.		
Capital Project Management	H	The Place & Sustainability Directorate should continue to work with Finance to move to full implementation of ERP	31/05/2024	The service confirmed they continue to liaise with Corporate Finance who are taking the lead on this. The functionality is essentially there but it is not yet fully implemented and used

		for capital budgetary forecasting and reporting. This should be implemented to a detailed individual project level.		consistently across the service. This is partly due the fact that currently there is a dependency on Finance uploading the base line project budget information for all projects. A Senior Finace Business Partner is now looking at this process to help ensure it is fully implemented. This could involve looking to implement multiyear programme and project budget approvals which will facilitate more timely/multiyear uploads of budget information once project and programme approval is provided. Revised target date 30 April 2025 Revised target dates from previous reporting cycles: Revised target dates from previous reporting cycles: • October 2024 - TBC • July 2024 – TBC
Capital Project Management	H	As per agreed actions from previous audits, an annual reconciliation should be undertaken by the Highways service to reflect the difference in the amount paid by Cambridgeshire County Council and the actual cost incurred by the contractor (based on prime records) in delivering the contract. This will build on the implementation of payments in line with the full target/actual cost model in line with the contract documentation, and the process of monthly reconciliations being implemented by the team. The annual reconciliation will finalise the agreed actual cost for the year. This should be completed in a timely manner following the end of the financial year and be subject to subject to scrutiny by the Assistant Director of Highways prior to being reported to, and challenged by, CLT. This should include retrospective reconciliations undertaken for previous years of the contract where this has yet to be completed.	31/05/2024	Information provided to date has not confirmed completion of reconciliations or that outcomes of reconciliations have been reported to CLT. Internal Audit is meeting with the relevant officers in January to discuss next steps. Revised target date: TBC Revised target dates from previous reporting cycles: • October 2024 - TBC • July 2024 – TBC
S106 Funding	H	Implement a structured monitoring schedule that prioritises triggers based on their financial value, impact, or	01/06/2024	The service has stated that this is considered closed as relates to the time prior to the establishment of the Green Investment

		complexity, ensuring that the most significant triggers receive timely attention. This should align with management's suggestion of quarterly reviews. Information sharing with partnering organisations on trigger points should be utilised; for example, Council Tax departments can provide reports of occupied priorities properties that could be checked, as well as planning certificates issue on completion of a development, these may result int addressing some unidentified triggers early in a more proactive manner. Additionally, consider introducing automated tools to assist in tracking and alerting the team to upcoming or overdue triggers, thereby enhancing efficiency, and reducing manual workload.		and Utilities Advisory Group. This is a cross-party member advisory group which meets monthly and where all of the recommendations are routinely implemented. For future schemes, appropriate governance will be set up at the start of a project including an officer project board. Where appropriate, member groups may be set up to support specific stages of a scheme. Regular updates will be provided to members through monthly updates to Local Members and discussion of specific issues through the Chairs and Vice-Chairs as appropriate. Internal Audit will liaise with the service to review evidence of action and determine whether this recommendation can be closed. Revised target dates from previous reporting cycles: • October 2024 - TBC • July 2024 - 31 August 2024
Safe Employment	H	The Fostering service must implement formal right to work checks for new foster carers and record and retain the outcomes of those checks in line with government guidance. The service should also review their approach to confirmation of identity and retaining specific evidence of ID checks. As part of this review, the Fostering Service should also conduct, record and retain evidence of right to work for all current in-house foster carers.	31/05/2024	Internal Audit has requested an update on this as from undertaking the recent fostering audit this has not yet been fully implemented. Revised target date: TBC Revised target dates from previous reporting cycles: • October 2024 – TBC • July 2024 – TBC
Schools Capital Programme	H	Linked to Recommendation 3, the Education Capital Team should implement a formal, documented framework for contract management across the service. This should include management of: supplier performance against call-off contracts; supplier compliance with the key requirements of the Design and Build Framework (including DBS checks and health and safety requirements); and management of consultants delivering project management on behalf of the Council.	21/06/2024	The service has reported that a Project Management Office is now in place which officers are updating with all the relevant documentation. Once this is in place officers will look to implement this action. However, the KPI element may not be able to be implemented as current call off frameworks don't have these embedded – this may be dependent on developing a new call off framework.

		Contract management must include monitoring against KPIs, both for individual contracts and for contractors under the overarching framework contract. This should include requiring contractors to self-report against KPIs as well as some spot-checks by the ECT to verify that information reported by contractors is accurate. Contract management should include appropriate quality assurance processes including monitoring sign-off of milestone reports (see Recommendation 5) and verifying Quantity Surveyor reports are in place (see Recommendation 6b). A clear reporting and escalation route for under-performance should be identified (see Recommendation 6c). This should be developed in conjunction with Recommendation 13 re: the implementation of project management and/or contract management software within the team. As part of the development of contract management procedures, the Education Capital Team should develop and document escalation procedures in relation to poor performance or other issues with contractors (builders) delivering projects and consultants managing projects. This should link to defined performance expectations within the framework and call-off contracts and should include a clear mechanism for escalating concerns both externally with contractors and internally to senior management. projects.		Revised target date: TBC Revised target dates from previous reporting cycles: • October 2024 – 31 December 2024 • July 2024 – TBC
Schools Capital Programme	H	The Education Capital Team should develop a contract management process to ensure consultants are performing to the required standards, including achieving key deliverables in a timely manner and delivering a value for money service. This process should include key performance indicators which are formalised in consultant contracts and regularly reported, ideally with financial penalties for consultants who fail to deliver in line with	21/06/2024	The service has reported that a central log created. Milestones are now only being signed off once QS reports are received and saved in the Project Management Office folders. Independent checks of the reports are carried out by within the team Cost Control Managers. New consultant contracts will be called off from the central government PAGABO Professional Services Framework – as

		expectations. As part of a robust contract management the Education Capital Team should only sign off milestones and make payments to contractors once Quantity Surveyor reports are available to provide assurance that the works are completed to the appropriate standards. These reports should be available to all officers to cross reference that all works have been completed before the release of payments to contractors. An independent check should be completed by management checking the presence and content of all Quantity Surveyor reports to ensure payments have only been made for completed activities and all stated activities have been completed before any milestone progression, this should be documented in a central log.		such KPIs cannot be embedded into call off contracts. The service will be liaising with other departments in the future to determine if a Council wide framework could be implemented in the future. In the meantime the service will develop its own consultancy contract management framework. Revised target date: 31 January 2025 Revised target dates from previous reporting cycles: • October 2024 – 31 January • July 2024 – 30 September 2024
DSG Safety Valve Review	H	Once the Action Plan has been developed [see Recommendation 3] to clarify and prioritise the actions required to deliver the programme objectives, the programme should conduct an evaluation of the programme's staffing/system needs against ongoing business-as-usual workloads. The outcomes of this review of staffing resources for the programme should be reported to CLT for Directors to consider whether the current allocation of staff to the project is optimal to ensure its success, in relation to resources available. The paper should include an appraisal of problems realised so far, including the opinion of the Local Government Association, the likelihood of future resourcing issues, and the potential options for solving the problem. This could involve acquiring additional temporary resources from other sources, back-filling posts, accepting the risks presented by a less than optimal staff resource, etc.	31/05/2024	This analysis has been completed as part of the deep dive and will be in SEND recovery programme. Based on Internal Audit's review of the provided evidence, further clarification is required. IA will work with the service team to facilitate closure. Revised target dates from previous reporting cycles: • October 2024 - TBC • July 2024 – 31/08/2024
Case 143 - JS Direct Payment	H	This Direct Payment should be moved to an arranged provision as soon as possible, in order to prevent any further misspend and reduce the risk of potential fraud. Alongside this, the Service Director should also formally	30/09/2024	The service has confirmed that the direct payment has ceased and a care agency in place. An Officer has been to visit the family and discuss the misuse. Further discussions are needed before taking any further actions.

		consider invoicing the family for repayment of the spend where it can be demonstrated that the family were informed or should clearly have known that the spend was inappropriate. This should not include the amount invoiced per recommendation 2 to avoid double counting.		Revised target date: TBC Revised target dates from previous reporting cycles: n/a
***High Recommendations overdue* - under 3 months**				
Adults Business Planning Review	H	1a Establish a comprehensive central Governance Structure: a) Established a singular overarching body, like Adults Change Board with defined roles, responsibilities, decision-making authorities, and reporting lines, tasked with overseeing the effective implementation all business plan proposals. b) Implement structured reporting, monitoring and performance tracking mechanisms aligned with objectives and targets and encompassing all Adults Business Planning proposals. This should include identifying for each proposal the level of risk associated with the achievement of savings and actions (for instance, proposals without clear defined actions to deliver savings should be classed as high risk, whereas those where there is a clear action to deliver a well-quantified benefit (e.g. ending a contract) would likely be classed as low risk) and using this to inform the level of monitoring for proposals by the central governance body. Ensure effective stakeholder engagement and communication plan. c) Established a framework and guidelines for benefit realisation, ensuring all proposals have well defined, measurable ("SMART") benefits, and detailed plans to achieve them which demonstrate how delivery of actions will directly link to delivery of the corresponding benefits. This should also include interim milestones for the achievement of benefits over the course of the financial year and should capture baseline information to support the measurement of benefit delivery. Once this is complete, implement a robust monitoring and reporting process to track benefits realisation progress across proposals, allowing for timely course correction. Consider	31/10/2024	The service has reported that All actions complete except for two outstanding areas of stakeholder and engagement plan and benefit realisation framework. 1A a) Adults Change Board in place and meets monthly, reporting into the Corporate Change Board. B) Risk assessment in place for all savings proposals in current year and also for 25/26. Savings risks are also reviewed as part of the corporate savings trackers with quarterly forecasts from project owners. c) A review of all proposals for 24/25 has been undertaken with plans for delivery/risks. Development into 25/26 to build this into a clear overview of the whole change programme with breakdown of complex change vs BAU with benefit and risk mapping. d) Risk appraisal reported monthly to the Adults Change Board and escalations to Directorate Risk Register where required. e) Integrated timeline being developed to include 25/26 proposals f) Project Boards in place for all complex initiatives which are currently underway with reporting into Adults Change Board. BAU and complex change evaluated in line with Corporate Change Strategy. 1B a) Groundwork for 25/26 delivery is being completed to ensure implementation development is clearly scoped and key milestones identified. b) Stakeholder and Engagement plan not yet started - awaiting further scoping of implementation c) Process for 25/26 Business Planning worked closely with finance on all proposals to ensure that numbers for new proposals for delivery in 25/26 were realistic and risk assessed. d) Procurement appraisal conducted for all proposals e) Consultancy appraisal conducted for all appraisals f) Quarterly corporate savings tracker is used to monitor under or over delivery against financial savings. This is reviewed and discussed

		implementing a risk tolerance process to require slippage of more than (e.g.) 10% against expected benefits to require escalation to the Change Board or equivalent. d) Link this to a comprehensive risk management process to aggregate risk information from across different projects and proposals, allowing emerging risks from across all projects/programmes to be escalated up to the central Board and (if necessary) on to the Directorate Risk Register. e) Develop an integrated programme timeline or schedule mapping out the key phases and dependencies between key actions across the various business planning proposals, to ensure the Board has a high-level view of the critical actions needed to progress the delivery of all proposals and increase the ability of the Board to identify risks if timescales are missed or dependencies are not effectively managed. f) Establish project/programme boards below the Adults Change Board for complex initiatives requiring dedicated governance oversight, which then report into the overarching board. For BAU initiatives, establish clear reporting lines and mechanisms within existing operational / departmental governance structures. Ensure the governance arrangements for each level are documented. 1b a) Mandate to continue refining and development detailed implementation plans for their proposals throughout the approval process, ensuring that the necessary groundwork is completed before the start of implementation of proposals. b) Establish a comprehensive stakeholder and communication plan that aligns and integrate the plans across all initiatives within the program considering both internal and external stakeholder. c) Establish a formal process requiring the services to refine and solidify the cost projections, savings targets and implementation plans for their approved business		at Adults Change Board. g) Additional resource identified to support co-ordination of Adults programme on a short-term basis. Request for permanent resource being discussed. Revised target date: 31 March 2025 Revised target dates from previous reporting cycles: n/a

		planning proposals. This process should occur before the implementation of proposals, ensuring that the figures and plans are as accurate and realistic as possible. d) Establish a comprehensive program level procurement plan that addresses procurement related activities across all initiatives within the overarching Adult's business planning program. e) For initiatives involving Consultancy support, expedite the approval process for the consultancy services specifications, to ensure timely engagement of consultants and development of procurement plan to achieve the potential savings f) Consider implementing 'stretch' targets for projects which may have the capacity to over-achieve on expected savings, and a costed risk/slippage register to allow the service to identify and quantify the cost of project slippage or under-delivery against expected benefits. g) Review the resourcing of the co-ordination of central oversight activity and ensure that there is sufficient resource in place to support the Board in its co-ordination and aggregation of management information to support its oversight and decision-making.		
Multi Agency Safeguarding Hub	H	Ensure all staff are fully aware of the overall picture and the "Impact on the child "as a key point of focus. Continue to conduct regular quality audit reviews to ensure that information transfer and risk assessment practises align with safeguarding policies and effectively serve the needs of vulnerable individuals. If repeated issues are identified from the assessment team undertake training to ensure correct protocols are followed.	31/10/2024	The service state that this is no longer an issue as this has been firmed up in the working agreement and continues to be monitored at the MASH Opps Group. Increased dip-sample of contacts in MASH to identify any patterns or trends to result in any training required by staff. Service Manager, MASH and Head of Service to dip-sample cases from January 2025. A new Threshold document to assist in decision making as been coproduced by the partnership and published on the MASA website. Regular audit of cases in Assessments to identify any learning from repeat referral of cases which started in October 2024. Training from Learning & Development around professional curiosity and voice of the child. This has started in the MASH Pod

				Briefing in August-September 2024. Learning & Development will devise bespoke training from March 2025 Based on Internal Audit's review of the provided evidence, further clarification is required before the action can be confirmed as implemented. IA will work with the service team to facilitate closure.
Management of Consultants	H	An urgent exercise should be undertaken to review the current arrangements with Therapeutic Thinking Ltd. This should include consideration of: • Termination of the current arrangements and a procurement exercise to obtain new provision in line with CPRs. • Implementation of a contract to cover current arrangements with appropriate advice from the Procurement Service and Legal Experts on how this can be done effectively and compliantly. • Reporting of this issue to CLT and a plan for remedial action to be taken.	31/12/2024	The Service has reported that a procurement exercise is now complete, bidders have been evaluated, and the successful bidder identified. A compliant contract will be signed and in place by 31st January 2025. Revised target date: 31 January 2025
Schools' Deficit Recovery Plan Review	H	A process note should be written up for Education staff regarding the expectations for supporting/managing schools in deficit situations. This should include: •Who is responsible/able to provide direct support to schools in helping them complete their DRP (which staff or job roles), and through what means this support should be provided; •Who would get involved in the event of a dispute or lack of engagement; •What aspects officers might want to consider for suggesting recovery actions; •What the outcome of support provided should be (i.e., a completed Revenue Recovery Plan template with SMART targets, and a complete Deficit License Application); •That a budget forecast should be run based on the DRP's SMART targets to verify that the targets will reduce in a balancing of the budget; •Timescales for when DRPs should be complete; •Timescales for when to contact schools who do not have	30/09/2024	The service has reported that a licensed deficit protocol document, which covers aspects of the recommendation, has been produced to support schools in deficit positions. The service also confirmed they have set up a rapid response implementation group to support those schools (although this is still a developing process). A process note for officers has not yet been developed but the service plans to do this in conjunction with a wider roles and responsibilities framework document. Revised target date: 31 March 2025 Revised target dates from previous reporting cycles: n/a

		a completed DRP in place including clear SMART targets and roll forecasts substantiated by a budget forecast, so that support can be provided to facilitate this; •Whether DRPs should be updated or re-issued if plans change throughout the year. Internal Audit recommends that the School Finance Team should not accept DRP submissions as complete where the Recovery Plan template doesn't include any SMART targets and a roll forecast, rather they should be sent back for completion with support being provided as necessary to facilitate this.		
Medium Recommendations overdue ***- over 3 months***				
Climate Change and Environment Strategy	M	Targets 1 "Understand and grow our natural capital account to benefit people and nature by 2025" and 4 "Improve our Biodiversity across Council estate by 2030" should be developed and refined based on the conclusions and evidence resulting from the biodiversity audit. The targets should have a specific focus which is as measurable as possible. The evidence used to inform them should support the targets to be timely, relative to Cambridgeshire being net zero by 2045 and the Strategy's vision to mitigate the impacts of climate change. There should also be evidence to support that the targets are realistic in context of the County's local environment, and achievable with what annual progress is expected to meet the final target date.	30/04/2024	Work to develop biodiversity target will deliver in Q4 2024/5; and for natural capital Q1 2025/6. Due to requirements to gather the evidence base, which may only be done during ecological survey periods, the timeline for these recommendations is necessarily longer than the maximum. Revised target date: 30 June 2026 Revised target dates from previous reporting cycles: • October 2024 - 01 April 2025 • July 2024 – TBC
Climate Change and Environment Strategy	M	Whilst the Council aims to prevent survey-fatigue by requiring all staff to complete multiple surveys, instead the programme board can select a group of staff to represent a cross-section of staff across the Council (of different skills, work locations, working hours and times etc.). With their agreement to engage, an annual survey can be issued only to them, to follow their knowledge of Climate Change and Environment: whether they or their service have taken	01/06/2024	Similar questions were asked again at the 31 October 2024 Cambridgeshire Conversations sessions (unfortunately the poll wouldn't work so a Microsoft form was used instead so less data collected). 52 people completed the form. Although it is difficult to draw direct comparisons with the two data sets as different questions and number of respondents, results show a positive picture in terms the importance of this subject matter to colleagues at the Council and how well informed and

		any adaptive or mitigating actions, how far they accept the Climate Change and Environment objectives and other areas of interest to the board. The evolution of the group's responses can represent the wider organisation's evolving attitudes, knowledge and behaviour overtime, for the programme board's insight. These selected staff would not be targeted specifically for other Climate Change and Environment engagements during the year, to fairly represent any other staff member in the Council. Overtime, Council Officers in this group may be replaced if they change roles or leave the Council to continue to fairly represent a cross section of CCC staff.		confident people feel. Actual results from the form can be shared as required. Internal Audit will liaise with the service to confirm evidence of implementation. Revised target dates from previous reporting cycles: October 2024: 31 October 2024
Climate Change and Environment Strategy	M	The Climate Change and Environment Board should define what constitutes the targets (Targets 2 consists of scope 1 and 2 emissions; Targets 3 scope 3 emissions; target 5 and 6; Target 1 consists of natural capital; Target 4 consists of Biodiversity; Target 7 consists if all Council Buildings and infrastructure). They should then evaluate the Actions in the Action Plan for the proportion of a target's planned outcomes that they impact. A target date must also be assigned to each action- even where they are "ongoing", a target date can at least be assigned to the point where the action should be adopted as Business as Usual within the Council. In light of their impact and target dates, the Actions should be contributing to annual ambitions of reduction/improvement. The completion of actions should move the Council towards the targets of the Strategy and secure their achievement.	01/07/2024	Service has made progress by defining targets within the Climate Change and Environmental Strategy and will add target date to actions in the Action Plan. Additionally, the service will identify the actions where a proportion or quantum contribution towards targets can be assessed. However, it is noted that service will not fully implement the recommendation as originally stated. Instead, they aim to establish arrangements that provide assurance that the Action Plan is sufficient and appropriate to bridge the gap between the current situation and the strategy's targets. Revised target date: TBC Revised target dates from previous reporting cycles: n/a
DSG Safety Valve Review	M	Alongside recommendation 1, the Director of Education should write to all schools informing them of the new information system and requesting that they bring information for their school up to date regarding EHCPs within a month. This will ensure that data accuracy is restored quickly so planning for the programme can resume. Where this information is not provided within a month,	31/05/2024	In September 2024, communications with schools took place and further communications would be followed up to ensure information and future requests have the appropriate level of information. Revised target date: TBC Revised target dates from previous reporting cycles: • October 2024 - TBC • July 2024 – 23/07/2024

		Education should follow up with schools to ensure this information is obtained as soon as possible.		
DSG Safety Valve Review	M	An investigation should be carried out formally to establish whether EHCPs are being funded correctly (in line with legislation, government guidance or agreements) from both Health and Social care and/or Education. If changes in sources of contribution are required, then the outcomes of the investigation should be written up and reported to CLT.	31/05/2024	The service confirmed that they believe that placements for SEND / EHCP educational placements are being funded correctly. Internal Audit is awaiting evidence of implementation which would allow this action to be closed. Revised target dates from previous reporting cycles: • October 2024 - 31 December 2024 • July 2024 – TBC
DSG Safety Valve Review	M	The Terms of Reference for the Transformation and Performance Board should be reviewed and updated to clearly state changes to members, updates to responsibilities, as well as include clear information on the relationship with the SEND Executive Board, expectations on reporting/communication between the two Boards, and how issues are to be escalated outside of the Board. It would also be beneficial to include the Governance Structure Chart and Officer Governance ToR as appendices to this document so it is all in one codified document. This updated Terms of Reference should then be presented to the Board for review and approval.	31/05/2024	The Inclusion for All Framework has been agreed by the Corporate Change Board in August 24 and is replacing the SEND Transformation Board. Programme Management and project officer support have been allocated. A schedule of meetings for the Inclusion Change Board have been agreed and terms of reference drafted. The governance sits within the established governance arrangements for the Corporate Change Board linking directly with CLT to ensure there is rigorous and regular oversight. In light of this, the service have stated that they believe this action is complete. Internal Audit is awaiting evidence of implementation which would allow this action to be closed. Revised target dates from previous reporting cycles: • October 2024 - 31 October 2024 • July 2024 – TBC
DSG Safety Valve Review	M	Meeting minutes should be kept for the SEND Transformation and Performance Board meetings to record the actions that have been decided on in each, what has been approved, and who is in attendance. This ensures that comprehensive evidence is retained of any actions taken or decisions approved by the Board, as well as who is responsible for undertaking said actions, which	31/05/2024	The service have stated that within the newly established Inclusion For All framework, there will be regular escalation reports highlighting risk to delivering and capturing the financial implications, all of which will be reported to the Inclusion Change Board that is chaired by the Executive Director for Childrens, Education and Families. This is now in place and we recommend the action is complete as minutes are taken as part of the I4A Board.

		will reduce delays to the project as actions are more likely to be implemented on time.		Internal Audit is awaiting evidence of implementation which would allow this action to be closed. Revised target date: TBC Revised target dates from previous reporting cycles: • October 2024 - TBC • July 2024 – TBC
DSG Safety Valve Review	M	Once the action plan has been overhauled [see recommendation 3], a codified communications plan document should be produced including the following key sections: • List of all internal and external stakeholders; • The exact information that needs to be shared with each group (status reports, summary updates etc.); • How this information will be communicated to each group (via Board meetings, online platforms, parents' evenings etc.); • The frequency of these communications; • Who is responsible for sending out communications, or ensuring they are sent on time.	31/05/2024	A thorough analysis of capacity gaps has been collated into one report. This report is supported by an 'End to End SEND review' that illustrates where the capacity gaps are within the process from pint of referral to issuing a plan, The objective of this report is to articulate how the current capacity gaps are impacting on current performance that are not compliant with legal frameworks. Our current compliance with the 20 week statutory timeline is at 5% (Nov 24). By mapping the end to end review, we can illustrate how plugging the capacity gaps will improve performance. This paper will be considered for action by the Corporate Leadership Team for approval. Subject to approval, this will mitigate the risk. Revised target date: TBC Revised target dates from previous reporting cycles: • October 2024 - TBC • July 2024 – TBC
DSG Safety Valve Review	M	A dedicated risk session should be set up with the Project Director, Project Manager and Senior Responsible Officers for each workstream at a minimum. This meeting should be held monthly to discuss risk to the project and progress towards mitigating these, including review of all actions against implementation dates and consideration of where escalation may be necessary.	31/05/2024	There is allocated Programme Management support to support the Inclusion For All Framework that will capture risk and risk mitigation. This will be reported through the agreed governance arrangements. Internal Audit is awaiting evidence of implementation which would allow this action to be closed.

		Once an officer has been given responsibility for each risk (see recommendation 8), they should carry out regular monitoring on the progress of mitigation plans and produce a brief report which can be distributed to senior officers at risk sessions. This will help senior officers see where actions are/are not working. Where risks are not being reduced, these should be escalated to the SEND executive Board or Corporate Leadership Team.		Revised target date: TBC Revised target dates from previous reporting cycles: • October 2024 - TBC • July 2024 – TBC
DSG Safety Valve Review	H	"The risk log should be updated with the most current risks and ordered based on priority. The mitigation plans should then be amended to include: • A clear plan for each risk stating exactly what action will be taken; • How this action will reduce the risk; • The responsible officer assigned to each risk; • A start date and deadline for each action. "	31/05/2024	There is allocated Programme Management support to support the Inclusion for All Framework that will capture risk and risk mitigation. This will be reported through the agreed governance arrangements. Internal Audit is awaiting evidence of implementation which would allow this action to be closed. Revised target date: TBC Revised target dates from previous reporting cycles: • October 2024 - TBC • July 2024 – TBC
DSG Safety Valve Review	M	Once the information system has been implemented [see recommendation 1], the status reports should be updated with detailed quantitative data as this will give more clarity as to how the project is progressing towards meeting the agreement. It will also allow the Board to see what actions are making more of an impact so these can be prioritised. Quantitative data should include: • Number/cost of EHCPs for current period vs previous period; • Net change in EHCP numbers; • Change in budget deficit;	31/05/2024	There are agreed performance measures that will drive the activity of the Inclusion for All Programme including the financial impact of managing demand down from reliance on high cost independent placements to mainstream schools. These measurable targets reflect the revised SV agreement submitted at the end of October. Internal Audit is awaiting evidence of implementation which would allow this action to be closed. Revised target date: TBC Revised target dates from previous reporting cycles: • October 2024 - TBC • July 2024 – 31 August 2024

		• Data showing the effect of actions on number of new EHCPs, ceased EHCPs etc.		
DSG Safety Valve Review	M	Although detailed reports are being provided to CLT, the arrangements for this reporting should be documented, including the requirements of reporting and the frequency. Alongside this, monitoring reports should be written to give an accurate depiction of the programme and progress towards achieving objectives. They should include: Detail of blockers/risks that project officers are struggling to deal with; Accurate quantitative data (once the new information system is implemented); Detail of the current highest priority actions and the progress of these.	31/05/2024	The agreed governance arrangements for the implementation of the Inclusion for All Framework ensure there are regular reporting lines and escalation routes from the Inclusion for All Change Board through to the Change Board that is chaired by the Chief Executive. The governance also supports engagement with health partners through the Local Area Partnership Board and the SEND Executive Board. Internal Audit is awaiting evidence of implementation which would allow this action to be closed. Revised target date: TBC Revised target dates from previous reporting cycles: • October 2024 - 30 October 2024 • July 2024 – TBC
Interims & Agency Staff	M	A contract document/more detailed placement confirmation document should be developed to clearly state the terms of an interim engagement that should be approved by both the Council and Opus. This should include: the full job description for placement: the period of the placement: terms between the council and Opus regarding remedial action that can be taken if the interim is not effectively delivering the role; and terms for termination of the placement. No placement should start without this contract being signed by the council and Opus.	31/05/2024	The service has confirmed that a new placement confirmation in place at OPUS contains the details of the assignment. The placement terms, including arrangements for termination, are standard and are contained in the terms of engagement which are seen by all parties. Consideration will be given as to whether this mitigates any risk sufficiently and discussions held with the Executive Director. The update above is from the previous reporting cycle. No updates have been provided for this reporting cycle. Revised target date: TBC Revised target dates from previous reporting cycles: • October 2024 - 31 December 2024 • July 2024 – TBC

S106 Funding	M	Introduce KPIs suitable for the S106 team, for example one of these could be: Fund Collection Efficiency - Track the % of S106 funds successfully collected within the stipulated timeframe after triggers are reached or Timeliness of transfer of funds from the S106 holding account to the service accounts linked to associated capital projects.	01/06/2024	KPIs will be proposed to the S106 & CIL Board for approval 30/01/2025. Revised target date: 31 January 2025 Revised target dates from previous reporting cycles: • October 2024 – 31 January 2025
S106 Funding	M	The Council should conduct an evaluation of the TSF team's staffing/system needs against an increased workload. This evaluation should consider a cost benefit analysis showing whether better trigger monitoring and fund allocation might increase revenue, offsetting new staffing costs. Implementing a resilience plan for staff absences and comparing staff levels with similar local councils, such as City/South District or Hunts, will provide further context. A Business Case for this should be developed, given that effective monitoring of triggers may be expected to increase the timely receipt of s106 funds.	01/05/2024	The case for an additional officer will not be presented to the Recruitment Panel until the budget headroom is found for the additional resources recommended by the audit. There is a significant risk that other audit recommendations will be further delayed as a result. Revised target date: TBC Revised target dates from previous reporting cycles: • October 2024 - 31 December 2024 • July 2024 – 01/09/2024
Safe Employment	M	As part of the refresh of safe employment policies at Recommendation 1, HR should liaise with the Adults and Children's directorates to agree a corporate recommendation on the frequency of DBS re-checks, and to agree a consistent policy on renewing DBS checks for existing members of staff who are moving to new roles. This should be documented in policy and taken to CLT for approval (see Recommendation 1).	01/06/2024	The service has reported that 'on initial consideration of this piece it became clear that as well as considering re-checking there is a need to review the current posts that attract a DBS check as well as the level that is currently assigned. Updated lists will be issued to Children's and Adult Services in November to allow a review of those lists. This will then enable accurate financial analysis of any potential policy change for CLT to consider in the new year.' Revised target date: TBC Revised target dates from previous reporting cycles: • October 2024 - TBC

				• July 2024 – 31 July 2024
Accounts Payable 22-23	M	The Business Systems Team should undertake an investigation, supported as required by AP, to establish why historic open AP transactions from prior periods and years remain open and determine whether these transactions can be cleared.	31/12/2023	A meeting was held with CCC finance on the 21 November with the Head of Finance. Further discussions are required with Finance Business Partners to agree actions within directorates. Action plan to be developed and agreed with FInance. Expect this to be in place by February and will liaise with Audit to see if this action can be closed and become business as usual. Revised target date: 28 February 2025 Revised target dates from previous reporting cycles • October 2024 – TBC • July 2024 - 31 October 2024 • March 2024 - TBC • January 2024 – TBC
Accounts Payable 22-23	M	A review of suppliers in ERP should be undertaken to identify any instances where the supplier record on ERP Gold is set up for both commercial and non-commercial payments. Each case should be reviewed to establish if the existence as both payment types is appropriate and if not, if should be determined which payment type should be disabled.	31/12/2023	The duplicate commercial suppliers were prioritised and now that has been completed, work is commencing on the instances where suppliers are set up as commercial and non-commercial. Progress updates on volumes will be presented to the Lead Authority Board and Audit, with a view to close by the end of Q4 24/25 Revised target date: 31 March 2025 Revised target dates from previous reporting cycles • October 2024 – 31 October 2024 • July 2024 - September 2024 • March 2024 - TBC • January 2024 – 31 March 2024
Incident & Problem Management 22-23	M	Problem management procedures should be amended to incorporate the following: a) The ICT Service should consider how Hornbill can be utilised in the problem management process. Once	31/12/2023	Hornbill has been updated to reflect the CCC only environment. As part of updating the service BCPs each service is listing their IT reliant systems and order of priority in an incident. A subgroup of the Emergency Planning group has

		established the documented procedures should be amended to give clarity and guidance on the use of Hornbill for problem management. If it is decided Hornbill will not be utilised a rationale should be recorded as a note in the procedures. b) The service should add tables to the guidance listing the priority systems and sites for problem management and resolution. This would bring the guidance into line with incident management and provide consistency in information for officers. c) Procedures should be amended to provide clear criteria for identifying when a problem should be recognised and classified as a major problem. This should be considered in conjunction with recommendation 3 in this report to ensure priority systems and sites are factored into the criteria for major problems. d) Procedures should be amended to confirm the complete process required to be undertaken in relation to major problems. e) Procedures should be amended to include a problem communication / notification process. Notifications to end users should include a description on how resolution should impact service users, steps being taken to resolve the problem and the estimated time required to resolve.		been set up to focus on IT incident management, comms to teams and also the order in which systems are returned to service in an incident. While the majority of services are hosted outside of the Council IT environment there may be times when bringing these back online is outside of the control of the Council. Internal Audit is awaiting evidence of implementation which would allow this action to be closed. Revised target date: TBC Revised target dates from previous reporting cycles: • October 2024 – 30 November 2024 • July 2024 - 30 November 2024 • March 2024: TBC • January 2024 - TBC
Incident & Problem Management 22-23	M	A more detailed major incident response plan should be developed and incorporated into procedures. This should include a more detailed system and site prioritisation matrix that should either: • Rank systems and sites in priority order • Have a clear process for determining and agreeing the key priority should more than on critical system or site be impacted at the same time	31/12/2023	As part of the refresh of BCPs and the subgroup all services will prioritise their systems and the order in which they need to be brought back online. While most systems are hosted outside of the Council IT environment and are outside of the control of the Council as to when they are restored to service the Digital Service will ensure the order of priority is communicated to suppliers. Internal Audit is awaiting evidence of implementation which would allow this action to be closed. Revised target date: TBC

				Revised target dates from previous reporting cycles: • October 2024 – 30 November 2024 • July 2024 - 30 November 2024 • March 2024: TBC • January 2024 - TBC
Incident & Problem Management 22-23	M	New classification should be introduced in Hornbill that allow for incidents to be clearly identified and reported on. This could be achieved through the introduction of a mandatory filed to classify and case as either a service request or incident. Reporting on actual incidents and their resolution should be introduced and provided to the Service Director and Executive Director. Once a base line has been established KPIs for incident resolution should be established.	31/03/2024	Hornbill has been updated to reflect the CCC only environment. Internal Audit is awaiting evidence of implementation which would allow this action to be closed. Revised target date: TBC Revised target dates from previous reporting cycles: • October 2024 – 30 November 2024 • July 2024 - 30 November 2024 • March 2024: TBC • January 2024 - TBC
Incident & Problem Management 22-23	M	SMART KPIs and Critical Success Factors for Problem Management should be developed and included in procedures. Once established, performance monitoring reporting should be introduced. This should include reporting on ongoing/unresolved problems.	31/03/2024	The Service has reported that with regards to ongoing problems or incidents there is a process to update the Hornbill call and ensure communication is in place. Internal Audit is awaiting evidence of implementation which would allow this action to be closed. Revised target date: TBC Revised target dates from previous reporting cycles: • October 2024 – 30 November 2024 • July 2024 - 30 November 2024 • March 2024: TBC • January 2024 - TBC
Local transport Capital Block Funding (grant)	M	A time recording system should be implemented across Place and Sustainability to ensure any Service, Team or Officer time that is charged to project or other work is	31/03/2024	Corporate Finance Colleagues have confirmed that all relevant P&S Officers should be completing excel timesheets as a corporate solution has not been introduced.

		accurately recorded to reflect actual time and costs associated with delivery. Such a system could be: • an extension of the timesheet process currently used by some teams • free software available online; or • software that is either procured or built internally that is located on Council servers. The system should be able to: • Apply different staff rates, including overheads and risk percentages, for each project. • Calculate staff costs for each project based on the applied rates. • Interface with/upload data to ERP Gold to provide an efficient way of updating project ledgers with staff costs. Internal Audit recommends that whatever time recording system is chosen is used consistently across the board to ensure the most efficiency.		Corporate Finance Colleagues also confirmed that a process is evolving to flag any timesheets not completed and provided to Finance. This process is not yet documented. Internal Audit will review when the agreed process is documented. NB – the original action owner has left the Council and so Internal Audit have been liaising with Finance Colleagues Revised target date: 31 January 2025 Revised target dates from previous reporting cycles • October 2024 – 31 March 2025 • July 2024 - TBC • March 2024 - TBC
Multi Agency Safeguarding Hub	M	Regular training and policy reinforcement for staff, combined with a monitoring system to track compliance with response times is critical to prevent future occurrences of delays.	30/05/2024	The service has stated that a stronger dataset for MASH is now available on Power BI. The processes in place show that strats are happening in a more timely way. The service state that progress on this is being monitored and showing real improvements, the service state they will recommend completion once they have consistently high performance. Revised target dates from previous reporting cycles: • October 2024 – TBC • July 2024 – TBC
Case 126 Transport Backlog	M	The service should dedicate resources to work with the Procurement and Commercial Team to look at their processes and approach and aim to e.g. explore whole school contracting etc.	01/08/2024	This is being explored as part of the Transport Transformation project during 2024. It will be applicable for some provisions. Only two responses received from the soft market survey. the service is looking at 2026 for this rather than 2025.It is important that they have the engagement from suppliers. Agreed to extend the survey for another two weeks and to prompt suppliers via comms. Regular workstream mtgs planned.

				Revised target date: TBC Revised target dates from previous reporting cycles: • October 2024 – TBC
S106 Funding	H	Develop a process for regular tracking and monitoring for S106 allocations and expenditure. This could be evidenced through statements of cost.	01/07/2024	Corporate Finance is able to track allocation of funds. This is done as part of the monthly finance reconciliation process. Utilisation of funds by project is tracked by the different services. A process has been developed with Senior Finance Business Partners, Head of Asset Management and Pathfinder Legal Service to identifying S106 funding and linking it to projects to use the funds. Reporting on spend is being monitored using the Capital Programme Board and specific Project Boards. This process has been presented to the S106 & CIL Board for review 26/11/2024. Revised target date: TBC Revised target dates from previous reporting cycles: • October 2024 – 31 December 2024
S106 Funding	M	Develop comprehensive, up-to-date training and guidance policy/ procedure for the S106 process. Documentation should include roles and responsibilities as well as processes to be followed, in addition including clear documentation of procedures and background information for legislative changes and where updates are saved and available for review. The policy should also include a standardised communication protocol and established clear processes between teams related to the management of S106	01/09/2024	Procedures relating to the Development and Policy team's role in the process is nearing completion. This will be collated by the Funding and Innovation Programme Manager and Development & Policy Manager and be submitted to the Head of Planning. A paper will be presented to the January meeting of the S106 & CIL board. Revised target date: TBC Revised target dates from previous reporting cycles: • October 2024 – 31 December 2024

		agreements, from planning through to completion. For example, introduction of regular meetings between the Planning department, Pathfinder legal and TSF for data sharing.		
Interims & Agency Staff	M	A central database should be developed to include all interim engagements currently in place with the Council, and a process of quality assurance and compliance checking should be introduced to identify non-compliance with the Agency Worker & Interims Policy. The database should include a record of all documentation required by the policy for each interim and should include a record of all documentation required by the council's Contract Procedure Rules for any interim not engaged via Opus. Information should include the ERP number for the vacant post; the salary ceiling for the vacant post; confirmation that a job description and person specification is in place for the role; the rate currently being paid for the interim and the variance to the salary for the post. These files/central record should be retained by HR and quality assurance spot checks should be undertaken to confirm relevant documents and approvals are in place, to confirm compliance/identify non-compliance and take remedial action. Regular checks should then be undertaken to confirm compliance with the policy and to identify and challenge long-term and high-cost engagements. This process could utilise ERP reporting, combined with the records in the central database. A check of every interim should be undertaken to confirm the interim is covering a vacant post in ERP and that the Workforce Expenditure Control Panel has approved the engagement. This should be recorded on the master record. Any instances of non-compliance should be reported to the panel, and the panel should receive reporting on engagements for scrutiny and challenge (see	31/07/2024	The service has reported that funding is not available for a post to deliver this work and there is no capacity within the team to pick the additional work up at this point in time. Further work will be done to produce a business case to consider whether the risk identified is acceptable or whether additional financial resource should be found to address the risk in the way the audit recommendation suggests. Revised target date 28 February 2025 Revised target dates from previous reporting cycles: • October 2024 - TBC

		also Recommendation 3). As part of recommendation 2 above, centralised spot checks should be undertaken on interims to ensure that a declaration of interests is in place. Any instances of non-compliance should be reported to the Workforce Expenditure Control Panel. In conjunction with recommendation 2, checks should be undertaken to ensure that any interim appointment not through Opus has complied with the Council's Contract Procedure Rules. Any instances of non-compliance should be reported to the Workforce Expenditure Control Panel and the Head of Procurement relevant Executive Director, Head of HR and Head of Procurement.		
Interims & Agency Staff	M	Reporting on interim expenditure should be strengthened with the inclusion of additional information to provide greater insight on the Council's use of interims, and to provide increased opportunity for scrutiny and challenge. In particular, it is suggested that reporting should include: • Total cost and number of interims in each directorate. • Total cost and number of interims in each service. • The highest cost individual interim cases. • Details of any interim appointment in excess of 20 weeks. • Details of any interim appointment that has been subject to multiple extensions. • Details of any interim appointment where the cost of the placement is more than 20% above the cost of the substantive post. • Any interim not provided by Opus People Solutions. Reporting should be to the Workforce Expenditure Control Panel, CLT, and Audit and Accounts Committee for scrutiny and challenge. As reporting to Committee is public necessary redaction should be carried out to ensure any personal or commercially sensitive information is not unlawfully disclosed.	31/07/2024	The service has confirmed that since July 2024 additional information requested is now contained in the quarterly report to Audit and Accounts Committee. Future versions of this report will be shared with CLT for information in advance of being presented at Committee The ability to fully implement all elements of the recommended reporting is reliant on the additional resource as above. Revised target date: 28 February 2024 Revised target dates from previous reporting cycles: • October 2024 - 28 February 2024

		In conjunction with recommendation 1, reporting should also be strengthened to include performance against agreed Service Level Agreements and KPIs to ensure the Council is able to effectively measure whether Opus People Solutions are providing an effective value for money service. (This recommendation should be considered in conjunction with recommendation 2 above). A paper should be presented to the Workforce Expenditure Control Panel detailing the Locum Social worker placement, the costs and a cost comparison to equivalent permanent staff members, and the reasons for non-compliance, and why this engagement. Options should for how they will bring practices in line with the Council's policies in practice, including immediate termination of the placement.		
Interims & Agency Staff	M	HR should liaise with Opus to ensure that Opus: • Provide a copy of the right to work in the UK evidence as standard for all placements; and • Provide written confirmation that pre- engagement checks have been completed to recruiting managers and HR. This should then be retained on the central data base (see recommendation 2). No interim should start in a placement until the above has been provided. Any non-compliance should be reported to the Workforce Expenditure Control Panel.	31/07/2024	Opus have recently introduced a new system that enables hiring managers to source and manage their assignments more effectively. The system holds all right to work and pre-employment checks and this is all accessible to the hiring manager. There is also access to the full system for the HR Business Partner team. The Opus system places a 'hard stop' on any assignments being activated until all compliance including pre-employment checks and right to work documentation have been checked and uploaded to the system. Internal Audit is awaiting evidence of implementation which would allow this action to be closed. Revised target dates from previous reporting cycles: n/a
Asset Valuations for the Statement of Accounts	M	A set of documented procedures should be formulated for the asset valuations process, including the following: • Clear roles including the specific officers/service areas responsible for each aspect of the internal checks;	30/06/2024	The service has reported that a plan of action has been developed in principle, but formal agreement was delayed due to the finalisation of accounts and the tender for new external valuers. Further discussion is required to formally agree the internal procedures between Finance and Strategic Assets.

		• The exact requirements of these internal checks (e.g., specifically which documents should be reviewed); • Set deadlines for checks to be completed to give enough time to report issues to the external valuers; • Timescales for the provision of information.		Revised target date: 30 April 2025 Revised target dates from previous reporting cycles: n/a
***Medium Recommendations overdue* - under 3 months**				
Waivers and Direct Awards	M	When reporting performance against KPI 169, the Procurement Team should report a raw figure, which continues to report how many waivers were requested with 5 days or fewer notice. Alongside this figure, they should also report an adjusted figure where they remove the circumstances of genuine urgency or where Procurement has been closely involved to ensure compliance with Contract Procedure Rules, to more directly reflect where requests have not been made with as much notice as possible. When KPI 169 is adjusted, all discounted short notice waiver request numbers should be recorded and reported with a brief explanation as to why that waiver has been omitted from the adjusted figure. this will serve to deter challenge of the figures and provide assurance over the adjusted figure.	30/09/2024	The service has reported that this reporting will now take place from Quarter 2 of 2025/26. Revised target date: 30 June 2025 Revised target dates from previous reporting cycles: n/a
Business Continuity	M	The Head of Emergency Planning to document a corporate process by which services are identified as ‘critical’ and prioritised for reinstatement (this could include creating groups of services as priority 1, 2, 3 etc.). The list of these services should be included as an appendix to the Corporate BCP.	31/10/2024	Additional time has been allocated by the EPT in light of the additional investment in the Emergency Planning Team to provide scrutiny and written feedback on the quality of BC plans in critical CCC service areas. Additional information is being collated from Services this year on their IT & Accommodation requirements following significant changes in ways of working across the council since the Pandemic. An IT Resilience Working Group has been established with an initial meeting taking place in November 2024 to discuss the software & systems element listed in service level BCP's. Additional meetings are due to take place in 2025 and surveys will be circulated to services to inform the development of a

				Prioritisation Criteria and List of services that should be prioritised for reinstatement in the event of a disruption. Revised target date: TBC This is the first reporting cycle for which this recommendation has been overdue.
Business Continuity	M	The Head of Emergency Planning to produce a methodology that outlines the criteria which Emergency Planning Team (EPT) should apply when assessing each service and assigning a priority rating in relation to business continuity. These ratings should be used to allocate EPT resource to conduct challenge and scrutiny of BCPs for critical services, including a formal approval by EPT of the BCPs in place in these services. Where additional action is needed to ensure these BCPs are robust, this should be formally agreed between the service BC lead and the EPT team, and followed up by the EPT before final approval of the BCP is issued. This methodology should be agreed with CLT and link with the prioritisation criteria applied for prioritising service reinstatement within the Corporate BCP as per recommendation 3a.	31/10/2024	Additional time has been allocated by the EPT in light of the additional investment in the service to provide scrutiny and written feedback on the quality of BC plans in critical CCC service areas. Additional information is being collated from Services this year on their IT & Accommodation requirements following significant changes in ways of working across the council since the Pandemic. An IT Resilience Working Group has been established with an initial meeting taking place in November 2024 to discuss the software & systems element listed in service level BCP's. Additional meetings are due to take place in 2025 and surveys circulated to services to inform the development of a Prioritisation Criteria and List of services that should be prioritised for reinstatement in the event of a disruption. Revised target date: TBC This is the first reporting cycle for which this recommendation has been overdue.
Climate Change and Environment Strategy	M	The Programme Board should develop target 7 “All Council buildings and infrastructure to be resilient to climate change impacts by 2045” to be specific and measurable. To be specific, it should communicate which climate impacts are relevant (like flooding or extreme temperatures), and the resilience needed against them. An agreement should be made on what will be measured according to the specification of the target, so that it progression of the target is clear.	01/12/2024	A project with Local Partnerships has been approved. This will support the development of a Climate Risk assessment for the council's services. This will provide the evidence base to improve the specificity of this target. Contract to commence the work with Local Partnerships is awaiting approval/signature. Timeline: January 2025 - Autumn 2025 Revised target date: October 2025 This is the first reporting cycle for which this recommendation has been overdue.

Electronic Records Management	M	Without up-to-date policies and adequate procedures documenting processes for the creation, retention and destruction of information assets, it may be that the Council does not have a sufficient overview of the lifecycle of data. This may prevent the Council from adequately managing data in a manner which protects its confidentiality, integrity and availability. The Information Management Board will review the suite of IT and Information Governance policies to ensure that these reference the above and ensure understanding for all users. The council's Senior Information Risk Owner is to establish the terms of reference and remit of the Cambridgeshire County Council Information Management Board in 2024/2025.	01/10/2024	Draft policies are being worked through in a targeted way and ensure that there is a clear link between policy and practice Revised target ate: TBC This is the first reporting cycle for which this recommendation has been overdue.
Electronic Records Management	M	We recommend that the Council undertakes a review of the IAR/ROPA to ensure that the information recorded is accurate, complete and up-to-date. The Council should establish within policy who has responsibility for the continuous monitoring and regular update of the IAR/ROPA, and should set out requirements for regular review of the information captured within the document. An appropriate level of oversight should also be applied, with escalation routes established for use in situations where significant alterations to the IAR/ROPA are required. We also recommend that in order that individuals understand their responsibilities, the Council undertake awareness raising activities to outline why consistent use of the Information Asset Register is key to successful data and records management.	01/10/2024	Discussed at Information Management Board and work is in progress considering using Microsoft tools to identify systems and contents Revised target ate: TBC This is the first reporting cycle for which this recommendation has been overdue.
Electronic Records Management	M	We recommend that the Council undertakes a full review of their Retention Schedule, conducting an exercise to ensure all required information is recorded and up-to-date. As part of this, we recommend that the Council	01/10/2024	Discussed at Information Management Board and this work will link into the asset register to give a complete link to the information.

		simplifies the manner in which they record asset retention periods, moving from a 'Minimum' and 'Maximum' Retention Period to one field to capture the appropriate period of retention. This retention period should be used as a trigger point for destruction or exception decisions. The Council should, additionally, establish requirements for regular review of the schedule to ensure it remains accurate. We also recommend that the Council establishes procedure for the regular review of records to ensure timely identification and appropriate management of any records outside their retention period.		Revised target date: TBC This is the first reporting cycle for which this recommendation has been overdue.
LD Supplier Resilience	M	Enhance monitoring and reporting processes for LD suppliers under call-off contracts. a) Enhance the monitoring and reporting processes for LD suppliers under call-off contracts. Implement consistent and standardised monitoring protocols, documentation requirements, and reporting mechanisms to ensure timely visibility into potential issues or concerns. b) Establish clear protocols and communication channels for suppliers to notify the council of any financial or operational challenges they may be facing, including defined escalation procedures and timelines for addressing such notifications. c) Implement a robust contingency planning process to ensure the seamless transition of services in the event of a supplier collapse or contract hand back , including provisions for interim service arrangements, alternative supplier sourcing and communicate protocol with service user and stakeholder. d) Provide training and guidance to relevant staff involved in supplier management, contract administration to ensure consistent understanding and application of established protocol and procedures. e) Enhance the Notification of Concern (NOC) Tracker to generate comprehensive management reporting, which may include data analytical capabilities to identify repeat	01/10/2024	**In-Complete** Service expects to share final evidence set by end-January 2025, as testing is taking place. **IA remark:** Partially implemented: Further progress has been made in the implementation of the monitoring and reporting processes for LD suppliers. The service has continued to enhance its frameworks and tools, with notable updates including: - The ASC provider Risk Assessment Tracker is in the final stages of population and is scheduled to go live in January. This tracker consolidates risk data from multiple sources (e.g. NOC data, credit checks, financial spend and service user data) and introduces a colour coded risk indicator system. - The NOC BI dashboard is under development and expected to be operational in February, which will enhance reporting capabilities through data analysis and trend identification. To fully close this finding, internal audit requires confirmation of the following completion and operationalization of the Adam framework onboarding for providers, evidence that the ASC Provided Risk Assessment tracker is fully populated and in

		concerns, that may indicate financial or operational instability issues, and other relevant trends or patterns. f) Enhance the template for contract meetings to promote discussions on key risk areas such as safeguarding, health and safety, workforce stability and financial resilience. documents in the ADAM system. This review process should be undertaken systematically, prioritising critical suppliers or high-risk areas. g) Enforce the provision of Clause 37 of framework contract template and corporate Business Continuity policy related to the submission, review and updating of comprehensive Business Continuity Plan by LD suppliers, ensuring compliance with established requirements and timelines. This could be targeted particularly to suppliers identified as being higher risk.		active use. Confirmation of the operational readiness and functionality of the NOC BI dashboard.
Multi Agency Safeguarding Hub	M	To conduct training for MASH practitioners, surrounding information sharing with statutory bodies to ensure a proper understanding of the councils' responsibilities as the data controller. Amendments to the information sharing section of the MASH Manual to better explain the legality of information sharing and how it relates to MASH's specific circumstances. This could include example cases outlining the correct response in common scenarios.	31/12/2024	The service state that this has been achieved. DBS Training was delivered to all MASH staff 2024 and they are responding proportionately to DBS request checks by Ofsted. Internal Audit is awaiting evidence of implementation which would allow this action to be closed.
Multi Agency Safeguarding Hub	M	Provide support and clear communication to staff undergoing vetting, especially those who are denied access to the main office, to mitigate any negative personal and professional impacts. This includes establishing a support system that includes counselling and or professional guidance, to help mitigate negative impacts on staff morale and dynamics. While the MASH service doesn't have authority over the vetting process, advocating for a review of the process to ensure it remains rigorous but fair for MASH staff would be beneficial.	31/12/2024	This has improved from Level 3 vetting to Level 2. Revised Target date: TBC
Multi Agency Safeguarding Hub	M	Performance indicators within the Service plan should be introduced as soon as possible to ensure key objectives are being measure and met effectively. KPIs should be Specific Measurable, achievable, relevant and Timebound.	31/12/2024	There is PI in Power Bi but this needs significant improvement.

		There should be evidence of management review of KPIs, and action taken where targets are not achieved.		There is regular review and monitoring of contacts into the MASH, and this is ensuing that contacts are reviewed within 24 hours. Revised Target Date: TBC
Pensions 2023-24	M	The Pension service should also include in the checklist for the transfer out process, the requirement to issue letters LTVOUTN04 and/or LTVOUTN01. These letters provide members with details of pension scams.	31/12/2024	Relevant process has been updated. LTVOUTNO4 to be issued to all non-public sector related transfer out quote requests, for the purpose of advising them on pension scams. Evidence of this to be sent to Audit following which action can be closed. Revised Target Date: TBC This is the first reporting cycle for which this action has been overdue.
Pensions 2023-24	M	A Second Officer check should be implemented for the annual uplift process. Documented procedures should be developed covering the checking process including: • roles and responsibilities for the PI increase checking process • how to undertake the checking process • guidance on potential error/error codes and how to resolve them. • the requirement for a second officer review/check • reporting to the head of pensions that all checks have been completed.	31/12/2024	Process notes have been completed. Evidence of this to be sent to Audit following which action can be closed. Revised Target Date: TBC This is the first reporting cycle for which this action has been overdue.
Pensions 2023-24	M	1) The Cambridgeshire and Northampton's Reporting Breaches of the Law to the Pensions Regulator 2022 Policies should be amended to include, in line with the Code of practice no. 14: Governance and administration of public service pension schemes: - How the law and facts around the suspected breach can be clarified (where this information can be found). - A measure of what a material cause, effect, reaction and implication is. - A timeframe for identifying and assessing procedures to take place.	31/12/2024	Actions 3 and 4 have been completed in line with the October Committee reports and will continue for all future Committee and Board Reports. Actions 1 & 2 are on track to be completed by the end of December. Evidence of this to be sent to Audit following which action can be closed. Revised Target Date: 31 January 2025 This is the first reporting cycle for which this action has been overdue.

		- A procedure for dealing with difficult cases and what breaches require prompt reporting. 2) To further enhance the amendments, the Governance and Regulations team should develop a comprehensive breach identification checklist (or guideline). This can be informed by the "Judging whether a breach must be reported" section of the Code of practice, and should outline: - Types of breaches. - Materiality. - Timeline for reporting. 3) The policies should also document a process to reconcile the Breaches of the Law log with the breaches reported, for the full 2023/24 year. To reduce the risk of misrepresenting the reconciliation outcomes, this should be carried out by an officer who is independent from the original reports. This will allow any omitted/incorrectly reported items to be identified. These items should be corrected and clearly be reported to the Board(s). 4) The Pensions Service should include a reconciliation in their regular reporting process, with separation of duties are in place, ensuring that a separate Senior Officer completes the reconciliation (separate to the Officer providing data for the reports).		
S106 Funding	H	The finance and TSF should jointly conduct a detailed analysis to assess the timeliness of S106 fund allocation to projects. This analysis should include: A review of specific cases where funds were not drawn down promptly, identifying the causes and scale of delays. An evaluation of the current system's capability to ensure accurate and efficient allocation of S106 funds. Assessment of the financial risks associated with borrowing against S106 contributions, particularly in	01/10/2024	The Service has reported that these issues are presented within the Risk Register. Internal Audit is awaiting evidence of implementation which would allow this action to be closed. Revised target date: TBC This is the first reporting cycle for which this action has been overdue.

		scenarios where anticipated triggers are not met. Development of clear action plan to improve the allocation process, enhance transparency, and mitigate associated financial risks. This plan should be specific, measurable and include timelines for implementation		
S106 Funding	M	Introduction of a Directorate risk register with the incorporation of key risks related to S106.	01/10/2024	Risk Log will be presented for Board review 26/11/2024. Internal Audit is awaiting evidence of implementation which would allow this action to be closed. Revised target date: TBC
S106 Funding	M	The council should transition from using separate data management systems to a single integrated system that consolidates all S106 data. This unified system should be capable of accurately tracking every aspect of S106 agreements, from initial setup to the monitoring of trigger points and the management of financial contributions.	31/12/2024	The risk is maintained as there is currently no budget allocation for additional resource in the team as recommended Revised target date: TBC This is the first reporting cycle for which this action has been overdue.
Waivers and Direct Awards	M	There should be a section on exempt/emergency procurements in the Procurement E-learning. The information provided should be the same as information on exemptions provided in the contract procedure rules. Training should include a couple of case studies of compliant and non-compliant uses of a waiver to further demonstrate what can be found in documented guidance, and include information on KPI 169 and waiver notice periods. Additionally, E-learning should encourage officers to seek advice from Procurement sufficiently early to consider alternative procurement options, when they may require a waiver.	31/12/2024	The e learning will be revised ready for the PA23 go live and this information will be added then. Revised target date: TBC This is the first reporting cycle for which this action has been overdue.
Management of Consultants	M	Before approving a consultancy procurement, a check should be undertaken (and recorded) that the requester is a permanent member of Council staff. This check could be undertaken with assistance from the HR service and evidenced in the central record (see recommendation 1).	31/12/2024	The Service has reported that work is underway to implement this recommendation Revised target date: TBC

		Any requests not made by a permanent member of Council staff should be rejected and reported to CLT.		This is the first reporting cycle for which this action has been overdue.
Management of Consultants	M	The Head of Procurement and Commercial should determine whether the policy should be amended to remove the requirement for an IR35 check to be undertaken in all consultancy engagements. If the policy is to be amended accordingly it should clear guidance on when an IR35 is required and when and IR35 check is not required. this should include example cases to help ensure officers comply with the policy and to mitigate the risk that checks are not undertaken as required.	31/12/2024	The Service has reported that work is underway to implement this recommendation Revised target date: TBC This is the first reporting cycle for which this action has been overdue.
Management of Consultants	M	A Consultant monitoring template should be developed support officers to undertake consistent monitoring of consultant's performance for those long term or high spend contracts. The template should include sections for recording the agreed scope, objectives, and outcomes, whether these are on track/have been achieved, as well as a section for recording remedial action where required. if problems have arisen.	31/12/2024	The Service has reported that work is underway to implement this recommendation Revised target date: TBC This is the first reporting cycle for which this action has been overdue.
Management of Consultants	M	The policy should be amended to include a clearly defined upper limit for the length of consultancy contracts (e.g., 6 months). Any contracts that are expected to exceed this limit should be reviewed and a new separate approval request should be submitted before the end of the 6 months. This would provide further scrutiny and challenge and may reduce the risk that a consultant is being used where council resources would be more effective and provide better value for money. Any such cases should be formally monitored on a monthly basis and reported to CLT.	31/12/2024	The Service has reported that work is underway to implement this recommendation Revised target date: TBC This is the first reporting cycle for which this action has been overdue.
Case 143 - JS Direct Payment	M	An invoice should be issued for the amount of c. £16,734 that has been refunded twice to XS's account. The service should create a reconciliation of the duplicate requests to the first requests in order to support the invoice and evidence the correct amount.	30/11/2024	The service has reported that Adult Finance Team and Direct Payment Monitoring Officer is undertaking final round of reconciliations of the account, in preparation for dispute meeting with Direct Payment Support Service, client and family. Revised target date: 31 March 2025

				This is the first reporting cycle for which this action has been overdue.
Case 143 - JS Direct Payment	M	The Direct Payment Monitoring Team (DPMOs) should formally raise the issue of duplicate refund requests to the DPSS and request that procedures be put in place to prevent this. For example: Refund request forms should be stored in a central location for each service user (on Wisdom/Mosaic), in order to prevent duplicate requests from being paid. The request forms should be saved to include the date of expenditure in the title, in yyyymmdd format, to allow sorting by date. Before any refund requests are approved, it should be verified that no requests have already been submitted for the same date of expenditure. If they have, this should be reviewed to ensure that no duplicate requests exist between the refund forms. Any refund requests for expenditure over 6 months old must be approved by CCC Adult Social Care.	31/10/2024	The service has reported that the Direct Payments Support Service (DPSS) service requested more information from the DPMO team to establish the exact details of the issue. This has now been received this and officers are in contact with the DPSS to finalise their response. Revised target date: TBC This is the first reporting cycle for which this action has been overdue.
Case 150- Bridlepath	M	a) The applicability of the Rights of Way policy should be clearly communicated to PROW officers, emphasising its applicability to the PROW officers when undertaking work that goes beyond routine maintenance. This communication should include guidance on how to determine & document surface changes and when policy is exempt as day-to-day maintenance. b) It is recommended that when works are believed to constitute routine maintenance rather than a change to surface , this should be clearly documented and signed off by the appropriate authority. This documentation can then be presented if the nature of the work is subsequently queried, providing a clear audit trail and justification for decision made.	31/12/2024	a) The service has reported that they have 'a developed a process map for when the change of surface document should be used and how it should be applied. The updated process will be shared with PROW officers in a session plan for the end of January 2025. b) The service has reported that 'an excel based framework has been developed to guide officers in managing surface changes, capturing essential details such as location, type of maintenance, and stakeholder consultations. The framework will be embedded into the POWA QA process, and the Head of Service for highways maintenance will be responsible for Sign off.' revised target date: 31 January 2025 This is the first reporting cycle for which this action has been overdue.
Schools' Deficit Recovery Plan Review	M	A review should be undertaken into how resources are distributed in the Education service, which considers risks presently facing the service, and how resources should be allocated to respond to those risks. For example, this should include the risk of schools falling into budget	31/12/2014	Work is in progress on this action and a new Senior Finance Business Partner post has been appointed to. This role will manage the corporate finance schools function with a focus on deficit schools.

		deficits, and the risk of recovery actions not being identified in a Deficit Recovery Plan when schools fall into budget deficits. The outcomes of this review should be recorded in a briefing note or similar document.		However, another Senior Finance Business Partner is due to retire in January 2025. Further work is needed and the service plans to undertake a wider review of resources across the education service. Revised target date: TBC Revised target dates from previous reporting cycles: n/a

Agenda Item No: 9

Consultancy and Agency Spend

To:	Audit and Accounts Committee
Meeting Date:	30th January 2025
From:	Clare Ellis: Head of Procurement and Commercial Janet Atkin: Service Director Human Resources
Outcome:	Committee is asked to consider the information contained within this report.
Recommendation:	Committee is asked to note the information contained within this report.

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1. Background

1.1 Information on the Council's use of consultants, agency workers and interims is presented to this Committee on a six monthly basis for review.

1.2 This report covers quarters 1 and 2 of financial year 2024/25.

1.3 We are committed to only using consultants and agency workers where necessary and where all other avenues have been exhausted. There are many different instances which required the engagement of temporary resource either linked to the type of work required or in response to market pressures. Consultants might be engaged to deliver a specific output where the Council lacks specialist knowledge and that specialist knowledge would either be prohibitively expensive or only required in the short term. An agency worker is usually engaged to cover a vacant role on the establishment on a temporary basis.

1.4 The use of consultants, agency workers and interims are covered by the Consultant's Policy and the Agency Worker and Interim Policy. Both policies provide detailed definitions for officers to use when determining the right approach to securing what they need. For consultants, a procurement compliant with the Contract Procedure Rules will be needed. For agency workers/interims, Opus should be contacted first and only if they cannot fill a role should other routes be looked at.

1.5 The different types of engagement and descriptors are set out in the Consultant's Policy and below for clarification:

Term	Definition and information
Consultant	A consultant/consultancy company is engaged to undertake a specific project/task with a specified endpoint and provides expertise that is not available internally. Consultants are not held against an existing post in our establishment. This policy covers the use of consultants/consultancy services. A Business Case must be approved prior to procuring a consultant/consultancy services, and any extensions to the original consultancy placement are subject to additional approvals and require a revised Business Case.
Interim	Engaged to cover a substantive post within our organisational structure for a defined period of time. Covers business-as-usual activities of a role on a short-term basis. As interims provide temporary cover for key roles, once an interim is appointed, their line manager has responsibility to develop a Succession Plan, to identify a permanent solution for filling the post. This may include identifying existing staff

	members to undertake skills transfer work with the interim worker.
Agency worker	Engaged as a temporary resource. The maximum length of an agency worker placement is 13 weeks, or 20 weeks for a placement in a Social Care role. A single extension beyond this time period may be approved via a formal Business Case, as per the Agency Worker Policy.

1.6 Spend on both consultants and agency workers/interims is tightly controlled. Consultant spend requires an e approval form and then approval from the Workforce Expenditure Panel. Any spend through the consultancy cost code (above £5,000) is monitored by the Procurement and Commercial Team to ensure the proper approvals are in place. Agency workers/interims require an Approval to recruit e form which again goes to the Workforce Expenditure Panel for Approval.

2. Main Issues

2.1 Use of Consultants:

2.1.1 The table below provides a breakdown of spend in quarters 1 and 2 on consultants by Directorate and Service Area. This is only consultancy spend that has gone through the consultancy cost code.

Directorate	Service Area	Quarter 1	Quarter 2	No. of Consultants	Total
Adults, Health and Commissioning					
	Commissioning	0	40,000	1	40,000
	Service Director: Care and Assessment	4,999	£0	1	4,999
Total		4,999	40,000	2	44,999
Children, Education and Families					
	Care and Support	7,580	8,775	3	16,355
	Education	7,582	28,247	4	35,829
Total		15,162	37,022	7	52,184
Finance and Resources					
	Customer & Digital Services	0	119,926	1	119,926
	Resources Directorate	51,135	0	2	51,135
Total		51,135	119,926	3	171,061

Greater Cambridge Partnership (GCP)		450	170,898	3	171,348
Place and Sustainability					
	Climate Change and Energy	39,227	42,022	3	81,249
	Connecting Cambs	17,573	7,920	1	25,493
	Highways Maintenance	22,140	29,903	2	52,043
	Highways Project Delivery	0	500	1	500
	Planning Growth & Environment	13,088	25,827	3	38,915
Total		92,028	106,172	10	198,200
Strategy and Partnerships					
	Communities, Libraries and Skills	0	10,000	1	10,000
	Exec Director	600	13,388	2	13,988
	Legal and Governance Services	3,881	0	1	3,881
Total		4,881	23,388	4	28,269
	Grand Total	**168,254**	**497,404**	**29**	**665,659**

2.1.2 Spend in both quarters represents a reduction in spend from the same quarters in 2023/24.

2.1.3 In quarter 1, £271,500 was approved via the e approval form and the Workforce Expenditure Panel. In quarter 2, the amount was £192,089. As previously reported, there will be a time lag between approval and the spend appearing in ERP, the lag covering the procurement process and the contract starting. The Procurement and Commercial Team maintain their intervention on consultancy spend valued over £5,000 so POs are cross referenced with either existing contracts or Panel approval.

2.2 Use of Agency Staff and Interims

2.1.2 The table below provides a breakdown on spend by Directorate and Service Area

Directorate	Service Area	Quarter 1	Quarter 2	Total
Adults, Health & Commissioning				
	Commissioning	158,726	130,696	289,422
	Exec Director AHC	28,824	119,019	147,843
	Public Health	18,989	3,675	22,665
	Care & Assessment	589,019	333,913	922,933
	LDP and Prevention	470,370	372,374	842,744
Total		**1,265,928**	**959,678**	**2,225,605**
Children, Education and Families				
	C&S	1,673,345	1,623,141	3,296,486
	Children’s care services managed by Adults	131,512	108,703	240,215
	Education	246,087	220,666	466,753
	Exec Director CEF	34,409	16,129	50,538
Total		**2,085,353**	**1,968,639**	**4,053,992**
Finance and Resources				
	Customer and Digital Services	95,209	146,141	242,014
	Investment Activity	12,184	19,384	31,568
	Resources	61,130	45,568	106,698
Total		**168,523**	**211,757**	**380,281**
Greater Cambridgeshire Partnership		0	12,251	12,251
Place and Sustainability				
	Climate Change	23,166	28,512	51,678
	Connecting Cambs	45,244	8,496	53,739
	Exec Director	7,521	8,496	53,739
	Highways Maintenance	0	36,071	36,071

	H&T: Project delivery	234,876	308,561	543,437
	H&T: Transport, Strategy & Development	66,837	65,320	132,157
	Planning & Growth	41,524	-28,856	12,668
Total		**419,169**	**421,774**	**840,943**
Strategy & partnerships (S&P)				
	Legal & governance	7,219	0	7,219
	S&P	57,587	70,297	127,884
Total		**64,086**	**70,297**	**135,103**
Grand Total		**4,003,779**	**3,644,397**	**7,648,176**

2.2.2 Of the above spend, £116,306 was non-Opus spend in quarter 1 and £98,588 in quarter 2. 82% of the non-Opus spend occurred in Children's Care services managed by Adults, this has been coded wrongly in ERP and the service area has been recommended to use a more appropriate code in the future.

2.2.3 Spend in quarter 1 rose by 17% compared to the same quarter in the previous year but spend in quarter 2 reduced by 21% compared to the same quarter in the previous year. Overall, therefore, spend continues to decline.

2.3 Interim Information

2.3.1 The table below provides interim information by Directorate, giving the total number of interims and the number of interims who have been employed for over 20 weeks. These are interims employed via Opus, it is not possible to identify interims not employed via Opus.

Directorate	Number of interims	10 Most Expensive Placements[i]
Adults, Health & Commissioning	104	0
Children, Education & Families	65	2
Finance and Resources	9	2
Place & Sustainability	23	2
GCP	Included in P&S	4

2.3.2 HR have committed to:

- Raise with each Executive Director the tenure and cost of each worker
- Utilise the Workforce Expenditure Control Panel to review all interim and agency staff.
- Report to CLT and each DMT, interim numbers on a regular basis.

2.4 Narrative on Spend

2.4.1 Adults, Health and Commissioning

Some of the spend is to cover in-house services which have a higher turnover of staff than average and agency cover is needed to ensure appropriate safe staffing levels. The service is exploring those with long periods of employment.

2.4.2 Finance and Resources

The Directorate has lower agency spend due to holding vacancies where appropriate to manage budgets. Consultancy spend mainly reflects the work undertaken to decouple IT and Digital Services from Peterborough which is now complete. The Directorate is managing this spend further and looking to manage revenue spend down longer term.

2.4.3 Children, education and families

Consultancy spend: the department used consultants to review the BAIP agreement with schools and the review of SAT operations as well as for Ofsted preparations. These were one off pieces of work funded by SEND improvement funds which had been allocated by Council in the budget voted in February 2024.

Agency spend: there are some areas in CEF that are holding several vacancies. The MASH, Assessment and Family Safeguarding and Support Teams are particularly affected. Investment in the budget will enable permanent recruitment to roles in the MASH and East Cambs as these are currently over establishment and therefore it is not possible to recruit permanently to them. There is a large piece of work looking at the long-term workforce plan to provide a short, medium and long term improvement plan for our workforce which will address the caseload capacity. We also have a lot of training social workers in our system who are not able to hold full caseloads which increases the need for experiences agency staff to hold complex casework.

2.4.4 Strategy and Partnerships:

Consultancy spend includes the buying of the services of a contract manager from Central Bedfordshire as we share the use of Pathfinder Legal Services. We have also procured a consultant to work on the partnership programme, Changing Futures, which supports people with complex and multiple needs. The agency staff and interim spend includes agency support to help us deliver the Household Support Fund, expertise in SEND and Safety Valve reporting for the Insight Team and expertise to support the delivery of social work training.

2.4.5 Place and Sustainability:

Consultants: The Directorate uses consultants for certain projects that require external expertise not available in existing teams. Once projects have been completed, the expertise is no longer required and so it is more suitable to have those people in external consulting roles rather than permanent staff. An example is the Waste PFI future strategy review where specialist knowledge for specific areas of the project is being provided by consultants.

Interims: Are used to provide specialist knowledge particularly in difficult to recruit to areas such as commercial management or to support the delivery of capital projects. Recruitment campaigns are ongoing, though, with the aim of reducing interim appointments in the future.

Any interims in post are currently covering approved and existing roles in the establishment and the interim rate has been benchmarked against the cost of employing a design consultancy or contractor to deliver the same work. As well as representing a reduced cost, using interims also provides a much greater degree of ownership and control across delivery of the capital programme than the use of consultants/contractors would, resulting in outcomes more closely aligned with the Council's priorities and objectives.
Connecting Cambridgeshire and the Consents team also use interims to provide specialist knowledge and expertise for specific projects such as the A428 discharge of requirements management. In other areas of the Directorate. 2 of the interim assignments have now come to an end.

The use of consultants and interims is continually reviewed by the Directorate Management Team, with Heads of Service, to ensure that we are getting the best value for money.

3. Appendices

N/A

4. Source documents

N/A

Audit and Accounts Committee Forward Agenda Plan

Agenda Item No: 10

The following are standing agenda items which are considered at every Committee meeting:

- Minutes of previous meeting and Minutes Action Log
- Financial Reporting and Related Matters Update, covering progress with the production and audit of the Council's statement of accounts.
- Internal Audit Progress Report including progress of Implementation of Management Actions, Internal Audit Plan Update, Update on the value of the National Fraud Initiative and Risk Register.
- Agenda plan
- Training plan

\+ indicates a report which is exempt from publication

Meeting Date	Report title	Frequency of report	Lead officer/ Report author	Final reports to reach Democratic Services	Agenda publication
30/01/25	Financial Reporting and Related Matters	Each meeting	Head of Finance		22/01/25
	Pension Fund Annual Report and Statement of Accounts 2023-24	Annual	Investments and Fund Accounting Manager - Pensions		
	Consultancy and Agency Spend	Biannual	Head of Procurement and Commercial		
	Internal Audit Progress Report	Each meeting	Head of Internal Audit & Risk Management		
	Adult Social Care Client Contributions – Methods of Credits		Service Director: Adult Social Care/ Head of Financial Operations		

Meeting Date	Report title	Frequency of report	Lead officer/ Report author	Final reports to reach Democratic Services	Agenda publication
	Adults, Health and Commissioning Directorate Assurance Report		Executive Director for Adults, Health and Commissioning		
26/02/25 [Special Meeting]	Cambridgeshire County Council Statement of Accounts 2023-24 and Audit Results Report	Annual	External Auditor KPMG/ Head of Finance	14/02/2025	18/02/2025
27/03/25 [Private]	Meeting with Auditors Committee members only				
27/03/25	Draft Internal Audit Plan 2025/26	Annual	Head of Internal Audit & Risk Management		19/03/25
	Financial Reporting and Related Matters	Each meeting	Head of Finance		
	Debt Management Update	Biannual	Head of Finance Operations		
	Internal Audit Progress Report	Each meeting	Head of Internal Audit & Risk Management		
	Corporate Risk Register	Biannual	Head of Internal Audit & Risk Management		
	Place and Sustainability Directorate Assurance Report	Each meeting	Executive Director: Place and Sustainability		

Meeting Date	Report title	Frequency of report	Lead officer/ Report author	Final reports to reach Democratic Services	Agenda publication
04/06/25	Internal Audit Progress Report	Each meeting	Head of Internal Audit & Risk Management		27/05/25
	Financial Reporting and Related Matters	Each meeting	Head of Finance		
	Children, Education and Families Directorate Assurance Report	Each meeting	Executive Director: Children, Education and Families		
23/07/25	Internal Audit Progress Report	Each meeting	Head of Internal Audit & Risk Management		15/07/25
	Financial Reporting and Related Matters	Each meeting	Head of Finance		
	Finance and Resources and Strategy and Partnerships Directorates Assurance Report	Each meeting	Executive Director: Finance and Resources Executive Director: Strategy and Partnerships		
28/11/25	Internal Audit Progress Report	Each meeting	Head of Internal Audit & Risk Management		20/11/25
	Financial Reporting and Related Matters	Each meeting	Head of Finance		
	Executive Director Assurance Report	Each meeting	TBC		
05/02/26	Internal Audit Progress Report	Each meeting	Head of Internal Audit & Risk Management		28/01/26
	Financial Reporting and Related Matters	Each meeting	Head of Finance		

Meeting Date	Report title	Frequency of report	Lead officer/ Report author	Final reports to reach Democratic Services	Agenda publication
	Executive Director Assurance Report	Each meeting	TBC		
26/03/36	Internal Audit Progress Report	Each meeting	Head of Internal Audit & Risk Management		18/03/26
	Financial Reporting and Related Matters	Each meeting	Head of Finance		
	Executive Director Assurance Report	Each meeting	TBC		
21/05/26	Internal Audit Progress Report	Each meeting	Head of Internal Audit & Risk Management		13/05/26
	Financial Reporting and Related Matters	Each meeting	Head of Finance		
	Executive Director Assurance Report	Each meeting	TBC		