

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	442,319
-81,261 Net return on investments		504,529
-73,636 Net increase/(decrease) in the net assets available for benefits during the year		514,405
4,305,432 Opening net assets of the scheme		4,231,796
4,231,796 Closing net assets of the scheme		4,746,201

Notes on pages 75 to 104 form part of the financial statements.

Net Asset Statement

31-Mar-23 £000		Notes	31-Mar-24 £000
4,213,959	Investment assets		4,727,521
-2,699	Investment liabilities		-1,770
4,211,260	Total net investments	Note 14	4,725,751
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	4,746,201

Notes on pages 75 to 104 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:	31-Mar-23	31-Mar-24
County council	10,003	10,310
Other employers	12,411	13,114
Total	22,414	23,424

Deferred pensioners:	31-Mar-23	31-Mar-24
County council	15,772	16,343
Other employers	19,481	20,737
Total	35,253	37,080

Undecided Leavers:	31-Mar-23	31-Mar-24
County council	4,525	3,971
Other employers	6,887	6,328
Total	11,412	10,299

Total members	97,146	99,839
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Notes to the Pension Fund Accounts (continued)

Funding

Benefits are funded by contributions and investment earnings. Currently the level of contribution income is sufficient to fund regular benefit payments. Contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ended 31 March 2024. Employers' contributions are set as part of the triennial actuarial funding valuation. The last such valuation was at 31 March 2022. Employers' contributions comprise a percentage rate on active payroll between 0% and 43.3% and deficit payments of fixed cash amounts set for each employer as part of the triennial funding valuation.

Benefits

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

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

Career Average Revalued Earnings (CARE)

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

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

There are a range of other benefits provided under the scheme including early retirement, 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.

Notes to the Pension Fund Accounts (continued)

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 344 individual active employers as at 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 £4.75 billion, meaning the fund has increased by £514 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.

The Pension Fund has reviewed its cash flow forecast for the going concern period to 30 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.

Notes to the Pension Fund Accounts (continued)

Investment Income (continued)

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.

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.

Notes to the Pension Fund Accounts (continued)

Net Assets Statement

Financial Assets

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

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).

Notes to the Pension Fund Accounts (continued)

Contingent Assets and Liabilities

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

A contingent liability arises where an event has taken place prior to the year-end giving rise to a possible financial obligation whose existence will only be confirmed or otherwise by the occurrence of future events.

Contingent liabilities can also arise in circumstances where a provision would be made, except that it is not possible at the balance sheet date to measure the value of the financial obligation reliably.

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

4. CRITICAL JUDGEMENT IN APPLYING ACCOUNTING POLICIES

Pension Fund Liability

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

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

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

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

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

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

The items in the 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.

Notes to the Pension Fund Accounts (continued)

Cambridge and Counties Bank

- Uncertainties:** Cambridge and Counties Bank is not publicly listed and as such there is a degree of estimation involved in the valuation. The Pension Fund has appointed an independent, professional valuer to advise a suitable valuation. The Fund's investment is valued on a market based approach with reference to price/earnings and price to book of comparable public companies.
- Effect if actual results differ from assumptions:** The investment in the financial statements is £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 £844.8m. There is a risk that this investment may be under or overstated in the accounts. Note 18 gives a price sensitivity of Alternative investments of 23.9%, which indicates that Other private equity and infrastructure values may range from £642.9m to £1,046.7m.

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.

7. CONTRIBUTIONS RECEIVABLE

By Category:

31-Mar-23		31-Mar-24
£000		£000
33,124	Employees' contributions	36,248
Employers' contributions:		
100,571	Normal contributions	109,679
15,220	Deficit recovery contributions	21,158
0	Employers in surplus (exit credits paid)	-555
115,791	Total employers' contributions	130,282
148,915		166,530

By Authority:

31-Mar-23		31-Mar-24
£000		£000
31,699	Administering authority	35,202
108,666	Scheduled bodies	128,104
8,550	Admitted bodies	3,224
148,915		166,530

8. TRANSFERS IN FROM OTHER PENSION FUNDS

31-Mar-23		31-Mar-24
£000		£000
18,402	Individual transfers	23,390
18,402		23,390

Notes to the Pension Fund Accounts (continued)

9. BENEFITS PAYABLE

By category:

31-Mar-23	31-Mar-24
£000	£000
102,737 Pensions	115,544
17,863 Commutation and lump sum retirement benefits	20,353
2,917 Lump sum death benefits	2,756
123,517	138,653

By authority:

31-Mar-23	31-Mar-24
£000	£000
39,425 Administering authority	43,452
73,760 Scheduled bodies	84,069
10,332 Admitted bodies	11,132
123,517	138,653

10. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

31-Mar-23	31-Mar-24
£000	£000
1,053 Refunds to members leaving service	806
10,228 Individual transfers	15,112
11,281	15,918

11. MANAGEMENT EXPENSES

31-Mar-23	31-Mar-24
£000	£000
2,868 Administrative costs	3,010
20,968 Investment management expenses	21,345
1,058 Oversight and governance costs*	1,118
24,894	25,473

*Base fees payable to External Auditors, included within Oversight and Governance costs were £87k during the year (2022-23 £26k). The scale fee variation will be communicated in due course.

12. INVESTMENT MANAGEMENT EXPENSES

2023/24	Management fees	Performance related fees	Transaction costs	Other costs	Total
	£000	£000	£000	£000	£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	Performance related fees	Transaction costs	Other costs	Total
	£000	£000	£000	£000	£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	31-Mar-24
£000	£000
994 Income from bonds	762
0 Income from equities	4,409
27,542 Pooled investments – unit trusts and other managed funds	28,132
11,017 Pooled Property Investments	10,453
12,020 Private equity/infrastructure income	13,764
1,025 Interest on cash deposits	4,726
52,598	62,246

Notes to the Pension Fund Accounts (continued)

14. INVESTMENTS

31-Mar-23 £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	381,638
879,370 Private equity/infrastructure	929,572
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	4,727,521
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	4,725,751

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	-5,833	381,638
Private equity/infrastructure	879,370	82,884	-46,397	13,715	929,572
	4,197,955	1,320,170	-1,235,978	380,123	4,662,270
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	377,023	4,662,297
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				4,725,751

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		Market value 31-Mar-24	
£000	% of net investment assets	£000	% of net investment assets
Investments managed under Pool Governance:			
1,687,761	40.0	1,763,383	37.3
0	0.0	98,376	2.1
0	0.0	91,805	1.9
0	0.0	75,653	1.6
0	0.0	321,415	6.8
884,740	21.0	1,171,181	24.9
2,572,501	61.0	3,521,813	74.6
Investments managed outside Pool Governance:			
200,494	4.8	216,430	4.6
14,084	0.3	14,305	0.3
43,061	1.0	28,630	0.6
186,233	4.4	0	0.0
69,700	1.7	84,800	1.8
15,000	0.4	15,000	0.3
31,132	0.7	31,046	0.7
43,089	1.0	58,340	1.2
191,922	4.6	216,387	4.6
88,116	2.1	0	0.0
75,350	1.8	0	0.0
66,872	1.6	74,499	1.6
73,198	1.7	107,480	2.3
41,131	1.0	34,510	0.7
469,831	11.2	274,908	5.8
9,122	0.2	6,316	0.1
20,424	0.5	41,287	0.9
1,638,759	39.0	1,203,938	25.5
4,211,260	100.0	4,725,751	100.1

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 Asset Management Life LTD - Life Climate Aware World Equity (Hedged)	0	0.0	765,982	16.2
UBS Asset Management Life LTD - Over 5 years Index Linked Gilts Tracker	0	0.0	401,647	8.5
WS ACCESS Total Return Credit - BlueBay	0	0.0	307,872	6.5
WS ACCESS Alpha Opportunities - M&G	0	0.0	295,681	6.2
WS ACCESS Global Stock - Dodge and Cox	575,434	13.6	385,944	8.2
WS ACCESS Global Equity - J O Hambro	470,975	11.1	422,985	8.9
WS 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
				£000		
Assets						£000
Overseas equity purchased	One to three months	Put	149,636	4,141	0	0
Total assets				4,141		0
Liabilities						
Overseas equity written	One to three months	Put	-192,388	-556	0	0
Overseas equity written	One to three months	Call	-149,636	-2,143	0	0
Total liabilities				-2,699		0
Net purchased/written options				1,442		0

• Futures

The economic exposure represents the notional value of stock purchased under futures contracts and is therefore subject to market movements.

Type	Expires	Economic exposure	Market Value as at 31/03/2023	Economic exposure	Market Value as at 31/03/2024
Assets					
UK Equity Futures	Less than one year	0	0	160	6
Overseas Equity Futures	Less than one year	0	0	846	21
Total Assets					27
Total Liabilities		0	0	0	0
Net Futures					27

Notes to the Pension Fund Accounts (continued)

16. FAIR VALUE

Valuation of Financial Instruments Carried At Fair Value

Asset and liability valuations have been classified into three levels, according to the quality and reliability of information used to determine fair values.

Transfers between levels are recognised in the year in which they occur. The Fund has adopted the classification guidelines recommended in the Practical Guidelines on Investment Disclosures (PRAG/Investment Association, 2016).

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

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

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

The values of the investment in private equity are based on valuations provided by the general partners to the private equity funds in which the Cambridgeshire Fund has invested. These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines 2022, which follow the valuation principles of IFRS and US GAAP. Valuations are usually undertaken annually at the end of December. Cash flow adjustments are used to roll forward the valuations to 31 March as appropriate.

16a. Fair value hierarchy

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

Value at March 2024	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	£000		£000	£000
Equities	320,177		0	320,177
Bonds	0		0	0
Pooled Investments	25,373	3,005,510	0	3,030,883
Pooled Property Investments	0		381,638	381,638
Private Equity/Infrastructure	0		929,572	929,572
Derivatives	27		0	27
Net Investment Assets	345,577	3,005,510	1,311,210	4,662,297

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	381,638	15.6	441,174	322,102
Private equity and infrastructure - equity	84,800	4.4	88,500	81,100
Private equity and infrastructure - other	844,772	23.9	1,046,673	642,871
Total Assets	1,311,210		1,576,346	1,046,074

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	-6,373	540	381,638
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	-16,947	15,562	844,772
Total	1,146,880	0	213,082	-56,634	-8,220	16,102	1,311,210

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	320,177	0	0
197,030	0	0	0	0	0
2,854,045	0	0	3,030,883	0	0
267,510	0	0	381,638	0	0
879,370	0	0	929,572	0	0
4,141	0	0	27	0	0
0	25,360	0	0	74,544	0
0	415	0	0	4,824	0
0	12,375	0	0	13,707	0
4,202,096	38,150	0	4,662,297	93,075	0
Financial liabilities					
0	0	-2,699	0	0	0
0	0	0	0	0	0
0	0	-5,751	0	0	-9,171
0	0	-8,450	0	0	-9,171
4,202,096	38,150	-8,450	4,662,297	93,075	-9,171
4,231,796 Total					4,746,201

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	380,123
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
	Financial liabilities measured at amortised cost	
-133,859	Total gains/(losses)	442,319

18. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Risk and risk management

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

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

a) Market risk

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

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

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

The Fund manages these risks in two ways:

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

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

Notes to the Pension Fund Accounts (continued)

Other price risk

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

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

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

Other price risk – sensitivity analysis

Following analysis of historical data and expected investment return movement during the financial year, in consultation with the Fund's investment advisers, the Council has determined that the following movements in market price risk would have reasonably been possible for the 2023-24 reporting period.

The sensitivities are consistent with the assumptions contained in the investment adviser's most recent review. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

Asset Type	Potential Market Movement +/- (%p.a.)
UK equities	16.0
Global equities	16.7
Index linked bonds	7.1
Pooled fixed interest bonds	7.0
Multi asset credit	7.1
Property	15.6
Cambridge and Counties Bank	4.4
Alternatives	23.9
Cash and other investment balances	0.3

Notes to the Pension Fund Accounts (continued)

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

31-Mar-24	Value as at	% (rounded)	Value on	Value on
Asset Type	31-Mar-24	Change	Increase	Decrease
	£000		£000	£000
UK equities	11,951	16.0	13,863	10,039
Global equities	2,234,037	16.7	2,607,121	1,860,953
Index linked bonds	401,647	7.1	430,164	373,130
Pooled fixed interest bonds	74,499	7.0	79,714	69,284
Multi asset credit	603,554	7.1	646,406	560,702
Property	381,638	15.6	441,174	322,102
Cambridge and Counties Bank	84,800	4.4	88,500	81,100
Alternatives	844,772	23.9	1,046,673	642,871
Cash and other investment balances	88,853	0.3	89,120	88,586
Total Assets	4,725,751		5,442,734	4,008,768

31-Mar-23	Value as at	% (rounded)	Value on	Value on
Asset Type	31-Mar-23	Change	Increase	Decrease
	£000		£000	£000
UK equities	81,468	18.2	96,295	66,641
Overseas equities	2,288,216	19.0	2,722,977	1,853,455
Index linked bonds	197,030	8.9	214,566	179,494
Pooled fixed interest bonds	66,872	7.5	71,887	61,857
Multi asset credit	389,050	7.8	419,396	358,704
Property	267,510	15.5	308,974	226,046
Cambridge and Counties Bank	69,700	4.2	72,600	66,800
Alternatives	809,670	24.0	1,003,991	615,349
Cash and Other investment balances	41,744	0.3	41,869	41,619
Total Assets	4,211,260		4,952,555	3,469,965

Notes to the Pension Fund Accounts (continued)

Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's interest rate risk is routinely monitored by the Council and its investment consultant in accordance with the Fund's risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks. The Fund's direct exposure to interest rate movements as at 31 March 2024 and 31 March 2023 is set out to the right. These disclosures present interest rate risk based on the underlying financial assets at fair value.

Interest rate risk sensitivity analysis

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

31-Mar-23	Asset Type	31-Mar-24
£000		£000
11,448	Cash and cash equivalents	60,400
13,912	Cash balances	14,144
197,030	Index-linked securities	401,647
455,922	Fixed interest securities	678,053
678,312	Total	1,154,244

Exposure to interest rate risk	Asset values 31-Mar-24 £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	1,165,040	1,143,448

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	15,802	15,490

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	Potential	Value on	Value on
	31-Mar-24	market	increase	decrease
	£000	movement	£000	£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	Potential	Value on	Value on
	31-Mar-23	market	increase	decrease
	£000	movement	£000	£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 £1,331.2m, which represented 27.6% of the total Fund assets (31 March 2023: £1,147m, which represented 27.2% of the total Fund assets).

Management prepares periodic cash flow forecasts to understand and manage the timing of the Fund's cash flows. The appropriate strategic level of cash balances to be held forms part of the Fund investment strategy. All financial liabilities at 31 March 2024 are due within one year.

d) Refinancing risk

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

Notes to the Pension Fund Accounts (continued)

19. FUNDING ARRANGEMENTS

In line with the Local Government Pension Scheme Regulations 2013, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2022. The next valuation will take place as at 31 March 2025 and will be published in 2026.

The key elements of the funding policy are:

- take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient Funds to pay benefits to members and their dependants
- use a balanced investment strategy to minimise long-term cash contributions from employers and meet the regulatory requirement for long-term cost efficiency
- where appropriate, ensure stable employer contribution rates
- reflect different employers' characteristics to set their contribution rates, using a transparent Funding strategy
- use reasonable measures to reduce the risk of an employer defaulting on its pension obligations.

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

At the 2022 actuarial valuation, the Fund was assessed as 125% funded (100% at the March 2019 valuation). This corresponded to a surplus of £860m (2019 valuation: deficit of £11m) at that time.

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

The table below summarises the whole fund Primary and Secondary Contribution rates at the 2022 triennial valuation. These rates are the payroll weighted average of the underlying individual employer primary and secondary rates, calculated in accordance with the Regulations and CIPFA guidance.

Primary Rate %	Secondary Rate £		
1 April 2023 to 31 March 2026	2023-2024	2024-2025	2025-2026
18.4%	£16,449,000	£14,485,000	£13,144,000

The Primary rate above includes an allowance of 0.8% of pensionable pay for the Fund's expenses. The average employee contribution rate is 6.4% of pensionable pay. Full details of the contribution rates payable can be found in the 2022 actuarial valuation report and the funding strategy statement on the Fund's website.

Notes to the Pension Fund Accounts (continued)

Basis of valuation

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

Financial assumptions

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

Assumption	31-Mar-19	31-Mar-22
Price Inflation (CPI)/ Pension increases	2.3%	2.7%
Pay increases	2.8%	3.2%
Discount rate	4.1%	4.9%

Mortality assumptions

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

Assumed life expectancy at age 65	Active and Deferred Members		Current Pensioners	
	Male	Female	Male	Female
2019 valuation	22.7	25.5	22.0	24.0
2022 valuation	22.8	26.1	22.0	24.6

Note that the figures for active and deferred members assume that they are aged 45 at the valuation date.

Various scaling factors have been applied to the mortality tables to reflect the predicted longevity for each class of member and their dependants.

Other demographic valuation assumptions:

- a) **Retirements in ill health** - Allowance has been made for ill-health retirements before Normal Pension Age.
- b) **Withdrawals** - Allowance has been made for withdrawals from service.
- c) **Retirement age** - The earliest age at which a member can retire with their benefits unreduced
- d) **Death in Service** - Allowance has been made for death in service.
- e) **Promotional salary increases** – Allowance has been made for promotional salary increases.
- f) **Family details** - A varying proportion of members are assumed to have a dependant at retirement or on earlier death. For example, at age 60 this is assumed to be 90% for males and 85% for females. The dependant of a male member is assumed to be 3 years younger than him and the dependent of a female member is assumed to be 3 years older than her.
- g) **Commutation** - 51% of future retirements elect to exchange pension for additional tax free cash up to HMRC limits.
- h) **50:50 option** - 1.0% of members (uniformly distributed across the age, service and salary range) will choose the 50:50 option.

Notes to the Pension Fund Accounts (continued)

20. ACTUARIAL PRESENT VALUE OF PROMISED RETIREMENT BENEFITS

In addition to the triennial funding valuation, the Fund's actuary also undertakes a valuation of the Pension Fund liabilities, on an IAS 19 basis, every year using the same base data as the funding valuation rolled forward to the current financial year, taking account of changes in membership numbers and updating assumptions to the current year.

In order to assess the value of the benefits on this basis, the Actuary has updated the actuarial assumptions (set out below) from those used for funding purposes (see Note 19). The actuary has also used valued ill health and death benefits in line with IAS 19.

31-Mar-23		31-Mar-24
£m		£m
-3,953	Present value of promised retirement benefits	-4,018
4,232	Fair value of scheme assets (bid value)	4,746
279	Net (Liability) / Asset	728

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		31-Mar-24
% p.a.	Assumption	% 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	31-Mar-24
£000	£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
24,465	14,144
26,287	27,851

22. CURRENT LIABILITIES

31-Mar-23	31-Mar-24
£000	£000
4,892 Sundry Payables	5,928
859 Benefits Payable	1,473
5,751	7,401

23. ADDITIONAL VOLUNTARY CONTRIBUTIONS

31-Mar-23	31-Mar-24
£000	£000
8,489 Prudential	8,000
275 Utmost	285
8,764	8,285

Total contributions of £1,014K (2022-23: £735K) were paid directly to Prudential during the year. No new contributions were paid to Utmost during the year, as it is a closed arrangement.

24. AGENCY

Agency Services represent activities administered by the Fund on behalf of scheme employers which are not included within the Fund Account but are provided as a service and are fully reclaimed from the employer bodies.

31-Mar-23	31-Mar-24
£000	£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.

The following member are on the Board of an employer body in the Pension Fund:

Councillor Boden

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 £1,660.1m under pooled management resulting in pooled assets of £3,521.8m, representing 74.8% 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 Assistant Director of Finance at West Northamptonshire Council, whose costs are reported in the West Northamptonshire Council statement of accounts. Other key personnel include the Cambridgeshire Section 151 Officer, who is Treasurer to the Fund. The Section 151 Officer is remunerated for their services to the organisation as a whole and it is not possible to identify within the overhead charge from the proportion of costs relating to these services to the Fund.

Notes to the Pension Fund Accounts (continued)

26. CONTINGENT LIABILITIES AND CONTRACTUAL COMMITMENTS

Outstanding contractual commitments at 31 March 2024 totalled £249.9m (31 March 2023: £313.8m).

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

6 admitted body employers in the Cambridgeshire Fund hold insurance bonds to guard against the possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the Pension Fund and payment will only be triggered in the event of employer default, and usually only in the event of premature cessation.

A scheme employer may become an exiting employer when a cessation event is triggered. The LGPS regulations states that, where an employing authority ceases to be a scheme employer, the administering authority is required to obtain an actuarial valuation of the liabilities of current and former employees as at the exit date to identify whether cessation deficits or surplus exist. The regulations also state that where a cessation surplus exists, the Fund has full discretion over the extent to which any surplus results in the payment of an exit credit to the existing employer. The policy over the Fund's discretion at employer cessations can be found on our [Cessation Policy](#).

The following table shows the open cessation cases as at 31/03/2024, which were possible to results in the payment of an exit credit, with the current progresses.

Existing employer	Case status	Exit Date	Cessation surplus	Exit credit value	Case progress details
Sanctuary Housing Group	Complete	31/05/2023	£2,337,000	£2,337,000	Exit credit was determined on 15/04/2024 and paid in April and June 24
Cross Keys Homes	Complete	30/04/2023	£1,655,000	£1,655,000	Exit credit was determined on 16/04/202 and paid in April 24.
Churchill (Cambs City Council)	Complete	31/03/2022	£732,000	Nil	Exit credit was determined to be Nil on 14/05/2024
Churchill (Cambs City Council)	Complete	31/03/2022	£732,000	Nil	Exit credit was determined to be Nil on 14/05/2024
Clarion Housing Group	On-going	30/11/2023	£2,339,000	TBC	Fund's determination process over exit credit is not yet complete.
Wimblington Parish Council	On-going	31/01/2024	£5,700	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	£4,500	TBC	Fund's determination process over exit credit is not yet complete.