



Cambridgeshire County Council Pension Fund Annual Report and Statement of Accounts

Year Ended 31 March 2019

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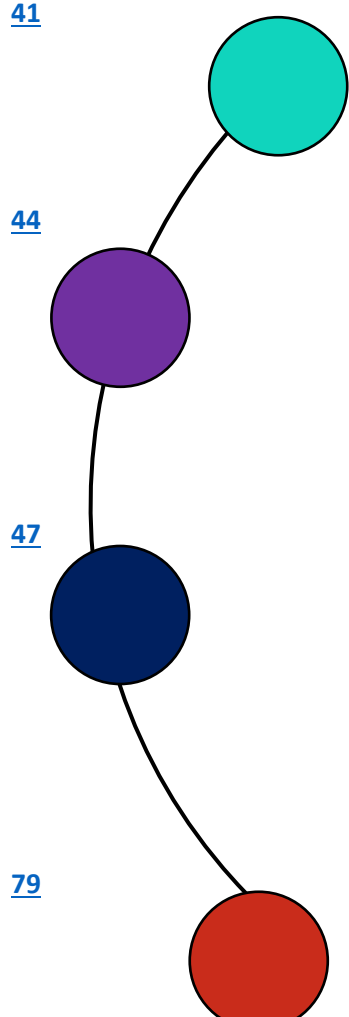
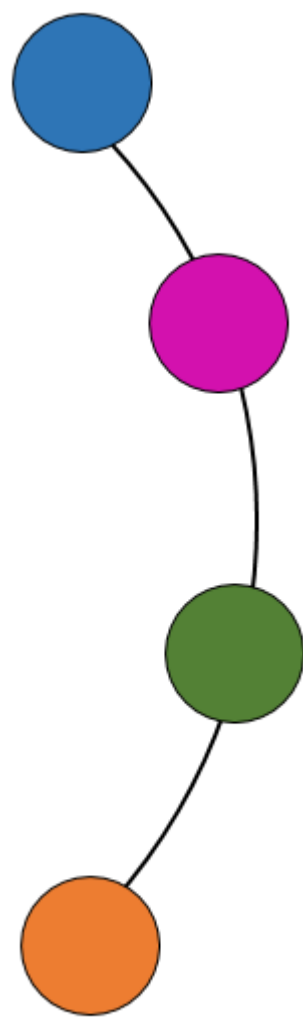
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Chairman's Foreword

It gives me great pleasure to introduce the Cambridgeshire Pension Fund Annual Report and Statement of Accounts for 2018-19. It has been another busy year for the Fund with many highlights and continual evolution and improvement of service standards.

The Fund introduced a Data Improvement Policy and Plan, a requirement of the Pension Regulator's Code of Practice. As part of this Plan the Fund completed a significant and challenging project to reconcile the Fund's pensioner payroll and pensions administration system.

In the investments arena, the continued development of the ACCESS asset pool is progressing at a steady pace and generating significant value for money benefits for all participants.

The Fund's investment strategy over the past two years has steadily increased allocations to longer duration investments such as private equity and infrastructure, whilst reducing the dependency on listed equities. This has provided greater diversification across asset classes as well as reducing our exposure to equity risk.

The 2018-19 year continued the trend of increasing membership, with active membership increasing to 28,976 members and overall membership to 82,909 members (80,816 as at 31 March 2018). The number of employers within the Fund has also grown, with over 254 organisations providing for their employees' retirement through the Cambridgeshire Fund.

At 31 March 2019 the Fund was valued at £3.19bn, an increase of £223m over the March 2018 valuation of £2.97bn. The Fund returned 7.1% for the financial year ending March 2019, underperforming the Fund's benchmark of 8.9%, mainly reflecting underperformance of one of the Fund's active global equity managers and the strategic bonds mandate. However the Fund significantly outperformed the Local Authority Universe average performance of 6.6% and Consumer Price Index (CPI) increase of 1.9%.

Improving engagement with scheme members has been a key theme for this year, the successful implementation of a new website and Members' Hub have both provided a more integrated experience. It has been encouraging to see a 50% increase in members registering to view their pension details online during the year.

The transition to monthly data provision by scheme employers, our main data providers, has continued to gather pace. The majority of membership data is now provided by monthly return, as opposed to at year-end, thus increasing data quality and our ability to administer the Fund in an efficient manner.

This has been a successful year for the Fund and I would like to thank the hard work of the Pension Fund Committee and Investment Sub-Committee, members of the Local Pension Board, the Chief Finance Officer, the Head of Pensions and all staff involved in the administration and management of the Fund.

Councillor Terry Rogers

Chairman of the Cambridgeshire Pension Fund Committee.

Dated xx xxxxxx 2019

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 2018-19.

The accounts summarise the transactions of the Fund and deal with the net assets at the disposal of the Pension Fund Committee members. The accounts do not take account of the obligation to pay future benefits which fall due after year end. The actuarial position of the Fund which takes into account these obligations is available on the Fund's website, <http://pensions.cambridgeshire.gov.uk/app/uploads/2012/10/CPF-2016-Actuary-Valuation-Report.pdf>

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council that officer is the Chief Finance Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

The Chief Finance Officer's Responsibilities

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

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

- selected suitable accounting policies and then applied them consistently;
- made judgments and estimates that were reasonable and prudent; and
- complied with the Code.

The Chief Finance Officer has also:

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

Certificate of Accounts

I certify that this Statement of Accounts presents a true and fair view of the financial position of the Pension Fund at 31 March 2019 and of its income and expenditure for the year 2018-19, and authorise the accounts for issue.

Mr C Malyon

Chief Finance Officer
(Section 151 Officer)

Dated:

Scheme Management, Advisors and Partners

 Abel Noser (Analytics)	 ACCESS (Pension Pool)	 Barclays (Bank)	 Ernst & Young (Auditors)
 Hymans Robertson (Actuary)	 LGSS Law (Legal Advisors)	 Mercer (Investment Consultants)	 Northern Trust (Custodian)

Asset Managers

 Adams Street Partners	 Allianz Global Investors	 AMP Capital	 Dodge & Cox Funds
 Equitix Ltd	 HarbourVest Partners (UK)	 JO Hambro Capital Management	 Link Fund Solutions (ACCESS)
 M&G Investments	 Partners Group	 Schroders	 UBS Asset Management

AVC Providers

 Prudential	 Equitable Life
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Scheme Management & Key Officers

The Key Officers of the Fund during the year were:

Mark Whitby – Head of Pensions

Paul Tysoe – Investment and Fund Accounting Manager

Akhtar Pepper (until Feb 19) – Operations Manager

Richard Sultana (from Feb 19) – Operations Manager

Cory Blose – Employer and Systems Team Manager

Joanne Walton – Governance and Regulations Manager

Ben Barlow – Pension Services Financial Manager

Tracy Pegram – Pension Services Financial Manager

Richard Perry – Pension Services Financial Manager

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

Paul Tysoe

Investment and Fund Accounting Manager, LGSS

Email: phtysoe@northamptonshire.gov.uk

Telephone: 01604 368671



Enquiries relating to management and administration should be directed to:

Mark Whitby

Head of Pensions, LGSS

Email: mwhitby@northamptonshire.gov.uk

Telephone: 01604 368502



Registered Pension Scheme Number: 10038487

Scheme Administration

Introduction

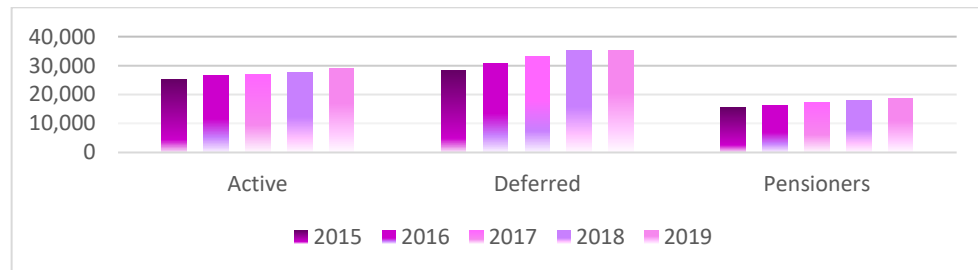
Cambridgeshire County Council is responsible for administering the Cambridgeshire Pension Fund, which is available to employees of the County Council, organisations with a statutory right to be in the scheme (scheduled bodies) and organisations, such as charities, which the County Council has admitted under its discretionary powers (admitted bodies).

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

Membership

Membership of the Fund grew by 2.5% from the previous year.

On 31 March 2019 there were 28,976 active, 35,158 deferred and 18,775 pensioner members in the Fund. The deferred figure is inclusive of 7,499 open cases that may change status (undecided leavers).



Pension Fund Administration

LGSS, a partnership between Cambridgeshire County Council, Northamptonshire County Council and Milton Keynes Council, provides pension administration services to the Cambridgeshire Pension Fund.

There are 60 staff members (55.32 full time equivalent) within the LGSS Pensions Team, providing all aspects of service to both the Cambridgeshire and Northamptonshire Funds, with an average staff to pension member ratio of 1:2,725.

Internal audit perform risk based audit procedures to assess the effectiveness and efficiency of administration services, and the LGSS Team have been awarded the national standard for excellence in customer service (CSE) since 2016.

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

Scheme Administration Tools

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

Support for members and employers can be accessed via the website or by contacting the LGSS Helpline on 01604 366537.

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

[Employer Self Service](#) is available to all employers in the scheme and gives access to the pension database remotely and securely, allowing them to view, create and amend their employees' data, run reports and perform benefit calculations.

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

Scheme Administration (continued)

Scheme Framework

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

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

Employers' contribution rates are set by the Fund's Actuary every three years following the valuation of the Fund, in order to maintain the solvency of the Fund. The last valuation took place as at 31 March 2016. The results of the valuation were a funding level of 78% and an average primary employer contribution rate of 18.1%. The primary rate includes an allowance of 0.6% of the pensionable pay for the Fund's expenses. The average employee contribution rate is 6.3% of pensionable pay. At the previous formal valuation at 31 March 2013 a different regulatory regime was in force and therefore no meaningful comparative rate is available.

On 1 April 2014, the new Local Government Pension Scheme 2014 came into effect, allowing more flexibility around paying into the scheme and drawing benefits. Normal pension age is linked to the state pension age but benefits can be drawn earlier or later, between age 55 and 75. The normal retirement age is the age a member can access their pension in full; if it is accessed before that date benefits will usually be reduced and if accessed after normal retirement age benefits may increase. All service built up to 31 March 2014 in

the LGPS is fully protected and will continue to be based on a member's final year annual pay when the individual leaves the LGPS.

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

Scheme Administration (continued)

The below table compares the 2008 and the 2014 schemes.

	LGPS 2008	LGPS 2014
Basis of Pension	Final Salary	Career Average Revaluated Earnings (CARE)
Accrual Rate	1/60 th	1/49 th
Revaluation Rate	Based on Final Salary	Consumer Prices Index (CPI)
Pensionable Pay	Pay excluding non contractual overtime and non pensionable additional hours	Pay including non-contractual overtime and additional hours
Employee Contribution Rates	Between 5.5% and 7.5%	Between 5.5% and 12.5%
Contribution Flexibility	No	Option to pay 50% contributions for 50% of pension benefit
Normal Pension Age	65	Equal to individuals state pension age
Lump Sum Trade Off	Trade £1 of pension for £12 lump sum	Trade £1 of pension for £12 lump sum
Death in Service Lump Sum	3 x Pensionable Pay	3 x Pensionable Pay
Death in Service Survivor Benefits	1/160 th accrual based on Tier 1 ill health pension enhancement	1/160 th accrual based on Tier 1 ill health pension enhancement
Ill Health Provision	Tier 1 – Immediate payment with service enhanced to Normal Pension Age (65) Tier 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

Scheme Administration (continued)

Pension Committee and Board membership.

The following table shows the attendance of Committee and Board members at applicable Pension Fund Committee, Investment Sub-Committee and Local Pension Board meetings during 2018-19, training undertaken in year, including; Training days, Conferences and Strategic Workshops.

Councillor/Member Name	Committee/Board	Meetings Attended	Training Undertaken
Councillor Terry Rogers - Chairman	Pensions Committee	5/5	8 sessions
	Investment Sub-Committee	7/7	
Councillor Roger Hickford – vice Chairman (until February 2019)	Pensions Committee	3/4	3 sessions
	Investment Sub-Committee	3/6	
Councillor Ian Gardener – vice Chairman (from February 2019)	Pensions Committee	1/1	
	Investment Sub-Committee	1/1	
Councillor Anne Hay	Pensions Committee	4/5	4 sessions
	Investment Sub-Committee	3/7	
Councillor Mike Shellens	Pensions Committee	5/5	7 sessions
	Investment Sub-Committee	7/7	
John Walker	Pensions Committee	5/5	11 sessions
	Investment Sub-Committee	7/7	
Councillor Peter Downes	Pensions Committee	4/5	3 sessions
Councillor Joshua Schumann	Pensions Committee	3/5	2 sessions
Councillor Richard Robertson (from July 2018 – previous vacancy carried over from 2017/18)	Pensions Committee	3/3	2 sessions
Councillor David Seaton	Pensions Committee	1/5	1 session
Matthew Pink	Pensions Committee	2/5	2 sessions
Liz Brennan – substitute	Pensions Committee	2/5	
Tracy Roden (until June 2018)	Pensions Committee	1/1	1 session
Lee Phanco (from November 2018)	Pensions Committee	1/2	1 session
Councillor Simon King - Chairman	Local Pension Board	4/4	5 sessions
Councillor Elisa Meschini	Local Pension Board	4/4	1 sessions
Councillor Denis Payne	Local Pension Board	4/4	6 sessions
Barry O’Sullivan	Local Pension Board	4/4	6 sessions
John Stokes	Local Pension Board	4/4	5 sessions
David Brooks – vice Chairman	Local Pension Board	4/4	3 sessions

Scheme Administration (continued)

Policies and Strategy Statements

Information about the Fund's policies and procedures can be found on the Fund's website:

<https://pensions.cambridgeshire.gov.uk/governance/key-documents/cambridgeshire/>

The following policies were in place during the financial year

[Administering Authority Discretions](#)

[Administration Strategy](#)

[Admitted Bodies Scheme Employers and Bulk Transfers Policy](#)

[Annual Business Plan & Medium Term Strategy 2018-19](#)

[Anti-Fraud and Corruption Policy](#)

[Funding Strategy](#)

[Cash Management Strategy](#)

[Communications Strategy](#)

[Governance Policy and Compliance Statement](#)

[Investment Strategy Statement](#)

[Overpayment of Pension Policy](#)

[Payment of Pension Contributions Policy](#)

[Reporting Breaches of the Law to the Pensions Regulator Policy](#)

[Risk Register](#)

[Risk Strategy](#)

Statement/Policy Changes in 2018-19

The Data Improvement Plan has been introduced during 2018-19:

- To demonstrate that the Fund was aware of its areas where data quality required improvement,
- To provide assurance to the Pensions Regulator and the Fund's stakeholders that the Fund was committed to an ongoing approach to ensure appropriate processes are in place to consistently hold accurate data within a set timescale.

The Risk Register has been reviewed during 2018-19 year resulting in the following changes:

- Consolidation of risks from 54 to 25 – more concise and high level with the detail encompassed in the controls to allow for easier monitoring,
- Not split into service areas as previous version (Governance, Funding and Investments and Administration and Communication); each risk has a responsible lead to demonstrate accountability,
- Risks are ordered by priority to allow for increased focus and easier monitoring,
- Revised criteria for assessing the impact and likelihood of a risk occurring, increasing detail to make a more accurate assessment, and
- A summary sheet has been designed to allow for an overview of the risks which shows priority, risk rating with RAG status, responsible lead and associated objectives.

The Overpayment of Pension Policy has been reviewed during 2018-19 resulting in the following changes:

- The Fund will generally seek to recover overpayments that are greater than £250.00 (gross) in value. Previously the value was £100.00 (gross),
- New section to cover where overpayments have occurred due to errors associated with the application of GMP.

Investments and Fund Accounting Policies has been reviewed during 2018-19 resulting in the following changes:

- Cash Management Strategy has been updated and developed in line with current requirements,
- Investment Strategy Statement has been updated to reflect the change to the strategic asset allocation.

Management and Financial Performance

The Team

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

- **Operations** – maintain member records, calculate benefits and pensions payable.
Contact: Pensions@northamptonshire.gov.uk
- **Employers** – contact point for employers of the scheme and those wanting to join. Deliver training sessions to employers and payroll providers covering the systems available to assist them in efficiently participating in the Fund.
Contact: PenEmployers@northamptonshire.gov.uk
- **Systems** – ensure internal systems are operating efficiently and provide support to maintaining accurate member records.
Contact: Pensions@northamptonshire.gov.uk
- **Investments** – oversee the governance of Fund assets and support the Investment Sub-Committee.
Contact: LGSS-Pen-Investments@northamptonshire.gov.uk
- **Governance** – support all Committees in governing the Fund effectively, develop and monitor policies and practices to improve data quality and ensure regulatory compliance.
Contact: Pensions@northamptonshire.gov.uk
- **Transactions** – record and reconcile contributions paid into the Fund and accounts for fund expenses.
Contact: PenContributions@northamptonshire.gov.uk
- **Corporate** – provide financial monitoring and reporting of functions such as debt management and cash requirements.
Contact: PenAccounting@northamptonshire.gov.uk

Complaints

Should you have a complaint about the service, we will do our best to put things right. To access support, please contact Pensions@northamptonshire.gov.uk, telephone 01604 366537, or write to:

LGSS Pensions – Governance Team
One Angel Square,
Angel Street
Northampton
NN1 1ED

Appeals

The LGPS regulations provide Internal Dispute Resolution Procedures (IDRP), details of which can be accessed via the LGSS [website](#).

Stage 1 disputes are heard by the Employer if the complaint concerns an Employer decision or Head of Pensions if an administering authority decision. At Stage 2, the complaint is considered by Cambridgeshire County Council's Monitoring Officer, and if the complainant is still unhappy with the decision they may refer the case to The Pensions Ombudsman. At any stage a scheme member has the right to direct their complaint to The Pensions Ombudsman. More information can be found at www.pensions-ombudsman.org.uk.

The following formal disputes have arisen and/or been resolved during the year:

Stage 1:

5 disputes arising in 2018-19 were resolved during the year.
1 dispute arising in 2018-19 remained outstanding at the end of the year.

Stage 2:

2 disputes from 2017-2018 were resolved during the year.
2 disputes arising in 2018-19 were resolved during the year.
3 disputes arising in 2018-19 remained outstanding at the end of the year.
1 dispute arising in 2018-19 was referred to The Pensions Ombudsman and was resolved during the year.
2 disputes arising in 2018-19 were referred to The Pensions Ombudsman during the year and remained outstanding at 31 March 2019.

Management and Financial Performance (continued)

Managing Decision Making

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

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

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

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

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

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

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

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

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

Management and Financial Performance (continued)

Risk Management

Cambridgeshire County Council, the Administering Authority to the Cambridgeshire Pension Fund, has both a risk strategy and a risk register in place to identify, evaluate, mitigate and monitor risks associated with the activities that the Fund carries out. Risk is managed through regular reporting to both the Pension Fund Committee and Local Pension Board. This ensures that risks are integrated within the governance structure of Cambridgeshire County Council and all follow a consistent approach.

Identified risks are recorded in the Risk Register, a copy of which can be found at:

<https://pensions.cambridgeshire.gov.uk/app/uploads/2019/04/Cambridgeshire-Risk-Register.pdf>

The aim of the Risk Register is to ensure that an informed decision can be made on whether a risk can, or should be accepted. Risk appetite is informed by an understanding of any existing controls and will also be influenced by the expected reward or outcome. The Cambridgeshire Pension Fund uses a matrix criterion for assessing the impact and likelihood of a risk to enable effective decision making.

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

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

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

Investment Risk

The Fund's Investment Strategy Statement, which is reviewed annually, sets out the Fund's investment strategy which incorporates evaluation of key investment risks. In addition the Statement of Accounts section of this document, provides further information about Investment risks and how they apply to the Investment Assets held by the Fund.

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

Market Risk – investments will reduce in value due to fluctuations in prices, interest rates, exchange rates and credit spreads.

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

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

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

At year end all Investment Managers are required to provide ISAE 3402 Service Organisation Control Report which are made available to external audit. This includes Link Fund Solutions who are the Operator of the ACCESS pool.

Management and Financial Performance (continued)

Financial Performance

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

Performance Indicators	2018-19 Forecast £000	2018-19 Actual £000
Contributions	127,000	124,572
Transfers in from other funds	5,150	4,882
Total Income	132,150	129,454
Benefits payable	(102,000)	(106,259)
Payments to and for leavers	(7,464)	(11,171)
Total Benefits	(109,464)	(117,430)
Surplus of contributions over benefits	22,686	12,024
Management Expenses		
Administrative costs	(2,507)	(2,018)
Investment Management expenses	(5,330)	(14,544)
Oversight and Governance costs	(479)	(327)
Total Management Expenses	(8,316)	(16,889)
Total Income less Expenses	14,370	(4,865)
Investment Income	27,235	45,493
Taxes on Income	(75)	(85)
Profit/(loss) on disposal and changes in market value of investments	236,773	182,745
Net return on investments	263,933	228,153
Net increase/(decrease) in assets during the year	278,303	223,288

Management expenses per active member are shown below:

	2016-17	2017-18	2018-19
Active members	26,785	27,497	28,976
Administrative cost	£82.81	£82.81	£69.64
Investment Management expenses	£467.65	£527.40	£501.93
Oversight and Governance costs	£15.64	£6.36	£11.29

Variance Analysis

- Contribution differences reflects employers paying multiple year deficit payments in earlier years.
- Investment Management expenses forecast is understated as this does not include pooled fees deducted from market value.
- Oversight and Governance costs include forecast expenditure on a one-off project for which there was no actual expenditure.
- Differences between actual and forecast Investment Income reflect strong equity returns over the financial year.
- The 2018-19 Forecast for profit/loss on disposal and changes in market value of investments assumed the actuarial target would be achieved. The actual market experience is explained in the investments consultant's review on page 37.
- Details of non-investment assets and liabilities of the Fund can be found in the Statement of Accounts in Notes 21 to 23.

Management and Financial Performance (continued)

Performance Indicators

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

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

	Cases completed in the year	Cases completed within KPI target
Deaths – initial letter acknowledging death of member <i>KPI: 5 working days, Legal requirement: 2 months</i>	528	528
Deaths – letter notifying amount of dependant’s pension <i>KPI: 5 working days, Legal requirement: 2 months</i>	289	289
Estimates – letter notifying estimate of retirement benefits to employee <i>KPI: 10 working days, Legal requirement: 2 months</i>	1,057	1,046
Retirements – process and pay pension benefits on time <i>KPI: 5 working days, Legal requirement: 2 months</i>	475	470
Deferment – calculate and notify deferred benefits <i>KPI: 15 working days, Legal requirement: N/A</i>	1,800	1,800
Transfers in – Letter detailing transfer in <i>KPI: 10 working days, Legal requirement: 2 months</i>	153	150
Transfers out – letter detailing transfer out <i>KPI: 10 working days, Legal requirement: 3 months</i>	85	85

Management and Financial Performance (continued)

Contributions

The Fund works closely with employers to collect contributions on time.

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

Contributions	Total Paid in 2018-19 £	Total Paid On Time £	% Paid On Time	Total Paid Late £	% Paid Late
Employer	98,146	96,374	98.19	1,772	1.81
Employee	26,426	25,799	97.63	627	2.37
Total	124,572	122,173	98.07	2,399	1.93

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

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

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

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

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

Annual Pensioner Payroll ²	£87,729,138
Total write off amount	£61,245
Write off amount as % of payroll	0.07%

²Excludes additional pension awarded by the employer.

Management and Financial Performance (continued)

Contributors to the Fund

Active Employers as at 31 March 2019

Type Of Body	Number of Active Employers
Administering (AA)	1
Scheduled (S)*	110
Admitted (Ad)	143
Total	254

The table, left, shows employers in the fund as at the 31 March 2019, the breakdown of contributions by employer shown below will have different numbers of employers, as employers joined and left the fund throughout the year, an active or ceased column has been added to show this movement. Where contributions exist for ceased employers, this will be where prior year adjustments have been made within 2018-19, or contribution receipts recorded within the period.

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

Employer	Employee Contributions £	Employers Contributions £	Grand Total £	Ceased	Body
Abbey College Academy	63,368	268,439	331,807		S
Abbey Meadows Academy	11,976	41,882	53,858		S
Abbey Meadows Primary School	28,410	106,827	135,237		S
Abbots Ripton School (CCC)	4,475	17,665	22,140		S*
Abbotsmeade Primary Academy	18,769	91,263	110,032		S
ABM Catering - Orchard Park Community School	489	1,956	2,445		Ad
ABM Catering (Abbots Ripton CE Primary)	627	2,509	3,136		Ad
ABM Catering Limited (Alderman Jacobs)	1,354	4,903	6,257		Ad
ABM Catering Limited (Bushmead Primary and Elsworth Primary)	950	3,664	4,614		Ad
ABM Catering Limited (Wyton on the Hill Primary School)	875	3,849	4,724		Ad
ABM Catering Ltd (Great Paxton, Newton Community, Offord and Samuel Pepys Primary School's)	2,000	7,681	9,681		Ad

Employer	Employee Contributions £	Employers Contributions £	Grand Total £	Ceased	Body
ABM Catering Ltd (Morley Memorial)	1,687	6,545	8,232		Ad
Action for Children	2,236	0	2,236		Ad
Action for Children (London Road)	644	19,979	20,623		Ad
Active Learning Trust HQ	50,883	119,860	170,743		S
ADEC	1,690	10,790	12,480		Ad
Advance Cleaning Services	645	2,540	3,185		Ad
Alconbury C Of E Primary (CCC)	13,062	50,892	63,954		S*
Alderman Jacobs School Academy	26,881	122,757	149,638		S
Alderman Payne Primary (CCC)	6,904	27,413	34,317		S*
All Saints Inter Church VA Primary School (Academy)	13,055	53,851	66,906		S
All Saints Junior School (PCC)	25,821	107,649	133,470		S*
Alliance in Partnership Limited	354	1,488	1,842		Ad
Alliance in Partnership Ltd	918	3,671	4,589		Ad
Arbury Primary School (CCC)	20,027	77,116	97,143		S*

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employers Contributions £	Grand Total £	Ceased	Body
Ashbeach Primary School (CCC)	11,574	45,883	57,457		S*
Aspens (Hemingford Grey)	649	2,595	3,244		Ad
Aspens Service Ltd (Weatheralls Primary School)	963	3,990	4,953		Ad
Aspens Services Ltd (Brampton Village Primary School)	668	2,566	3,234		Ad
Aspens Services Ltd (Staploe Contract)	3,667	16,275	19,942		Ad
Aspens Services Ltd (Swavesey)	1,026	3,903	4,929		Ad
Aspens Services Ltd (Willingham Primary)	1,262	4,921	6,183		Ad
Authur Mellows Village College Academy	74,040	255,940	329,980		S
Babraham CE (C) Primary School	4,143	16,483	20,626		S
Balfour Beatty	2,532	16,314	18,846		Ad
Balsham Parish Council	672	4,290	4,962		S
Bar Hill Community Primary School	19,536	79,088	98,624		S
Bar Hill Parish Council	1,062	6,778	7,840		S
Barnabas Oley CE Primary (CCC)	6,398	25,412	31,810		S*
Barnack Primary School (PCC)	10,710	46,618	57,328		S*
Barrington CE Primary (CCC)	7,294	28,996	36,290		S*
Barton Primary School (CCC)	7,090	27,657	34,747		S*
Bassingbourn Primary (CCC)	14,514	57,573	72,087		S*
Bassingbourn Village College Academy	21,799	77,926	99,725		S
Beaupre C P School (CCC)	13,326	51,219	64,545		S*

Employer	Employee Contributions £	Employers Contributions £	Grand Total £	Ceased	Body
Bellbird School (CCC)	17,084	67,419	84,503		S*
Benwick Primary School (CCC)	7,680	30,631	38,311		S*
Bewick Bridge C P School (CCC)	14,841	56,344	71,185		S*
Bishop Creighton Academy	15,226	56,471	71,697		S
Bottisham Community Primary Academy	11,791	48,204	59,995		S
Bottisham Village Academy	75,477	225,458	300,935		S
Bourn Primary School Academy	12,513	40,548	53,061		S
Brampton Village School (CCC)	25,176	99,457	124,633		S*
Braybrook Primary School	10,943	45,237	56,180		S
Braybrook Primary School Academy	4,421	17,792	22,213		S
Bretton Parish Council	2,333	12,600	14,933		S
Brewster Avenue School (PCC)	15,633	65,747	81,380		S*
Brington Primary School (CCC)	3,647	14,404	18,051		S*
Brunswick Nursery School (CCC)	11,535	44,078	55,613		S*
Buckden CE School Academy	17,738	63,708	81,446		S
Burnt Fen IDB	3,086	16,795	19,881		S
Burrough Green Primary (CCC)	4,581	18,226	22,807		S*
Burrowmoor Primary Academy	31,722	119,375	151,097		S
Burwell Parish Council	1,590	8,587	10,177		S
Burwell V C Primary (CCC)	20,467	79,628	100,095		S*
Bury CE School	6,977	28,023	35,000		S

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employers Contributions £	Grand Total £	Ceased	Body
Bushmead Primary (CCC)	23,166	90,426	113,592		S*
C4Clean Limited (The Newton Community Primary School and Homerton Early Years Centre)	408	1,649	2,057		Ad
Caldecot Parish Council	324	2,066	2,390		S
Caldecote Primary School (CCC)	9,274	35,861	45,135		S*
Cambourne Parish Council	18,285	100,241	118,526		S
Cambourne Village College Academy	49,962	141,420	191,382		S
Cambridge & Peterborough NHS Foundation Trust	15,918	76,423	92,341		Ad
Cambridge AP Academy	3,013	11,920	14,933		S
Cambridge Live	36,092	120,014	156,106		Ad
Cambridge Meridian Academy	70,438	215,991	286,429		S
Cambridge Rape Crisis Centre	1,784	6,182	7,966		Ad
Cambridge Regional College	483,203	2,107,011	2,590,214		S
Cambridgeshire County Council	6,014,682	21,011,524	27,026,206		AA
Cambs & Peterborough Clinical Commissioning Group	10,694	34,866	45,560		Ad
Cambs Chief Constable	1,643,190	5,839,828	7,483,018		S
Cambs Council On Alcohol	964	33,772	34,736	Y	Ad
Cambs Fire Authority	350,634	1,349,922	1,700,556		S
Cambs Society M H Children	750	5,658	6,408		Ad
Carers Trust	3,675	13,283	16,958		Ad
Castle Camps Primary (CCC)	4,304	17,024	21,328		S*
Castle School (CCC)	66,578	253,560	320,138		S*

Employer	Employee Contributions £	Employers Contributions £	Grand Total £	Ceased	Body
Castor CE (C) Primary School	7,798	33,116	40,914		S
Cater Link Ltd	5,791	22,097	27,888		Ad
Caterlink (Diamond Learning Partnership)	4,077	17,048	21,125		Ad
Caterlink UK Ltd (Ernulf Academy)	3,499	21,707	25,206		Ad
Caterlink UK Ltd (Witchford VC Academy)	2,985	9,179	12,164		Ad
Cavalry Primary Academy	36,985	152,222	189,207		S
Caverstede Nursery School	20,977	87,178	108,155		S
Chartwells (Netherhall School)	1,205	4,776	5,981		Ad
Chatteris Town Council	2,341	13,400	15,741		S
Cherry Hinton Primary (CCC)	17,624	69,076	86,700		S*
Chesterton Community College Academy	80,220	219,067	299,287		S
Chesterton Primary Academy	7,651	22,948	30,599		S
Cheveley Primary School (CCC)	5,469	21,874	27,343		S*
Churchill Contract Services	14,301	25,730	40,031		Ad
City Of Cambridge	1,508,239	3,883,788	5,392,027		S
City Of Ely Council	21,957	124,492	146,449		S
City of Peterborough Academy	32,626	122,472	155,098		S
City of Peterborough Special School (Academy)	32,992	94,054	127,046		S
Clarkson Infants School (CCC)	21,433	82,710	104,143		S*
Clean Slate Ltd (Histon Early Years Centre)	435	1,738	2,173		Ad
Coates Primary School (CCC)	12,310	47,616	59,926		S*
Colleges Nursery School (CCC)	12,581	48,615	61,196		S*

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employers Contributions £	Grand Total £	Ceased	Body
Colville Primary	18,605	71,975	90,580		S
Comberton Academy Trust HQ	25,078	68,599	93,677		S
Comberton Village College Academy	126,616	437,675	564,291		S
Compass Contract Services	3,720	14,452	18,172		Ad
Conservators R Cam	6,479	37,509	43,988		Ad
Coram Cambridge Adoption Ltd	16,410	55,338	71,748		Ad
Coton Primary School (CCC)	7,918	21,188	29,106		S*
Cottenham Primary School (CCC)	28,296	110,578	138,874		S*
Cottenham Village College Academy	57,410	206,931	264,341		S
Cromwell Community College (Academy)	55,612	215,070	270,682		S
Cromwell Primary Academy	8,526	38,773	47,299		S
Cross Keys Housing Association	5,141	271,532	276,673		Ad
Crosshall Infants	36,741	127,474	164,215		S
Crosshall Junior	31,034	108,641	139,675		S
Cucina Ltd	1,158	4,547	5,705		Ad
Diocese of Ely Multi Academy Trust (DEMAT) HQ Staff	2,588	9,234	11,822		S
Discovery Primary Academy	36,872	154,522	191,394		S
Discovery Primary School (PCC)	3,352	13,995	17,347	Y	S*
Ditton Lodge Academy	13,317	52,576	65,893		S
Dogsthorpe Academy	23,834	98,352	122,186		S
Downham Feoffes Academy	8,347	35,057	43,404		S
Dry Drayton Primary (CCC)	3,606	14,139	17,745		S*

Employer	Employee Contributions £	Employers Contributions £	Grand Total £	Ceased	Body
Duke Of Bedford School (PCC)	14,944	64,187	79,131		S*
Duxford Primary School (CCC)	13,898	53,290	67,188		S*
EELGA	56,283	224,600	280,883		Ad
Earith Primary Academy	6,738	27,757	34,495		S
East Cambs District	299,500	1,219,642	1,519,142		S
Eastfield Infant And Nursery (CCC)	17,303	69,296	86,599		S*
Easy Clean (Godmanchester Primary)	748	2,855	3,603		Ad
Easy Clean (Little Paxton)	270	1,080	1,350		Ad
Easy Clean (Upwood Primary School)	278	1,162	1,440		Ad
EasyClean (Kings Hedges)	305	1,218	1,523		Ad
Ecocleen (Ely St Johns School & Monkfield Park)	475	2,377	2,852		Ad
ECOVERT	2,983	14,336	17,319		Ad
Edwards & Blake Ltd (Coates)	404	1,617	2,021		Ad
Edwards & Blake Ltd (Spring Common Academy)	659	2,845	3,504		Ad
Edwards and Blake (Cottenham)	1,107	4,473	5,580		Ad
Edwards and Blake (Godmanchester Community Education Trust)	1,203	4,748	5,951		Ad
Edwards and Blake (Little Paxton Primary)	2,207	7,975	10,182		Ad
Edwards and Blake (Stukeley Meadows)	856	3,444	4,300		Ad
Edwards and Blake Ltd (Bassingbourn Primary)	624	2,489	3,113		Ad
Elior UK	880	174	1,054		Ad

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employers Contributions £	Grand Total £	Ceased	Body
Elm CE (C) Primary School	18,199	68,358	86,557		S
Elm Road Primary School (Academy)	13,738	55,765	69,503		Ad
Elsworth Primary School (CCC)	6,398	25,335	31,733		S*
Elton Church School (CCC)	5,594	21,958	27,552		S*
Ely College	60,409	216,976	277,385		S
Ely St John Primary (CCC)	17,148	66,153	83,301		S*
Enterprise Management Services Limited	152,197	3,094	155,291		Ad
Ermine Street Church Academy	6,665	27,066	33,731		S
Ernulf Academy	45,713	174,795	220,508		S
Everyone Active	647	2,070	2,717		Ad
Everyone Health Limited	725	2,573	3,298		Ad
Eye C Of E Primary School (PCC)	27,722	111,266	138,988		S*
Eye Parish Council	548	3,332	3,880		S
Eynesbury Ce School (CCC)	12,385	49,916	62,301		S*
Eyrescroft Primary School (Academy)	27,508	107,770	135,278		S
Family Psychology Mutual	19,364	86,943	106,307		Ad
Farcet CE Primary Academy	9,961	39,205	49,166		S
Farcet Parish Council	733	4,680	5,413		S
Fawcett Primary School (CCC)	30,381	120,437	150,818		S*
Feldale IDB	107	579	686		S
Fen Ditton Primary Academy	7,547	30,466	38,013		S
Fen Drayton Primary (CCC)	6,154	24,167	30,321		S*
Fenland District	609,965	3,285,741	3,895,706		S

Employer	Employee Contributions £	Employers Contributions £	Grand Total £	Ceased	Body
Fenstanton Primary School (CCC)	11,599	45,054	56,653		S*
Fields Early Yrs Centre (CCC)	21,873	83,141	105,014		S*
Folksworth CE (C) Primary School	3,873	15,493	19,366		S
Fordham Primary School (CCC)	8,906	35,481	44,387		S*
Fourfields Primary School (CCC)	27,882	110,162	138,044		S*
Fowlmere Primary School (CCC)	4,757	19,027	23,784		S*
Foxton Primary School (CCC)	7,505	29,731	37,236		S*
Fridaybridge Primary (CCC)	8,220	31,735	39,955		S*
Friends Therapeutic Community	71,407	358,953	430,360		Ad
Fulbourn Primary School (CCC)	16,895	66,042	82,937		S*
Fulbridge Academy	85,238	308,226	393,464		S
Gamlingay First School Academy	13,259	54,690	67,949		S
Gamlingay Parish Council	4,178	23,717	27,895		S
Girton Glebe Primary (CCC)	10,916	42,330	53,246		S*
Gladstone Primary Academy	32,391	130,826	163,217		S
Glebelands Primary Academy	26,269	107,136	133,405		S
Godmanchester Primary School (Academy)	27,068	101,133	128,201		S
Gorefield Primary Academy	8,081	33,234	41,315		S
Granta School (CCC)	64,261	233,330	297,591		S*
Great Wilbraham CE (C) Primary School	5,542	20,972	26,514		S
Greater Peterborough UTC	16,259	51,555	67,814		S

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employers Contributions £	Grand Total £	Ceased	Body
Greenwich Leisure	9,260	38,707	47,967		Ad
Great Abington Primary (CCC)	6,038	23,680	29,718		S*
Great And LT Shelford (CCC)	10,411	41,424	51,835		S*
Great Gidding CE Primary (CCC)	4,038	15,777	19,815		S*
Great Paxton C Of E Primary (CCC)	9,615	36,796	46,411		S*
Great Staughton Academy	4,384	17,990	22,374		S
Guilden Morden C of E Primary Academy	4,934	18,934	23,868		S
Gunthorpe C P School (PCC) (Now Soke Education Trust)	27,352	110,905	138,257	Y	S*
Guyhirn C of E Primary Academy	6,655	27,712	34,367		S
Haddenham IDB	1,669	9,010	10,679		S
Haddenham Parish Council	1,303	7,948	9,251		S
Hampton College Academy	76,191	264,946	341,137		S
Hampton Gardens Academy	12,667	37,029	49,696		S
Hampton Hargate Primary (PCC)	35,469	146,517	181,986		S*
Hampton Vale Primary (PCC)	29,636	120,107	149,743	Y	S*
Hampton Vale Primary Academy	9,759	38,224	47,983		S
Hardwick Primary School (CCC)	32,046	126,910	158,956		S*
Harston And Newton P School (CCC)	9,722	38,512	48,234		S*
Hartford Infants Academy	12,221	48,995	61,216		S
Hartford Junior Academy	15,369	61,084	76,453		S
Haslingfield Primary (CCC)	9,361	36,880	46,241		S*
Hatton Park (MAT)	12,513	50,720	63,233		S

Employer	Employee Contributions £	Employers Contributions £	Grand Total £	Ceased	Body
Hauxton Primary School (CCC)	5,499	21,995	27,494		S*
Heltwate School (PCC)	62,453	261,643	324,096		S*
Hemingford Grey Primary	11,562	45,627	57,189		S
Heritage Park Primary School	11,610	49,118	60,728		S
Highfield Ely Academy	68,820	279,122	347,942		S
Highfield Littleport	22,221	77,788	100,009		S
Highlees Primary Academy	29,155	115,401	144,556		S
Hills Road 6th Form College	148,744	493,299	642,043		S
Hinchingbrooke School Academy	92,357	309,423	401,780		S
Histon & Impington Infant School (MAT)	15,823	65,593	81,416		S
Histon & Impington Junior School (MAT)	17,585	71,378	88,963		S
Histon & Impington PC	6,823	38,120	44,943		S
Histon Nursery School (CCC)	20,417	82,850	103,267		S*
Holme CE (C)Primary (CCC)	7,098	28,044	35,142	Y	S*
Holmewood IDB	165	1,000	1,165		S
Holywell CE(C)School (CCC)	11,415	44,846	56,261		S*
Home Close	1,562	58,040	59,602		Ad
Homerton College Cambridge	180,244	515,307	695,551		Ad
Homerton Nursery School (CCC)	16,677	65,789	82,466		S*
Houghton Primary	13,381	53,073	66,454		S
Huntingdon & Godmanchester	35,807	193,329	229,136		S
Huntingdon District	1,098,192	4,451,208	5,549,400		S
Huntingdon Nursery School (CCC)	17,739	67,445	85,184		S*

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employers Contributions £	Grand Total £	Ceased	Body
Huntingdon Primary (CCC)	33,268	128,966	162,234		S*
Icknield Primary School (CCC)	9,916	39,456	49,372		S*
Impington Village College	109,457	342,093	451,550		S
Improve It Ltd	769	3,854	4,623		Ad
Isle of Ely Academy	14,708	36,653	51,361		S
Isleham Primary School (CCC)	9,264	36,710	45,974		S*
Jack Hunt (Now Peterborough Keys Academies Trust)	122,288	458,704	580,992	Y	S
Jeavon's Wood Primary Academy	28,005	97,186	125,191		S
John Clare Primary School (CCC) (Now Soke Education Trust)	8,006	33,061	41,067	Y	S*
Kealey HR Ltd	1,678	6,092	7,770		Ad
Kelsey Kerridge	17,208	109,102	126,310		Ad
Ken Stimpson (PCC)	44,356	173,280	217,636		S*
Kennett Primary School (Academy)	4,562	19,077	23,639		S
Kettlefields Primary (CCC)	6,894	27,189	34,083		S*
Kimbolton Primary Academy	4,797	18,136	22,933		S
Kimbolton School	49,978	311,720	361,698		Ad
Kinderley Primary School (CCC)	5,018	19,890	24,908		S*
Kingdom Services Group	692	2,769	3,461		Ad
Kings Hedges Pension	48,268	179,236	227,504		S
Kings School Academy	65,559	235,398	300,957		S
Kingsfield Primary Academy	36,524	123,553	160,077		S
Lantern CP School Academy	20,117	79,643	99,760		S

Employer	Employee Contributions £	Employers Contributions £	Grand Total £	Ceased	Body
Leverington Primary Academy	12,095	45,565	57,660		S
LGSS Law Ltd (CCC)	151,721	479,476	631,197		S*
Linton Heights Junior Academy	11,263	39,501	50,764		S
Linton Infants School (CCC)	12,058	44,462	56,520		S*
Linton Parish Council	259	2,256	2,515		S
Linton Village College Academy	54,825	177,344	232,169		S
Lionel Walden School (CCC)	15,464	64,468	79,932		S*
Little Downham Parish Council	1,917	10,355	12,272		S
Little Paxton Parish Council	2,700	15,176	17,876		S
Little Paxton School (CCC)	15,417	60,735	76,152		S*
Little Thetford Primary (CCC)	6,973	27,542	34,515		S*
Littleport & Downham IDB	7,928	42,812	50,740		S
Littleport & East Cambridge Academy	10,348	34,934	45,282		S
Littleport CP School (CCC)	26,434	102,174	128,608		S*
Long Road 6th Form College	79,048	300,384	379,432		S
Longsands College Academy	80,157	282,258	362,415		S
Longthorpe Primary School(PCC) (Now Peterborough Keys Academies Trust)	29,211	119,478	148,689	Y	S*
Luminus Group	86,275	863,689	949,964		Ad
Lunchtime (Abbey Meadow)	799	3,196	3,995		Ad
Lunchtime Company Ltd – Gorefield	742	3,128	3,870		Ad
Lunchtime Company Ltd – Kinderley	460	1,841	2,301		Ad

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employers Contributions £	Grand Total £	Ceased	Body
Lunchtime UK (Fulbourn Primary)	1,317	5,268	6,585		Ad
Lunchtime UK (Gorefield & Kinderley)	230	919	1,149	Y	Ad
Lunchtime UK (Grove Primary)	275	1,099	1,374		Ad
Lunchtime UK (Over)	401	1,602	2,003		Ad
Lunchtime UK (St Matthews)	442	1,768	2,210		Ad
Lunchtime UK (Waterbeach)	584	2,334	2,918		Ad
Lunchtime UK Ltd	2,045	8,180	10,225		Ad
Magistrates Court Committee	0	632,000	632,000	Y	S
Manea Primary School (CCC)	12,250	50,112	62,362		S*
Matley Primary Academy	20,547	80,071	100,618		S
Mayfield Primary School (CCC)	21,978	86,299	108,277		S*
Meadowgate School	72,008	265,315	337,323		S
Mears Group	45,544	0	45,544		Ad
Mears Ltd (SCDC)	12,703	0	12,703		Ad
Melbourn Primary	19,390	75,672	95,062		S
Melbourn Village College Academy	28,372	103,023	131,395		S
MELDRETH PRIMARY SCHOOL (CCC)	10,107	40,236	50,343		S*
Mepal & Witcham C of E Primary Academy	3,670	13,346	17,016		S
Meridian School (CCC)	8,393	32,886	41,279		S*
Middle Fen & Mere IDB	20,563	93,131	113,694		S
Middle Level Commissioners	77,670	313,282	390,952		S
Middlefield Primary School (Academy)	12,418	49,563	61,981		S

Employer	Employee Contributions £	Employers Contributions £	Grand Total £	Ceased	Body
Middleton Primary School (PCC) (Now Peterborough Keys Academies Trust)	32,806	133,184	165,990	Y	S*
Millfield Primary School Academy	21,774	86,140	107,914		S
Milton Primary Academy	12,228	49,529	61,757		S
Milton Road Primary School (CCC)	19,067	73,088	92,155		S*
MITIE Facilities Management	1,565	3,385	4,950		Ad
Monkfield Park School (CCC)	28,123	99,368	127,491		S*
Morley Memorial School (CCC)	23,428	85,996	109,424		S*
Mountain Healthcare Ltd	1,711	6,145	7,856		Ad
Murrow Primary School (Academy)	6,742	25,081	31,823		S
Museum Doc Assn	2,591	19,352	21,943		Ad
NCSC	9,275	33,173	42,448		Ad
Neale Wade Community College	85,829	327,305	413,134		S
Nene Infants Academy	37,854	152,675	190,529		S
Nene Park Academy	57,874	202,243	260,117		S
Nene Valley Primary School	18,292	75,074	93,366	Y	S
Netherhall School Academy	46,329	180,079	226,408		S
New Road Primary Academy	7,561	30,410	37,971		S
Newark Hill Primary Academy	16,070	68,366	84,436		S
Newborough CE (C) Primary School	10,515	43,743	54,258		S
Newborough Parish Council	788	4,974	5,762		S
Newnham Croft Primary (CCC)	13,909	53,185	67,094		S*

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employers Contributions £	Grand Total £	Ceased	Body
Newton Primary School (CCC)	4,747	19,113	23,860		S*
Nightingale Cleaning Limited - CPET schools	52	208	260		Ad
North Cambridge Academy	27,102	85,731	112,833		S
North Level Commissioners	37,146	187,062	224,208		S
Northborough Primary (PCC)	11,714	49,147	60,861		S*
Norwood Primary School (PCC)	15,872	63,550	79,422		S*
Nourish (All Saints Inter-Church Academy)	214	856	1,070		Ad
Nourish (Girton Glebe, Park Street, St Lukes and St Philips School - Catering Service)	1,039	4,264	5,303		Ad
NPS Property Consultants Ltd	4,215	18,998	23,213		Ad
Oakington C Of E Primary (CCC)	6,041	24,104	30,145		S*
Octavia AP Academy	12,288	49,482	61,770		S
Offord Primary School (CCC)	7,318	28,816	36,134		S*
Old Fletton Primary School	30,087	124,273	154,360		S
Orchard Park Community School (CCC)	10,725	43,119	53,844		S*
Orchards C of E Primary	35,409	139,667	175,076		S
Ormiston Bushfield Academy	66,547	205,769	272,316		S
Orton Waterville Parish Council	771	5,835	6,606		S
Orton Wistow School	27,135	113,497	140,632	Y	S
Over Primary School (CCC)	12,836	51,012	63,848		S*
Oxford Archaeology(East)	59,840	157,739	217,579		Ad
Pabulum (Ely)	2,559	10,872	13,431		Ad
Pabulum (Sawtry)	4,614	24,143	28,757		Ad

Employer	Employee Contributions £	Employers Contributions £	Grand Total £	Ceased	Body
Pabulum (St Bede's Inter-Church School)	2,108	8,647	10,755		Ad
Pabulum Catering Ltd (Cottenham)	501	1,167	1,668	Y	Ad
Pabulum Catering Ltd (Downham Feoffees)	628	2,476	3,104		Ad
Pabulum Catering Ltd (Sawtry Junior School)	1,785	7,465	9,250		Ad
Pabulum Limited	2,486	4,161	6,647		Ad
Park Lane Primary Academy & Nursery	24,569	96,171	120,740		S
Park Street CE (A) Primary School	6,780	28,152	34,932		S
Parkside Federation Academy	104,663	341,717	446,380		S
Parnwell Primary Academy	14,415	59,915	74,330		S
Paston Ridings Primary (PCC)	35,305	149,963	185,268		S*
Peakirk Cum Glinton Primary (PCC)	18,059	75,422	93,481		S*
Peckover Primary School (Academy)	28,789	101,689	130,478		S
Pendragon CP School (CCC)	20,789	82,288	103,077		S*
Perse School For Girls	697	-697	0	Y	Ad
Peterborough College of Adult Education (PCEA)	150,199	536,358	686,557		S
Peterborough Cultural and Leisure Trust	47,924	140,977	188,901		Ad
Peterborough District	2,511,033	8,615,897	11,126,930		S
Peterborough Regional College	387,358	1,403,282	1,790,640		S
Petersfield Primary School (CCC)	5,908	23,436	29,344		S
Phoenix School (PCC)	80,858	337,141	417,999		S*

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employers Contributions £	Grand Total £	Ceased	Body
Police & Crime Commissioners	48,983	186,157	235,140		S
Priory Infants School (CCC)	22,203	87,568	109,771		S*
Priory Junior School(CCC)	9,332	36,915	46,247		S*
Pupil Referral Service PCC	72,062	274,702	346,764		S*
Queen Edith School	31,535	123,097	154,632		S
Queen Emma Primary School	39,440	156,886	196,326		S
Rackham CE School (CCC)	17,549	68,806	86,355		S*
Radis Community Care	15,015	46,397	61,412		Ad
Ramnoth Junior Academy	19,610	80,521	100,131		S
Ramsey Community Junior Academy	11,163	46,951	58,114		S
Ramsey Spinning Infants Academy	11,168	45,833	57,001		S
Ravensthorpe Primary (Now Peterborough Keys Academies Trust)	23,779	93,773	117,552	Y	S
Ridgefield Junior (CCC)	14,718	57,391	72,109		S*
Robert Arkenstall Primary (CCC)	14,232	56,492	70,724		S*
Roddons Housing Association	37,932	130,068	168,000	Y	Ad
Romsey Mill Trust	124	393	517		S
Round House Primary School	23,195	79,220	102,415		S
Samuel Pepys School (CCC)	45,941	175,098	221,039		S*
Sanctuary Housing	39,694	528,691	568,385		S
Sawston Parish Council	4,422	18,513	22,935		S
Sawston Village College Academy	67,874	236,034	303,908		S
Sawtry Community College Academy	41,696	150,495	192,191		S

Employer	Employee Contributions £	Employers Contributions £	Grand Total £	Ceased	Body
Sawtry Infants School (CCC)	11,253	44,566	55,819		S*
Sawtry Junior Academy	8,846	35,827	44,673		S
Sawtry Parish Council	3,997	21,880	25,877		S
Serco	204,748	315,181	519,929		Ad
Serco Limited	35,208	81,170	116,378		Ad
Shade Primary School	11,338	34,476	45,814		S
Shirley Infants School (CCC)	34,407	134,007	168,414		S*
Sir Harry Smith Community College (Academy)	67,214	264,021	331,235		S
Skanska PCC (Highways)	16,481	51,028	67,509		Ad
Soham Parish Council	4,485	29,667	34,152		S
Soham Village College Academy	76,225	280,901	357,126		S
Somersham Parish Council	1,384	10,616	12,000		S
Somersham Primary School (CCC)	14,379	55,797	70,176		S*
South Cambs District	948,044	4,267,479	5,215,523		S
Southfields Junior School (PCC)	47,631	196,517	244,148		S*
Spaldwick Primary School (CCC)	7,963	31,792	39,755		S*
Spring Common Primary School Academy	76,450	304,233	380,683		S
Spring Meadow Infants (CCC)	27,408	105,506	132,914		S*
Spurgeons	2,604	0	2,604		Ad
St Alban's Catholic Primary School	11,801	46,030	57,831		S
St Andrews C of E Primary Academy	22,864	100,282	123,146		S
St Annes CE Primary (CCC)	12,134	48,596	60,730		S*

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employers Contributions £	Grand Total £	Ceased	Body
St Augustines CE Junior School (PCC)	14,554	60,743	75,297		S*
St Bedes School (Academy)	38,456	152,662	191,118		S
St Botolphs CE Primary School (PCC)	30,255	125,256	155,511	Y	S*
St Helen's School	7,922	30,918	38,840		S
St Ives Town Council	17,248	92,103	109,351		S
St Ivo School Academy	81,170	281,870	363,040		S
St John Fisher School	50,669	187,841	238,510		S
St John's Academy (Stanground)	13,528	56,499	70,027		S
St John's C of E Primary Academy (Huntingdon)	20,768	90,026	110,794		S
St Laurences RC Primary (CCC)	14,085	54,439	68,524		S*
St Lukes C Of E Primary (CCC)	14,358	56,314	70,672		S*
St Marys C of E Junior (Ely)	23,737	94,814	118,551		S
St Marys Primary Academy(St Neots)	10,894	44,136	55,030		S
St Matthews Primary School (CCC)	29,924	115,515	145,439		S*
St Michaels CE Primary School (PCC)	27,630	115,290	142,920		S*
St Neots Town Council	39,986	236,635	276,621		S
St Pauls CE Primary (CCC)	10,031	39,090	49,121		S*
St Peters C of E Junior Academy	18,806	74,467	93,273		S
St Peters School Academy	55,190	187,122	242,312		S
St Philips C Of E Primary (CCC)	17,824	68,736	86,560		S*
St Thomas More School (PCC)	28,443	119,684	148,127		S*

Employer	Employee Contributions £	Employers Contributions £	Grand Total £	Ceased	Body
Stanground Academy	55,453	223,245	278,698		S
Stapleford Community Primary Academy	13,627	56,136	69,763		S
Steeple Morden C Of E (CCC)	11,599	46,396	57,995		S*
Stilton C of E Primary School	8,531	33,583	42,114		S
Stilton Primary School (CCC)	744	2,917	3,661	Y	S*
Stretham Primary School (CCC)	9,287	36,925	46,212		S*
Stukeley Meadows School (CCC)	21,796	86,509	108,305		S*
Sutton Parish Council	2,094	11,308	13,402		S
Sutton Primary School (CCC)	14,989	59,253	74,242		S*
Swaffham Bulbeck CE Primary Academy	2,477	10,360	12,837		S
Swaffham Bulbeck Primary (CCC)	3,153	12,612	15,765	Y	S*
Swaffham IDB	1,887	10,192	12,079		S
Swaffham Prior CE Primary Academy	6,870	16,269	23,139		S
Swaffham Prior CE School (CCC)	7,533	9,545	17,078	Y	S*
Swavesey Parish Council	1,239	7,497	8,736		S
Swavesey Primary School (CCC)	21,557	81,659	103,216		S*
Swavesey Village College Academy	57,918	206,582	264,500		S
Teversham C of E P. (CCC)	10,135	40,017	50,152		S*
The Adolescent and Childrens Trust	48,907	140,579	189,486		Ad
the Beeches Primary School (PCC)	25,937	106,154	132,091		S*
The Centre School Academy	3,215	8,012	11,227		S

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employers Contributions £	Grand Total £	Ceased	Body
The Grove Primary School (CCC)	20,203	78,727	98,930		S*
The Harbour School (CCC)	21,611	85,561	107,172		S*
The Lantern CP School (CCC)	4,041	15,968	20,009	Y	S*
The Pathfinder Academy	6,071	22,563	28,634		S
The Spinney Primary School (CCC)	11,614	45,126	56,740		S*
The Stephen Perse Foundation	26,421	98,059	124,480		S
The Voyager Academy	78,355	298,578	376,933		S
Thomas Clarkson Community College Academy	54,822	243,715	298,537		S
Thomas Deacon Academy	162,621	564,939	727,560		S
Thomas Eaton Community Primary Academy	13,539	55,445	68,984		S
Thongsley Fields Primary (CCC)	7,038	27,737	34,775	Y	S*
Thongsley Fields Primary and Nursery School	11,899	48,909	60,808		S
Thorndown Community Primary School	32,346	128,149	160,495		S
Thorney Parish Council	907	5,553	6,460		S
Thorpe Primary School (PCC) (Now Peterborough Keys Academies Trust)	41,473	167,662	209,135	Y	S*
Thriplow CE Primary School	5,494	22,039	27,533		S
TNS Catering (Linton Cluster)	1,761	7,046	8,807		Ad
TNS Catering (WASP Cluster 1)	1,706	6,959	8,665		Ad
TNS Catering (Wasp Cluster 2)	770	3,218	3,988		Ad

Employer	Employee Contributions £	Employers Contributions £	Grand Total £	Ceased	Body
Townley Primary School (CCC)	8,791	35,780	44,571		S*
Trumpington Meadows Primary School	12,691	50,388	63,079		S
Trumpington Park Academy	5,381	21,722	27,103		S
TSG Building Services	9,333	22,200	31,533		Ad
Turning The Red Lights Green	0	26,000	26,000	Y	Ad
Unity Academy	17,515	92,244	109,759		S
University of Cambridge Primary Academy	14,424	52,439	66,863		S
University Technical College Academy	3,001	8,981	11,982		S
Upwood Primary Academy	4,632	19,067	23,699		S
Upwood Primary School (CCC)	2,132	8,383	10,515	Y	S*
VHS Cleaning Services Ltd	343	1,433	1,776	Y	Ad
Vine Inter Church School (CCC)	27,417	102,423	129,840		S*
VISIT Cambridge and Beyond	20,967	64,714	85,681		Ad
Warboys Primary School (CCC)	16,354	64,205	80,559	Y	S*
Waterbeach CP School (CCC)	16,954	66,657	83,611		S*
Waterbeach Level IDB	1,796	9,697	11,493		S
Waterbeach Parish Council	2,962	16,947	19,909		S
Watgall Primary Academy	20,014	79,919	99,933		S
Weatheralls Primary Academy	28,921	118,204	147,125		S
Welbourne Primary School (PCC)	24,575	101,646	126,221	Y	S*
Welland Primary Academy	22,721	83,666	106,387		S

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employers Contributions £	Grand Total £	Ceased	Body
Werrington Primary School (PCC) (Now Soke Education Trust)	21,817	89,169	110,986	Y	S*
West Town Primary Academy	16,239	65,600	81,839		S
Westfield Junior School (CCC)	19,462	76,937	96,399		S*
Westwood Junior School (CCC)	26,962	103,752	130,714	Y	S*
Westwood Primary Academy	27,665	106,320	133,985		S
Wheatfields Primary (formerly Wheatfields Junior)	24,855	98,214	123,069		S
Whittlesey I D B	-156	-615	-771	Y	S
Whittlesey Town Council	1,721	9,291	11,012		S
Wilburton CE (C) Primary School	5,437	21,658	27,095		S
William de Yaxley C of E Junior Academy	11,984	45,838	57,822		S
William Law Primary Academy	42,400	176,818	219,218		S
William Westley CE (CCC)	8,789	34,585	43,374		S*
Willingham Primary School (CCC)	19,379	74,230	93,609		S*

Employer	Employee Contributions £	Employers Contributions £	Grand Total £	Ceased	Body
Wimblington P C	499	3,188	3,687		S
Winhills Primary School (Academy)	29,748	120,216	149,964		S
Wintringham Primary Academy	365	1,451	1,816		S
Wisbech & Fenland Museum	2,029	14,679	16,708		Ad
Wisbech Grammar	1,449	10,933	12,382		Ad
Wisbech St Mary's C of E Primary Academy	15,462	63,063	78,525		S
Wisbech Town Council	4,877	27,004	31,881		S
Witcham Parish Council	199	1,271	1,470		S
Witchford Village College Academy	47,818	145,191	193,009		S
Wittering Primary (Now Soke Education Trust)	20,469	83,893	104,362	Y	S
Woodston Primary School	26,504	115,042	141,546	Y	S
Wyton Primary School (CCC)	9,686	37,817	47,502		S*
Yaxley Infants School (CCC)	10,119	39,714	49,833		S*
Yaxley Parish Council	8,044	45,297	53,341		S
Grand Total	26,426,978	98,145,205	124,572,183		

Investment Policy and Performance

Introduction

Investment of the Fund's assets is governed by the Local Government Pension Scheme – in accordance with Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 ("the Regulations"). These seek to ensure that the Fund:

- has formulated an appropriate Investment Strategy; a copy of which is available at <https://pensions.cambridgeshire.gov.uk/app/uploads/2019/04/Investment-Strategy-Statement.pdf>
- in formulating its Investment Strategy has considered and documented its approach to:
 - risk assessment and risk management,
 - pooling investments,
 - how environmental, social and governance issues are taken into account in investment selection,
 - having suitably diversified investments,
- has taken appropriate advice,
- has an appropriate number of Investment Managers who invest fund monies on its behalf,
- has relevant investment limits which are not exceeded,
- regularly monitors and reviews investments and investment arrangements,
- understands the restrictions on its powers to borrow, and
- operates a separate bank account.

The 2016 Regulations also set out the circumstances under which the Secretary of State would issue a direction to intervene in the management of the Fund's investments.

The Pension Fund Committee (PFC) approves investment policies and strategy and has established an Investment Sub-Committee (ISC), with support from the Fund's Advisors, to implement these investment policies and strategy, which includes the appointment and dismissal of Investment Managers and monitoring of performance.

The Fund adopts a long term perspective, focussing its investment strategy to generate return on a risk adjusted basis to grow the Fund's assets to reflect its equally long term future liabilities.

The Fund's approach to Sustainable Responsible Investment (SRI) is covered in the Investment Strategy Statement (ISS), in which the PFC has delegated to Investment Managers the responsibility for any shareholder voting and engagement.

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

The Fund supports the principles of the UK Stewardship Code (the "Stewardship Code") and will be working with the Fund's Advisors with the intention to sign up to the revised 2019 UK Stewardship Code when published.

Information about Investment Manager voting is available at <https://pensions.cambridgeshire.gov.uk/governance/key-documents/cambridgeshire/>

Role of Investment Managers

The ISS seeks to ensure that the Fund has an appropriate number of Investment Managers to invest fund monies on its behalf. Each Investment Manager relationship is governed by an Investment Management Agreement, which sets out how much they can invest, the asset class in which the Fund has employed them to invest, the expected target return and how much the Fund will pay for this service.

Investment Policy and Performance (continued)

Where the Fund invests in a pooled fund rather than appointing an Investment Manager to invest directly on behalf of the Fund, the terms of the investment are governed by the prospectus issued by the manager of the pooled fund, such as assets transferring over to the asset pool.

Active focus

The Fund with the exception of the passive UK Equity and Global Equity mandate and a buy and hold strategy for index-linked bonds, favours “active” briefs to outperform agreed specific benchmarks.

Custodian

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

Asset Pooling

The Fund is working with ten like-minded LGPS funds to implement the ACCESS asset pool in response to the Government’s LGPS reform agenda. The main aim is to encourage LGPS Funds to work together to form asset pools to “pool investments to significantly reduce costs, while maintaining investment performance.” Individually, the participating funds have a strong performance history and potential for substantial benefits for a group of successful, like-minded authorities collaborating and sharing their collective expertise. Collectively the ACCESS Pool has significant scale with assets of £43bn, managed on behalf of c3,000 employers and c900,000 members.

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

In December 2017 the Fund participated in a collaborative procurement for a passive equity provider, resulting in the appointment of UBS Asset Management, which has generated significant fee savings for the Fund.

On 9 August 2018 Link received notification from the FCA that the prospectus for the ACS and the first sub-fund had been approved with the initial investment in the ACS by three fellow ACCESS funds following on 16 November 2018. Cambridgeshire’s first transition of the Dodge & Cox mandate into the LF ACCESS Global Stock Sub Fund was completed on 11 February 2019. Further transition of the Fund’s active equity mandates are scheduled during 2019-20.

ACCESS is also setting up the ACCESS Support Unit (ASU) which will manage the Operator contract against specified KPIs and provide technical and secretariat support services to the AJC and Officer Working Group (OWG).

In addition to the savings in Investment Management fees due to the reduction in manager numbers and an increase in mandate size, there are other tangible benefits from pooling including a governance dividend and tax savings for funds moving from pooled funds to segregated mandates in the pool’s tax transparent ACS. For some asset classes such as global equities tax savings alone are material relative to additional costs of implementing pooling.

More information about the ACCESS asset pool can be found on their website: www.accesspool.org.

Local Investment

The Fund holds an allocation to local investments currently consisting of the Cambridge & Counties Bank and Cambridgeshire Building Society. These assets will remain outside of the asset pool.

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

Investment Policy and Performance (continued)

The Costs of Pooling

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

Set Up Costs	2018-19 £'000	2015-16 to 2018-19 Cumulative £'000
Strategic & Technical	29.7	85.5
Legal	30.9	67.1
Project Management	15.3	77.1
ACCESS Support Unit	31.2	35.6
Other	2.4	21.5
Total Set Up Costs	109.5	286.8

Operational Costs	2018-19 £'000	2015-16 to 2018-19 Cumulative £'000
Strategic & Technical	-	-
Legal	-	-
Project Management	-	-
ACCESS Support Unit	1.7	10.4
Other	-	-
Total Set Up Costs	1.7	10.4

Cost Savings

The combined fee savings for the 2018-19 financial year resulting from the asset pooling agenda exceed £480k per annum, mainly resulting from the passive mandate.

Cost Transparency

CIPFA have published a document "Accounting for Local Government Pension Scheme Management Expenses". The objective is to identify the total cost of the supply chain of Investment Management, including trading expenses, performance fees and other costs incurred indirectly by underlying sub-funds.

The LGPS Scheme Advisory Board in conjunction with the Investment Association has devised a cost reporting template to be used on a voluntary basis by Investment Managers to report their total costs. In May 2019 the Cost Transparency Initiative (CTI) issued a different set of templates which have been adopted by the SAB into their transparency framework. There is a period of transition for Investment Managers to adopt their systems to populate the new template.

The Fund will receive Cost of Transparency data in the 2019-20 financial year and report accordingly in the 2019-20 Annual Report. Direct costs include: invoiced costs and costs deducted from the value of fund, or from income generated, in accordance with the fee agreement in place with each manager.

Investment Policy and Performance (continued)

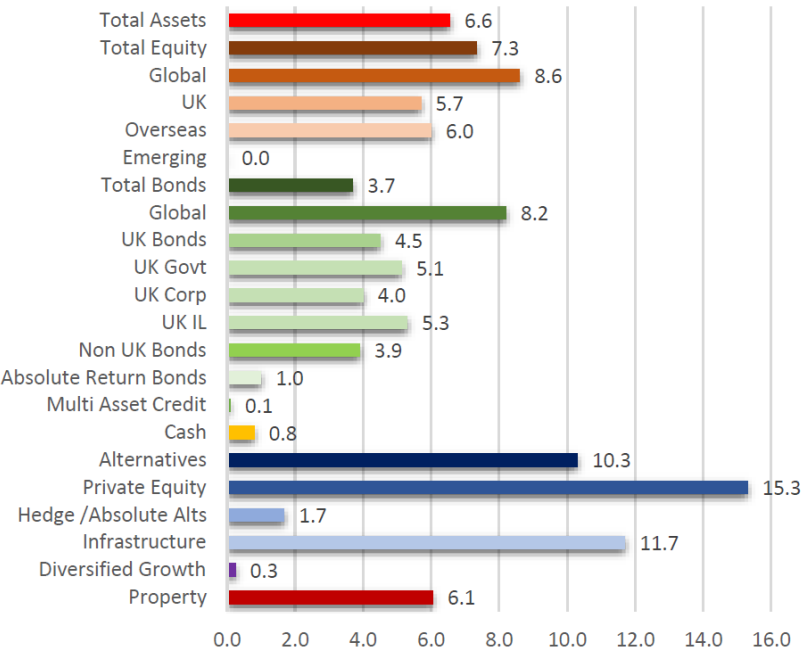
Investment Allocation and Performance

The Pension Fund Committee is responsible for approving the Strategic Asset Allocation proposed by the Investment Sub-Committee (ISC). The ISC have reviewed the allocation during 2018-19 in conjunction with the Fund’s Investment Consultants, Mercer Ltd. The review assessed the appropriateness of the current strategy and any changes necessary to increase the chance 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

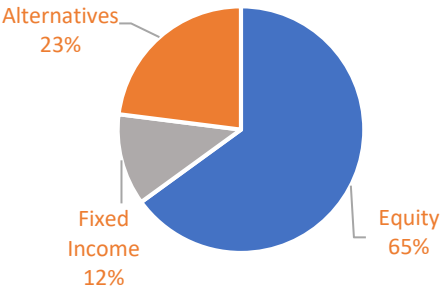
The revised strategy approved by the Pension Fund Committee in March 2019 has the objective of reducing the Fund’s reliance upon, and the associated risks, of a large allocation to equities whilst retaining sufficient exposure to growth assets. The revised strategy, which will be implemented during 2019-20, focuses on a reduction in equities and an increase in alternative assets (such as Private Equity and Infrastructure) and a flexible allocation to fixed income. The ISC will also implement a risk management framework to manage equity market and asset liability risks. Any consequential changes to Investment Manager mandates will be implemented in conjunction with the roll-out of sub-funds offered by the ACCESS pool ACS.

The Universe overview highlights the potential benefits of the revised strategy.

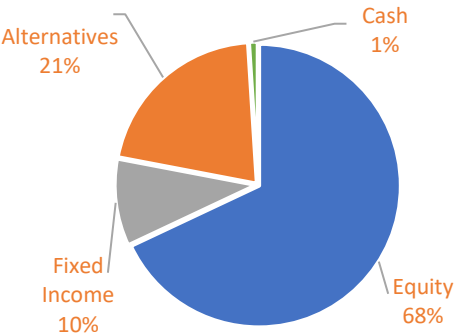


The charts below show the Strategic Asset Allocation at the start and close of the financial year compared to the actual allocation of assets at 31 March 2019 and the revised Strategic Asset Allocation targeted for 2019-20.

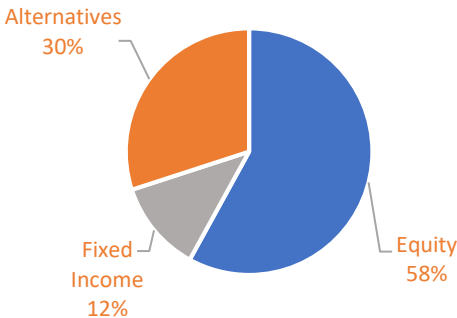
Strategic Allocation at 31 March 2018 and 31 March 2019



Actual Allocation 31 March 2019



Strategic Allocation from 1 April 2019



Investment Policy and Performance (continued)

The value of the investments held by each of the Fund's Investment Managers on 31 March 2018 and 31 March 2019 is shown in the following table.

Value of investments at the balance sheet date

Manager	31 March 2018		31 March 2019	
	£m	% of Total	£m	% of Total
UBS Passive UK Equity	257.9	8.8	70.0	2.2
Schroders UK Equity	387.6	13.3	389.3	12.3
JO Hambro	472.5	16.2	524.8	16.5
Link Fund Solutions - ACCESS Global Stock	472.1	16.2	498.8	15.7
UBS Passive Global Equity	435.7	14.9	695.0	21.9
Schroders Bonds	313.5	10.8	315.4	10.0
Schroders Property	217.0	7.4	242.0	7.6
Adams Street	67.2	2.3	80.5	2.5
Allianz	0.0	0.0	12.4	0.4
AMP debt	9.6	0.3	19.2	0.6
Cambridge and Counties Bank	65.9	2.3	81.1	2.6
Cambridge Building Society	10.0	0.3	15.0	0.5
Equitix	32.7	1.1	33.3	1.0
HarbourVest	46.6	1.6	58.5	1.8
M&G	59	2.0	70.7	2.2
Partners Group	26.5	0.9	37.4	1.2
UBS Infrastructure	16.3	0.6	16.7	0.5
Cash	25.9	1.0	17.2	0.5
TOTAL	2,916.0	100	3,177.3	100

Link Fund Solutions provide funds to the ACCESS asset pool and indicate assets invested within the pool.

The table above excludes new commitments to the Alternatives allocation in infrastructure equity funds managed by JP Morgan and IFM Investors for which no funds had been called by 31 March 2019. During 2018-19 the initial cash calls were made on commitments made in previous years to AMP Capital and Allianz Global Investor's infrastructure debt funds and the M&G residential property fund. During the year the UBS Global passive mandate was reorganised to include regional indexed passive funds and factor-based passive funds.

Investment Policy and Performance (continued)

Total Fund Performance

The total investment return for the Fund over the financial year was 7.1% compared with a weighted benchmark return of 8.9%. In the previous year the total investment return was 2.5% compared with a weighted benchmark of 3.0%. The Fund's total investment return was 11.2% p.a over the three years to 31 March 2019, 8.5% p.a over the five years to 31 March 2019, and 10.1% per annum over the ten years to 31 March 2019.

Performance of Managers

The ISC of the PFC 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. All manager mandates returned positive performance in 2018-19 with the exception of the Schroder Strategic Bonds mandate. Net of fees performance of each manager compared to benchmark over one, three and ten years is shown in the table below.

Asset Class /Manager	1 year (% p.a)			3 year (% p.a)			10 year (% p.a)		
	Return	Benchmark	Variance	Return	Benchmark	Variance	Return	Benchmark	Variance
Schroders UK Equity	5.1	6.4	(1.3)	10.0	9.5	0.5	n/a	n/a	n/a
Dodge & Cox ¹	5.6	12.0	(6.4)	14.7	14.4	0.3	n/a	n/a	n/a
JO Hambro	10.7	10.5	0.2	14.8	14.4	0.4	n/a	n/a	n/a
UBS passive	10.2	10.3	(0.1)	n/a	n/a	n/a	n/a	n/a	n/a
Schroders – Bonds & Index-linked	4.2	6.3	(2.1)	6.8	9.1	(2.3)	n/a	n/a	n/a
Schroders – Non-Gov't bonds	(3.0)	0.6	(3.6)	1.2	0.4	0.8	n/a	n/a	n/a
Schroders – Property	5.9	4.8	1.1	6.0	6.1	(0.1)	6.2	8.3	(2.1)
M&G - secured loans	2.4	4.8	(2.4)	4.1	4.5	(0.4)	n/a	n/a	n/a

¹= Reflects performance of the Dodge & Cox Global Stock Fund for all periods. On 11 February 2019 the investment was transferred into the LF ACCESS Global Stock Fund that invests in the same fund and for which performance is broadly similar.

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

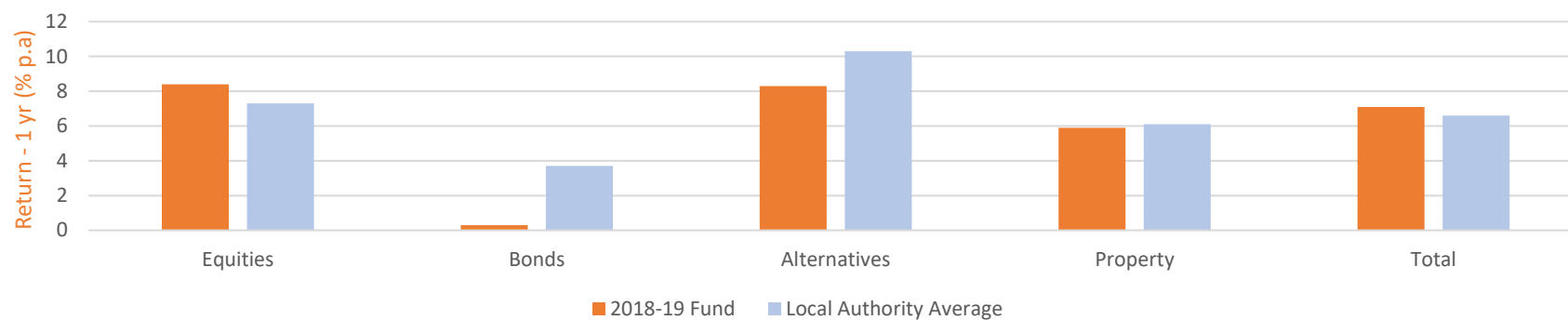
Investment Policy and Performance (continued)

Performance in Comparison with Local Authority Universe

The Local Authority Universe is a national scheme consisting of 64 pension funds collated by PIRC Ltd that provides benchmarking of local authority pension funds investment performance.

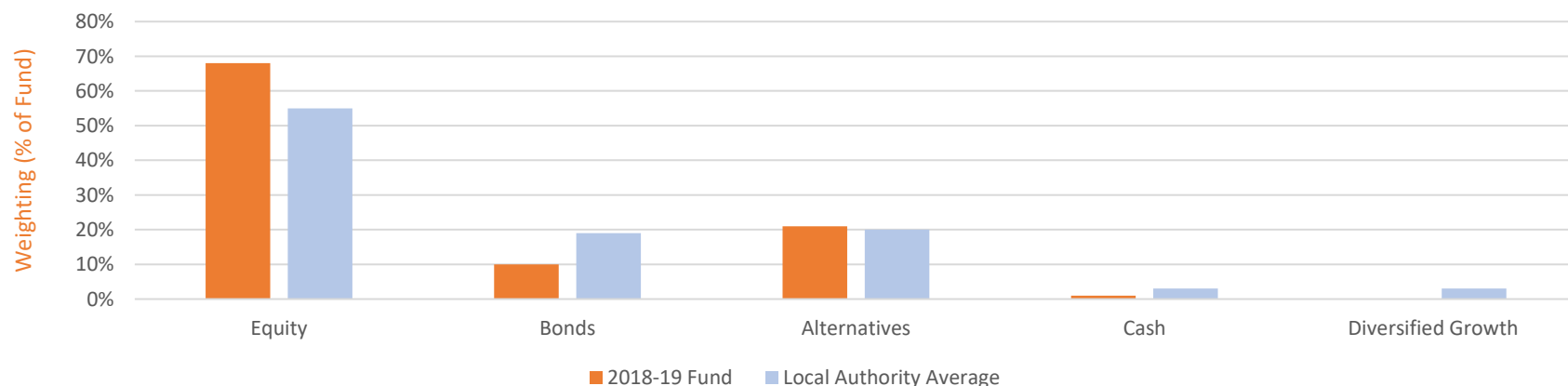
In 2018-19 the Fund's performance of 7.1% over the financial year was ranked 31st percentile out of the 64 Funds participating in the Universe. The investment return achieved was influenced by the Fund's holding of a higher proportion of Equities, when compared to the Local Authority Universe.

Investment Return compared to Local Authority Universe

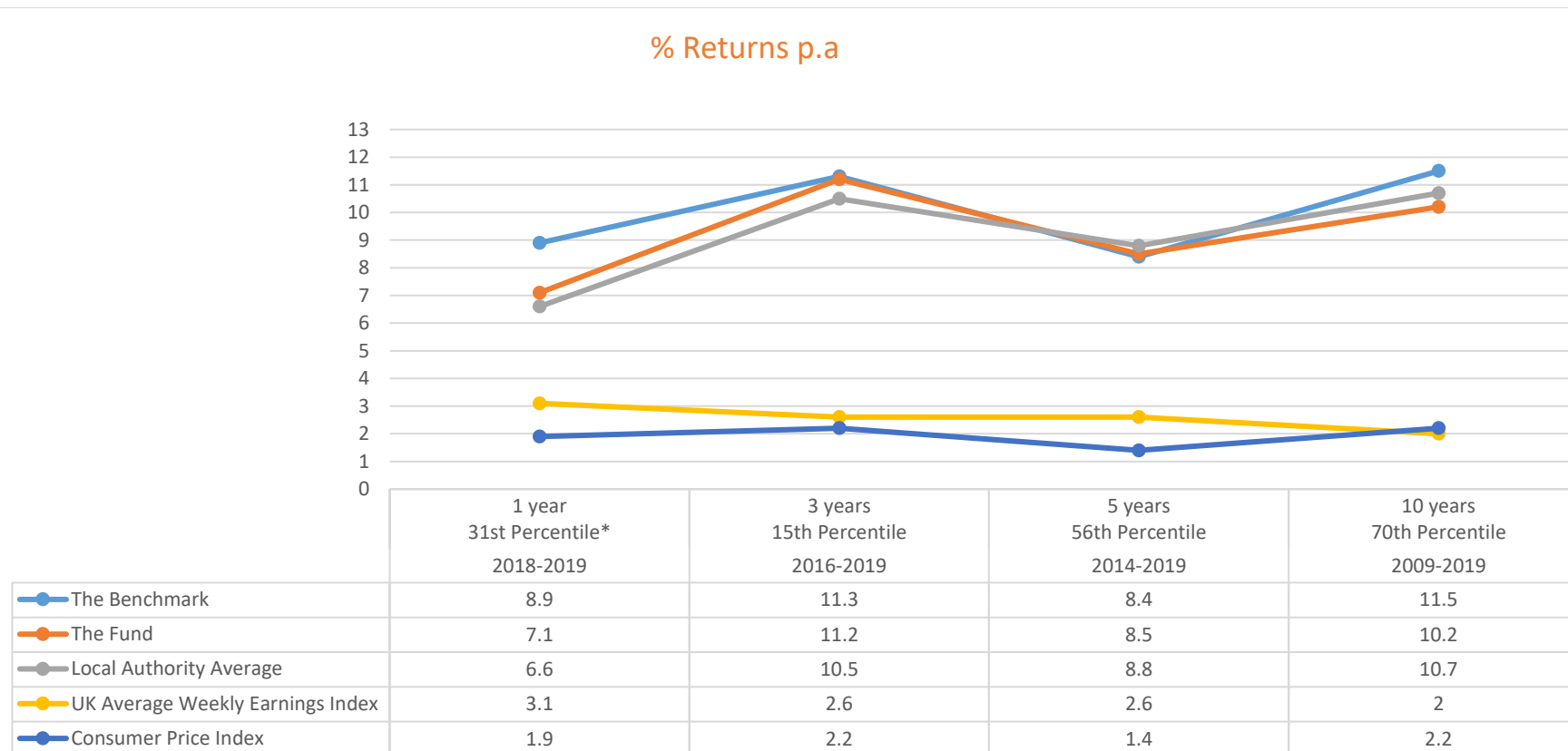


The Fund's current strategy has a higher allocation to Equities and a lower allocation to Alternatives when compared to the Local Authority Universe, however the revised investment strategy, being implemented during 2019-20, will change the profile of the Fund's assets resulting in an increased allocation to Alternatives.

Investment Allocation compared to Local Authority Universe



Investment Policy and Performance (continued)



*Ranking in LA Universe

The table above demonstrates the Fund's performance compared to benchmark returns and the average investment return achieved by the Local Authority Universe over a one, three, five and ten year period.

Investment Policy and Performance (continued)

Investment Consultants Review 2018-19 Economic and Market Background¹

The year to 31 March 2019 has been rather mixed for investment markets with a relatively strong first half followed by significant bouts of volatility in the second half of the year.

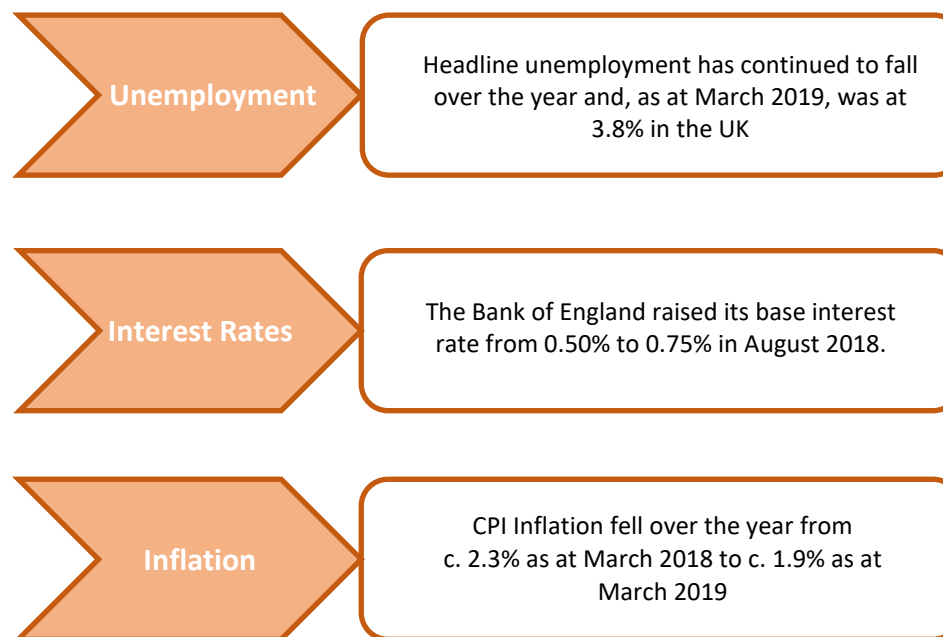
The second and third quarters of 2018 saw strong global equity market performance on the back of a continued broad global economic expansion. During the fourth quarter of the year, the outlook for global growth started to soften, which combined with investor concerns over monetary tightening by the Federal Reserve ('Fed') as well as uncertainty over trade, led to the largest sell-off in equity markets since 2008. Following the Fed softening their tone on monetary policy and the prospect of a trade settlement between the US and China, as well as slower but still solid economic data from the US led investors to re-evaluate their initial reaction and a strong rebound in equity markets ensued in the first quarter of 2019.

The US largely continued its economic expansion, boosted by tax cuts and rising business confidence amid the business-friendly stance of the Trump administration even though the prospects for further supply side policies is diminished, following the Democrats winning a majority in the House of Representatives in last November's midterm elections. Japan, the UK and continental Europe saw more measured growth, even though economic data from continental Europe over the last six months hinted at a slowdown.

In the UK, uncertainty over Brexit continued to dominate the investor outlook. The UK economy slowed over 2018 but appeared to remain resilient, despite the continued political uncertainty about the future of trade and the Irish border. Real GDP growth for the UK has slowed from 1.8%² in 2017 to 1.4%² in 2018.

Emerging markets had a challenging 2018 as they experienced uncertainty over trade frictions, rising US interest rates, deleveraging in China as well as a strengthening US dollar. Headwinds started to soften in the first quarter of 2019 with improvement on many of these fronts, including softer US monetary outlook leading to less upwards pressure on the US Dollar, improvements in the current account positions for a number of countries with balance of payment problems, and an expected trade settlement between the US and China.

Key Events during the Year



All return figures quoted below are in sterling terms over the 12-month period to 31 March 2019.

¹ Statistics sourced from Thomson Reuters Datastream unless otherwise specified

² Statistics sourced from Consensus Economics March 2019

Investment Policy and Performance (continued)

Growth Assets

At a global level, developed markets as measured by the FTSE World index, returned 11.1%. Meanwhile, a return of 6.4% was recorded by the FTSE All World Emerging Markets index.

At a regional level, European markets returned 2.6% as indicated by the FTSE World Europe ex UK index. At a country level, UK stocks as measured by the FTSE All Share index returned 6.4%. The FTSE USA index returned 17.7% while the FTSE Japan index returned -0.9%.

UK property investors continued to benefit from the improving property market. Over the 12-month period to 31 March 2019, the IPD UK All Property Index returned 5.6% in sterling terms. The three main sectors of the UK Property market each recorded mixed returns over the period (retail: -2.6%; office: 6.5%; and; industrial 14.5%).

Bond Markets

Returns on UK Government Bonds, as measured by the FTSE Gilts All Stocks Index, returned 3.7%, while long dated issues as measured by the corresponding Over 15 Year Index had a return of 4.7% over the year. The yield for the FTSE Gilts All Stocks index fell over the year from 1.54% to 1.36%.

The FTSE All Stocks Index Linked Gilts index returned 5.5% with the corresponding over 15-year index exhibiting a return of 5.7%.

Corporate debt as measured by the Bank of America Merrill Lynch Sterling Non-Gilts index returned 3.7%.

Currencies

Over the 12-month period to 31 March 2019, Sterling depreciated by 7.1% against the US Dollar from \$1.40 to \$1.30. Sterling depreciated by 3.3% against the Yen from ¥149.19 to ¥144.23. Sterling appreciated against the Euro by 1.7% from €1.14 to €1.16 over the same period.

Fund Performance

Over the twelve-month period, the Fund achieved a return of 7.1% (net of fees) versus a target return set at the date of the 2016 actuarial valuation of 4%. Of the active managers JO Hambro Global Equity, Schroders Property, Adams Street Private Equity, UBS Infrastructure and Equitix Infrastructure all outperformed their respective benchmarks over the year while the other funds underperformed.

Outlook

Investors' main concerns at the end of 2018 revolved around a perceived slowdown in global growth, falling corporate earnings, whether monetary tightening from the Fed was going to continue, deleveraging in China and unresolved trade tensions between the US and China. On most fronts, we have seen positive developments during the first quarter of 2019, which should feed into the rest of the year.

Economic growth has slowed but remains reasonable in the US and stable, if more subdued, in developed markets outside the US. The latter, along with emerging markets, are expected to bottom out throughout the year which is expected to offset the slowdown in the US, leading us to expect moderate growth overall throughout the year amid an environment of low inflation and supportive monetary policy. We deem the likelihood of a recession in the US or even on a global basis for this year as fairly low. While last quarter's growth fears were justified to some extent, we are seeing encouraging signs of emerging growth from China.

At the end of 2018, investors expected the Fed to propose 3-4 rate changes during 2019 and so the unexpected change in direction from the Fed spooked markets initially. Three months later, markets have recovered their poise.

Investment Policy and Performance (continued)

China has gone through considerable de-leveraging to rebalance its economy onto a more financially stable path but has, at the same time, eased monetary conditions somewhat and introduced some fiscal stimulus to mitigate the slowdown. It has also become more likely now that the US and China will agree on a trade settlement which should, when coupled with last year's conclusion of the NAFTA negotiations, remove a large source of uncertainty that had indirectly impacted the global economy last year. On this basis, from a forward looking perspective, we remain 'neutral' on listed equities and growth fixed income as we see the environment as still being generally benign for growth assets but we must point out that following the recovery over the first quarter of 2019, valuations are not quite as attractive as they were at the end of last year (though they are still more attractive than prior to the sell-off). We are less positive on defensive fixed income given the high valuations. In particular investment grade credit where spreads have been compressed and the credit cycle enters the latter stages.

Investment Strategy

The Fund's strategic benchmark is allocated across a diverse range of asset classes expected in aggregate to generate a return above the growth in the Fund's liabilities, and improve the funding level, over the long term. The Fund holds a material part of the assets in the equity portfolio allocation which is held with the expectation of generating strong real returns above that of the Fund's liabilities. However, the Fund also holds a defensive portfolio (made up of bond investments) and an alternatives portfolio which aims to achieve strong real returns whilst giving the Fund some diversification away from equity markets. The Committee continued to monitor its investment strategy relative to the funding level during the year. Post year-end the Committee have begun work on implementing a 'risk management framework' to help manage the Fund's largest investment risks e.g. equity, long term interest rates and inflation volatility. The framework will initially focus on reducing the equity risk by introducing an equity protection strategy to overlay the equity portfolio. The Committee have also agreed to implement an updated, more diversified asset allocation. The proposed portfolio should help protect gains in funding and

reduce the sensitivity of the assets to an equity stress event, which in turn should help contribution rates remain stable and affordable.

These changes have been made with the Government's pooling initiative in mind.

Peter Gent

Mercer Limited

June 2019

Actuarial Information

Cambridgeshire Pension Fund ("the Fund") Actuarial Statement for 2018-19

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 2017. In summary, the key funding principles are as follows:

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

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable. For employers whose covenant was considered by the Administering Authority to be sufficiently strong, contributions have been stabilised to return their portion of the Fund to full funding over 20 years if the valuation assumptions are borne out.

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 still a 66% likelihood that the Fund will return to full funding 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 2016. This valuation revealed that the Fund's assets, which at 31 March 2016 were valued at £2,277m, were sufficient to meet 78% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting deficit at the 2016 valuation was £625m.

Each employer had contribution requirements set at the valuation, with the aim of achieving full funding within a time horizon and probability measure as per the FSS. Individual employers' contributions for the period 1 April 2017 to 31 March 2020 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 2016 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 2016 valuation were as follows:

Financial assumptions	31 March 2016
Discount rate	4.0%
Salary increase assumption	2.4%
Benefit increase assumption (CPI)	2.1%

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 2013 model, assuming the current rate of improvements has reached a peak and will converge to long term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	22.4 years	24.4 years
Future Pensioners*	24.0 years	26.3 years

*Aged 45 at the 2016 Valuation

Copies of the 2016 valuation report and Funding Strategy Statement are available on request from the Administering Authority to the Fund.

Experience over the period since 31 March 2016

Since the last formal valuation, real bond yields have fallen placing a higher value on the liabilities but there have been strong asset returns over the 3 years. Both events are of broadly similar magnitude with regards to the impact on the funding position.

The next actuarial valuation will be carried out as at 31 March 2019. The Funding Strategy Statement will also be reviewed at that time.



Geoff Nathan FFA
For and on behalf of Hymans Robertson LLP
12 April 2019
Hymans Robertson LLP
20 Waterloo Street, Glasgow, G2 6DB

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 2016. The results are presented in this report and are briefly summarised below.

Funding Position

The table below summarises the financial position of the Fund at 31 March 2016 in respect of benefits earned by members up to this date (along with a comparison at the last formal valuation at 31 March 2013).

Past Service Position	31 March 2013 (£m)	31 March 2016 (£m)
Past Service Liabilities	2,633	2,388
Market Value of Assets	1,905	1,871
Surplus/(Deficit)	(728)	(517)
Funding Level	72%	78%

The improvement in funding position between 2013 and 2016 is mainly due to strong investment performance over the inter-valuation period, coupled with the positive impact on the liabilities of actual pay and benefit growth being lower than expect

Contribution Rates

The table below summarises 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 capitalisation of future contributions), calculated in accordance with the Regulations and CIPFA guidance.

Primary Rate (% of pay)	Secondary Rate (£)		
1 April 17 – 31 March 20	2017/18	2018/19	2019/20
18.1%	£26,039,000	£17,959,000	£18,355,000

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

At the previous formal valuation at 31 March 2013, a different regulatory regime was in force. Therefore a contribution rate that is directly comparative to the rates above is not provided. Broadly, contributions required to be made by employers in respect of new benefits earned by members (the primary contribution rate) have increased as future expected investment returns have fallen. Changes to employer contributions targeted to fund the deficit have been variable across employers.

The minimum contributions to be paid by each employer from 1 April 2017 to 31 March 2020 are shown in the Rates and Adjustment Certificate.

Audit Opinion



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

Opinion

We have audited the pension fund financial statements for the year ended 31 March 2019 under the Local Audit and Accountability Act 2014. The pension fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes 1 to 28. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

In our opinion the pension fund financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2019 and the amount and disposition of the fund's assets and liabilities as at 31 March 2019; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the pension fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the "Statement of Accounts and Annual Governance Statement 2018-2019", other than the financial statements and our auditor's report thereon. The Chief Finance Officer is responsible for the other information.

Audit Opinion

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

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

We have nothing to report in this regard.

Matters on which we report by exception

We report to you if:

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

We have nothing to report in these respects.

Responsibility of the Chief Finance Officer

As explained more fully in the "*Chief Finance Officer's Responsibilities*" set out on pages 29 and 30, the Chief Finance Officer is responsible for the preparation of the Authority's Statement of Accounts, which includes the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and for being satisfied that they give a true and fair view.

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

Audit Opinion

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

MARK HODGSON

ERNST & YOUNG LLP

Date: 31 July 2019

Mark Hodgson (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Cambridge

The maintenance and integrity of the Cambridgeshire County Council / Cambridgeshire Pension Fund web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Fund Account

31-Mar-18 £000		Notes	31-Mar-19 £000
	Dealings with members, employers and others directly involved in the fund:		
128,410	Contributions	7	124,572
4,932	Transfers in from other pension funds	8	4,882
133,342			129,454
(99,345)	Benefits	9	(106,259)
(10,126)	Payments to and on account of leavers	10	(11,171)
(109,471)			(117,430)
23,871	Net additions/(withdrawals) from dealing with members		12,024
(16,954)	Management Expenses	11	(16,889)
6,917	Net additions/(withdrawals) including fund management expenses		(4,865)
	Returns on investments:		
38,142	Investment income	13	45,493
(329)	Taxes on income		(85)
70,998	Profit and (losses) on disposal of investments and changes in the value of investments	14a, 17b	182,745
108,811	Net return on investments		228,153
115,728	Net increase/(decrease) in the net assets available for benefits during the year		223,288
2,853,578	Opening net assets of the scheme		2,969,306
2,969,306	Closing net assets of the scheme		3,192,594

Notes on pages 48 to 77 form part of the financial statements.

Net Asset Statement

31-Mar-18 £000		Notes	31-Mar-19 £000
2,916,032	Investment assets		3,177,716
-	Investment liabilities		(345)
2,916,032	Total net investments	14	3,177,371
57,564	Current assets	21	18,068
(5,554)	Current liabilities	23	(3,477)
52,010	Net Current Assets		14,591
1,264	Non-current assets	22	632
2,969,306	Net assets of the Fund available to fund benefits at the end of the reporting period	17a	3,192,594

Notes on pages 48 to 77 form part of the financial statements.

Note: The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits.

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 2018-19 on pages 1 to 42 and the underlying statutory powers underpinning the scheme.

General

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

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

The Fund is a contributory defined benefit pension scheme administered by Cambridgeshire County Council to provide pensions and other benefits for pensionable employees of Cambridgeshire County Council, the district councils in Cambridgeshire, and a range of other scheduled and admitted bodies within the county area. Teachers, police officers and fire-fighters are not included as they come within other national pension schemes.

The Fund is overseen by the Cambridgeshire Pension Fund Committee, which is a committee of Cambridgeshire County Council.

Membership

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

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

As at 31 March 2019 there are 254 (2018: 206) active employers within the Cambridgeshire Pension Fund, including the County Council itself. The Fund has over 82,000 individual members, as detailed below:

	31-Mar-18	31-Mar-19
Number of employers with active members	206	254
Number of employees in scheme:		
County council	9,726	9,829
Other employers	17,771	19,147
Total	27,497	28,976
Number of Pensioners:		
County council	8,352	8,410
Other employers	9,702	10,365
Total	18,054	18,775
Deferred pensioners:		
County council	16,962	12,719
Other employers	18,303	14,940
Total	35,265	27,659
Undecided Leavers:		
County council	*	3,233
Other employers	*	4,266
		7,499
Total members	80,816	82,909

*included in deferred pensioners at 31 March 2018.

Notes to the Pension Fund Accounts (continued)

Funding

Benefits are funded by contributions and investment earnings.

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 2019.

Employers' contributions are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2016. Employers' contributions comprise a percentage rate on active payroll between 11% and 25.1% 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, disability pensions and death benefits. For more details, please refer to the Cambridgeshire Pension Fund scheme handbook available from LGSS Pension Services based at One Angel Square, Angel Street, Northampton NN1 1ED.

Notes to the Pension Fund Accounts (continued)

2. BASIS OF PREPARATION

The Statement of Accounts summarises the Fund's transactions for the 2018-19 financial year and its position at year-end as at 31 March 2019. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018-19 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

Paragraph 3.3.1.2 of the Code requires disclosure of any accounting standards issued but not yet adopted. No such accounting standards have been identified for 2018-19.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Account – Revenue Recognition

Contribution Income

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

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

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

Transfers to and from Other Schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations in 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 (see below) to purchase scheme benefits are accounted for on an accruals basis and are included in Transfers In as set out in Note 8. Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

Investment Income

i) *Interest income*

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

ii) *Dividend income*

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

iii) *Distributions from pooled funds*

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

iv) *Movement in the net market value of investments*

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

Notes to the Pension Fund Accounts (continued)

Investment Income (Continued)

Stock lending

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

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

Investment Management Expenses

Investment Management expenses are accounted for on an accruals basis.

Fees of external Investment Managers and the Custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change. In addition the Fund has negotiated with the following managers that an element of their fee be performance related:

■ JO Hambro Capital Management – Global Equities

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 2018-19, £1.6m of fees are based upon such estimates (2017-18: £ 1.5m). In addition, manager fees deducted from pooled funds of £7.2m (2017-18: £7.9m) are estimated based upon information received from Investment Managers.

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

Notes to the Pension Fund Accounts (continued)

Net Assets Statement

Financial Assets

Financial assets are included in the Net Assets Statement on a fair value basis, except for 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, including those within the ACCESS asset pool, but excluding 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 a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards. As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the net assets statement (see Note 20).

Additional Voluntary Contributions

The Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from those of the Pension Fund. The Fund has appointed Prudential and Equitable Life as its AVC providers. 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 24).

Notes to the Pension Fund Accounts (continued)

Contingent Assets and Liabilities

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.

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.

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

Accounting Standards Issued, not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2018 – 2019 requires the disclosure of information relating to the expected impact of changes that will be required by a new standard that has been introduced but not yet adopted. There are no such standards which would materially impact the Fund.

4. CRITICAL JUDGEMENT IN APPLYING ACCOUNTING POLICIES

Pension Fund Liability

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

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

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

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

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the Balance Sheet date and the amounts reported for the revenues and expenses during the year. Estimates and assumptions are made taking into account historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual outcomes could differ from the assumptions and estimates.

The items in the Net Assets Statement as 31 March 2019 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 rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of independent consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied. The actuary has included the McCloud judgement within their calculation shown in note 20.

Effect if actual results differ from assumptions: The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £516m. A 0.5% increase in assumed earnings inflation would increase the value of liabilities by approximately £69m, and a one-year increase in assumed life expectancy would approximately increase the liabilities by between 3-5%. Although the example above is based on an increase, a decrease to discount rate and assumed life expectancy could also occur.

Notes to the Pension Fund Accounts (continued)

■ Cambridge and Counties Bank

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

Effect if actual results differ from assumptions: The investment in the financial statements is £81.1m. 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 £80.6m to £81.7m. The mid-point of this valuation range has been applied within the Fund's accounts.

■ Other Private Equity and Infrastructure

Uncertainties: All other private equity and infrastructure investments are valued at fair value. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation. 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 £282.8m. 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 24.7%, which indicates that Other private equity and infrastructure values may range from £352.7m to £212.9m.

6. EVENTS AFTER THE BALANCE SHEET DATE

The actuary has included the McCloud judgement impact within their calculation within note 20. There have been no further events since 31 March 2019, and up to the date when these accounts were authorised that require any adjustments to these accounts.

7. CONTRIBUTIONS RECEIVABLE

By category:

2017-18 £000		2018-19 £000
25,322	Employees' contributions	26,427
	Employers' contributions:	
82,290	Normal contributions	84,341
20,798	Deficit recovery contributions	13,804
103,088	Total employers' contributions	98,145
128,410		124,572

By authority:

2017-18 £000		2018-19 £000
38,591	Administering Authority	27,027
82,374	Scheduled bodies	91,122
7,445	Admitted bodies	6,423
128,410		124,572

8. TRANSFERS IN FROM OTHER PENSION FUNDS

2017-18 £000		2018-19 £000
4,932	Individual transfers	4,882
4,932		4,882

Notes to the Pension Fund Accounts (continued)

9. BENEFITS PAYABLE

By category:

2017-18 £000		2018-19 £000
78,846	Pensions	84,204
18,573	Commutation and lump sum retirement benefits	19,244
1,926	Lump sum death benefits	2,811
99,345		106,259

By authority:

2017-18 £000		2018-19 £000
39,324	Administering Authority	36,750
51,707	Scheduled Bodies	60,117
8,314	Admitted Bodies	9,392
99,345		106,259

10. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

2017-18 £000		2018-19 £000
358	Refunds to members leaving service	400
-	Group transfers	4,732
9,768	Individual transfers	6,039
10,126		11,171

11. MANAGEMENT EXPENSES

2017-18 £000		2018-19 £000
2,277	Administrative costs	2,018
14,502	Investment management expenses	14,544
175	Oversight and governance costs	327
16,954		16,889

Fees payable to External Auditors, included within Oversight and governance costs, were £17k during the year (2017-18 £22k).

12. INVESTMENT MANAGEMENT EXPENSES

2017-18 £000		2018-19 £000
12,233	Management fees	11,904
524	Performance related fees	1,068
1,212	Transaction costs	606
533	Other costs	966
14,502		14,544

Notes to the Pension Fund Accounts (continued)

13. INVESTMENT INCOME

2017-18 £000		2018-19 £000
421	Income from bonds	424
15,633	Income from equities	18,775
9,952	Pooled investments – unit trusts and other managed funds	14,461
6,747	Pooled Property Investments	7,277
4,733	Private equity/infrastructure income	4,001
441	Interest on cash deposits	360
215	Other – securities lending income	195
38,142		45,493

14. INVESTMENTS

31-Mar-18 £000		31-Mar-19 £000
	Investment assets	
74,578	Bonds	79,206
371,765	Equities	377,322
1,953,899	Pooled investments	2,086,961
206,671	Pooled property investments	236,858
274,393	Private equity/infrastructure	363,874
31,191	Cash deposits	27,593
3,535	Investment income due	3,992
-	Amounts receivable for sales	1,910
2,916,032	Total investment assets	3,177,716
	Investment liabilities	
-	Amounts payable for purchases	(345)
-	Total investment liabilities	(345)
2,916,032	Net investment assets	3,177,371

Notes to the Pension Fund Accounts (continued)

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

	Market value 1-Apr-18	Purchases during the year and derivative payments*	Sales during the year and derivative receipts*	Change in market value during the year	Market value 31-Mar-19
	£000	£000	£000	£000	£000
Bonds	74,578	702	-	3,926	79,206
Equities	371,765	66,282	(63,531)	2,806	377,322
Pooled investments	1,953,899	1,310,227	(1,316,014)	138,849	2,086,961
Pooled property investments	206,671	45,324	(21,495)	6,358	236,858
Private equity/infrastructure	274,393	95,027	(35,645)	30,099	363,874
	2,881,306	1,517,562	(1,436,685)	182,038	3,144,221
Derivative contracts:					
• Forward Currency Contracts	-	6	(15)	9	-
	2,881,306	1,517,568	(1,436,700)	182,047	3,144,221
Other investment balances:*					
• Cash deposits	31,191			723	27,593
• Investment income due	3,535			-	3,992
• Amounts receivable from sales of investments	-			-	1,910
• Spot FX contracts	-			(25)	-
• Amounts payable for purchases of investments	-			-	(345)
Net investment assets*	2,916,032			182,745	3,177,371
				Note 17a	

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

Notes to the Pension Fund Accounts (continued)

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

	Market value 1-Apr-17	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-18
	£000	£000	£000	£000	£000
Bonds	74,590	-	-	(12)	74,578
Equities	357,733	45,642	(26,329)	(5,281)	371,765
Pooled investments	1,898,748	216,414	(196,223)	34,960	1,953,899
Pooled property investments	192,549	15,113	(19,066)	18,075	206,671
Private equity/infrastructure	246,179	57,023	(53,442)	24,633	274,393
	2,769,799	334,192	(295,060)	72,375	2,881,306
Derivative contracts:					
• Forward Currency Contracts	-	18	-	(18)	-
	2,769,799	334,210	(295,060)	72,357	2,881,306
Other investment balances:*					
• Cash deposits	41,910			(1,310)	31,191
• Investment income due	2,714			-	3,535
• Spot FX contracts	-			(49)	-
• Amounts payable for purchases of investments	(1,137)			-	-
Net investment assets*	2,813,286			70,998	2,916,032

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

Notes to the Pension Fund Accounts (continued)

14(b). ANALYSIS OF INVESTMENTS

31-Mar-18 £000		31-Mar-19 £000
	Bonds	
74,578	UK – Public sector quoted	79,206
74,578		79,206
	Equities	
357,135	UK - Quoted	357,667
14,630	Overseas - Quoted	19,655
371,765		377,322
	Pooled funds – additional analysis	
68,404	UK - Fixed income	70,173
257,953	UK - Equity	70,343
228,902	Overseas - Fixed income	226,543
1,380,326	Overseas - Equity	1,718,324
18,314	Overseas - Cash Fund	1,578
1,953,899		2,086,961
206,671	Pooled property investments	236,858
274,393	Private equity/ infrastructure	363,874
481,064		600,732
31,191	Cash deposits	27,593
3,535	Investment income due	3,992
-	Amounts receivable from sales	1,910
34,726		33,495
2,916,032	Total investment assets	3,177,716
	Investment liabilities	
-	Amounts payable for purchases	(345)
-	Total investment liabilities	(345)
2,916,032	Net investment assets	3,177,371

Notes to the Pension Fund Accounts (continued)

14(c). INVESTMENTS ANALYSED BY FUND MANAGER

Market value 31-Mar-18			Market value 31-Mar-19	
£000	% of net investment assets		£000	% of net investment assets
Investments managed by ACCESS asset pool:				
-	-	Link Fund Solutions - ACCESS Global Stock Fund	498,776	15.7
Investments managed outside of ACCESS asset pool:				
67,151	2.3	Adams Street Partners	80,458	2.5
-	-	Allianz Global Investors	12,447	0.4
9,575	0.3	AMP Capital	19,209	0.6
65,850	2.3	Cambridge and Counties Bank	81,100	2.6
10,000	0.3	Cambridge Building Society	14,913	0.5
472,147	16.2	Dodge & Cox Worldwide Investments	-	-
32,669	1.1	Equitix Investment Management	33,341	1.0
46,647	1.6	HarbourVest Partners (UK)	58,546	1.8
472,488	16.2	JO Hambro Capital Management	524,841	16.5
59,054	2.0	M&G Investments	60,888	1.9
-	-	M&G Real Estate	9,759	0.3
26,527	0.9	Partners Group (UK)	37,370	1.2
918,053	31.5	Schroders Investment Management	946,737	29.9
693,644	23.8	UBS Global Asset Management	765,050	24.1
16,339	0.6	UBS Infrastructure	16,742	0.5
25,888	0.9	Cash with custodian	17,194	0.5
2,916,032	100.0		3,177,371	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:

Security	Market value	% of total fund	Market value	% of total fund
	31-Mar-18 £000	%	31-Mar-19 £000	%
JO Hambro Capital Management Global Select Fund Sterling Z shares	472,488	15.9	509,096	15.94
Link Fund Solutions - ACCESS Global Stock	-	-	498,776	15.62
UBS Global Asset Life North American Equity Tracker	-	-	180,827	5.66
Schroders International Selection Fund – Strategic Bond	169,848	5.7	165,656	5.19

14(d). STOCK LENDING

The Fund's Investment Strategy sets the parameters for the Fund's stock-lending programme. At 31 March 2019, the value of quoted equities on loan was £66.2m (31 March 2018: £92.7m). These equities continue to be recognised in the Fund's financial statements. Counterparty risk is managed through holding collateral at the Fund's custodian. At the year end the custodian held collateral at fair value of £71.4m (31 March 2018: £99.3m) representing 108% of stock lent. Collateral consists of acceptable securities and government debt.

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 (IMA) agreed between the Fund and the various Investment Managers.

■ Futures

The economic exposure represents the notional value of stock purchased under futures contracts and is therefore subject to market movements. There were no outstanding exchange traded future contracts at 31 March 2019 or 31 March 2018.

■ Forward Foreign Currency

To maintain appropriate diversification and to take advantage of overseas investment returns, a significant proportion of the Fund's quoted equity portfolio is in overseas stock markets. To reduce the volatility associated with fluctuating currency rates, the Fund's Investment Managers enter into forward foreign currency contracts to take advantage of current exchange rates. There were no open forward currency contracts at 31 March 2019 or 31 March 2018.

■ 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. There were no outstanding option contracts at 31 March 2019 or 31 March 2018.

Notes to the Pension Fund Accounts (continued)

16. FAIR VALUE

16a. FAIR VALUE HIERARCHY

Valuation of Financial Instruments Carried At Fair Value

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

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

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

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

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

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

Values at 31 March 2019	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets				
Financial assets at fair value through profit and loss	458,106	2,163,820	522,295	3,144,221
Total financial assets	458,106	2,163,820	522,295	3,144,221

Values at 31 March 2018	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets				
Financial assets at fair value through profit and loss	468,191	2,002,760	413,890	2,884,841
Total financial assets	468,191	2,002,760	413,890	2,884,841

Notes to the Pension Fund Accounts (continued)

All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date. The fair valuation of each class of investment asset is set out below.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted investments	Level 1	Published bid market price ruling on the final day of the account period	Not required	Not required
Quoted bonds	Level 1	Fixed interest securities valued at a market value based on current yields	Not required	Not required
Exchange traded pooled investments	Level 1	Closing bid value on published exchanges	Not required	Not required
Pooled investments – not exchange traded open ended funds	Level 2	Closing bid and offer prices are published. Closing single price where a single price is published	NAV based pricing set on a forward pricing basis.	Not required
Pooled investments – not exchange traded closed ended funds	Level 3	Closing bid and offer prices are published. Closing single price where a single price is published	NAV based pricing set on a forward pricing basis.	Valuations could be affected by material events occurring between the date of the financial statements provided and the Fund's own reporting date and lack of liquidity.
Private equity and infrastructure- equity	Level 3	Comparable valuation of similar companies	Price/Earnings or EBITDA multiple	Valuations could be affected by material events occurring between the date of the financial statements provided and the Fund's own reporting date.
Private equity and infrastructure - other	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines (2012)	Share of net assets	Valuations could be affected by material events occurring between the date of the financial statements provided and the Fund's own reporting date, and by any differences between audited and unaudited accounts.

Notes to the Pension Fund Accounts (continued)

Sensitivity of Assets Valued at Level 3

Having analysed historical data and current market trends, and consulted with independent investment Advisors, 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 2019.

Asset Type	Value as at 31-Mar-19 £000	Assessed valuation range (+/-)	Value on Increase £000	Value on Decrease £000
Property	168,180	14.3%	192,230	144,130
Private Equity	354,115	24.7%	441,490	266,740
Total Assets	522,295		633,720	410,870

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

Period 2018-19	Market value 1-Apr- 2018 £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-2019 £000
Pooled property investments	139,497	36,990	(13,160)	4,055	798	168,180
Private equity and infrastructure - equity	65,850	20,500	-	(5,250)	-	81,100
Private equity and infrastructure - other	208,543	64,768	(35,645)	17,915	17,434	273,015
Total	413,890	122,258	(48,805)	16,720	18,232	522,295

There were no transfers between levels during the year, and the movements noted above relate to additions or disposals of assets, and gains and losses. Unrealised and realised gains and losses are recognised in the changes in value of investments line of the Fund Account.

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.

Fair value through profit and loss £000	31-Mar-18			Fair value through profit and loss £000	31-Mar-19	
	Assets at amortised cost £000	Liabilities at amortised cost £000			Assets at amortised cost £000	Liabilities at amortised cost £000
Financial assets						
74,578	-	-	Bonds	79,206	-	-
371,765	-	-	Equities	377,322	-	-
1,953,899	-	-	Pooled investments	2,086,961	-	-
206,671	-	-	Pooled property investments	236,858	-	-
274,393	-	-	Private equity/ infrastructure	363,874	-	-
-	-	-	Derivative contracts	-	-	-
	73,422	-	Cash	-	32,300	-
3,535	-	-	Other investment balances	-	5,902	-
-	16,597	-	Debtors	-	13,993	-
2,884,841	90,019	-		3,144,221	52,195	-
Financial liabilities						
-	-	-	Derivative contracts	-	-	-
-	-	-	Other investment balances	-	-	(345)
-	-	(5,554)	Creditors	-	-	(3,477)
-	-	(5,554)		-	-	(3,822)
2,884,841	90,019	(5,554)	Total	3,144,221	52,195	(3,822)
		2,969,306				3,192,594

Notes to the Pension Fund Accounts (continued)

17b. NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

2017-18 £000		2018-19 £000
	Financial assets:	
72,375	Fair value through profit and loss	182,038
-	Amortised cost – realised gains on de-recognition of assets	723
-	Amortised cost – unrealised gains	-
	Financial liabilities:	
(18)	Fair Value through profit and loss	9
(1,359)	Amortised cost – realised losses on de-recognition of assets	(25)
-	Amortised cost – unrealised losses	-
70,998	Total gains	182,745

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 Council 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.

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 Advisors 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. It is possible for over-the-counter equity derivative contracts to be used in exceptional circumstances to manage specific aspects of market risk.

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 Advisors, the Council has determined that the following movements in market price risk would have reasonably been possible for the 2018-19 reporting period. The potential price changes disclosed above are broadly consistent with one-standard deviation movement in the value of the assets. The sensitivities are consistent with the assumptions contained in the Investment Advisors 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	16.6%
Overseas equities	16.9%
Global pooled equities	16.9%
Index-linked bonds	9.2%
Pooled fixed interest bonds	10.5%
Property	14.3%
Alternatives	24.7%
Cash and Other investment balances	0.5%

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 March 2019	Value as at	% (rounded) Change	Value on Increase	Value on Decrease
Asset Type	31-Mar-19		£000	£000
	£000			
UK equities	428,009	16.6	499,059	356,960
Overseas equities	19,655	16.9	22,976	16,333
Global pooled equities	1,718,325	16.6	2,008,721	1,427,928
Index-linked bonds	79,206	9.2	86,493	71,919
Pooled fixed interest bonds	296,716	10.5	327,871	265,561
Property	236,858	14.3	270,728	202,978
Alternatives	363,874	24.7	453,657	274,092
Cash and Other investment balances	34,728	0.5	34,902	34,555
Total Assets	3,177,371		3,704,407	2,650,326

31 March 2018	Value as at	% (rounded) Change	Value on Increase	Value on Decrease
Asset Type	31-Mar-18		£000	£000
	£000			
UK equities	615,088	16.8	718,423	511,753
Overseas equities	14,630	17.9	17,249	12,011
Global pooled equities	1,385,253	17.9	1,633,213	1,137,293
Index-linked bonds	74,578	9.2	81,439	67,717
Pooled fixed interest bonds	297,306	10.2	327,631	266,981
Property	201,744	14.3	230,593	172,895
Alternatives	274,393	25.5	344,363	204,423
Cash and Other investment balances	53,040	0.5	53,305	52,775
Total Assets	2,916,032		3,406,216	2,425,848

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 2019 and 31 March 2018 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

31-Mar-18 £000	Asset Type	31-Mar-19 £000
31,191	Cash and cash equivalents	27,593
42,231	Cash balances	4,707
74,578	Index-linked securities	79,206
297,306	Fixed interest securities	296,716
445,306	Total	408,222

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:

Assets exposed to interest rate risk	Asset values at 31-Mar-19 £000	Impact of 1% increase £000	Impact of 1% decrease £000
Cash and cash equivalents	27,593	27,593	27,593
Cash balances	4,707	4,707	4,707
Index-linked securities	79,206	78,414	79,998
Fixed interest securities	296,716	293,749	299,683
Total change in assets available	408,222	404,463	411,981

Notes to the Pension Fund Accounts (continued)

Assets exposed to interest rate risk	Asset values at 31-Mar-18 £000	Impact of 1% increase £000	Impact of 1% decrease £000
Cash and cash equivalents	31,191	31,191	31,191
Cash balances	42,231	42,231	42,231
Index-linked securities	74,578	73,832	75,324
Fixed interest securities	297,306	294,333	300,279
Total change in assets available	445,306	441,587	449,025

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

Exposure to interest rate risk	Interest receivable 2017-18 £000	Value on 1% increase £000	Value on 1% decrease £000
Cash deposits, cash and cash equivalents	441	445	437
Index-linked securities	421	425	417
Fixed interest securities	4,044	4,044	4,044
Total	4,906	4,914	4,898

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 Council and its investment Advisors in accordance with the Fund's risk management strategy, including monitoring the range of exposure to currency fluctuations.

Notes to the Pension Fund Accounts (continued)

Currency Risk – Sensitivity Analysis

Following analysis of historical data with the Fund's Advisors, the Council considers the likely volatility associated with foreign exchange rate movements to be 10.0% (the 1 year expected standard deviation).

A 10.0% (31 March 2018: 10.0%) fluctuation in the currency is considered reasonable based on the Fund Advisor's analysis of long-term historical movements in the month-end exchange rates over a rolling 36 month period. This analysis assumes that all other variables, in particular interest rates, remain constant. A 10.0% strengthening/weakening of the pound against the various currencies in which the Fund holds investments would decrease/increase the net assets available to pay benefits as follows.

Assets exposed to currency risk	Value at 31-Mar-19 £000	Potential market movement £000	Value on increase £000	Value on decrease £000
Overseas Equities	1,737,979	173,798	1,911,777	1,564,181
Overseas Fixed Income	226,543	22,654	249,197	203,889
Overseas Cash Fund	1,578	158	1,736	1,420
Total	1,966,100	196,610	2,162,710	1,769,490

Assets exposed to currency risk	Value at 31-Mar-18 £000	Potential market movement £000	Value on increase £000	Value on decrease £000
Overseas Equities	1,394,955	139,496	1,534,451	1,255,460
Overseas Fixed Income	228,902	22,890	251,792	206,012
Overseas Cash Fund	18,314	1,831	20,145	16,483
Total	1,642,171	164,217	1,806,388	1,477,955

b) Credit Risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities. In essence the Fund's entire investment portfolio is exposed to some form of credit risk, with the exception of the derivatives positions, where the risk equates to the net market value of a positive derivative position. However the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

Contractual credit risk is represented by the net payment or receipts that remains outstanding, and the cost of replacing the derivative position in the event of a counterparty default. The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties.

Credit risk on over-the-counter derivative contracts is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency. Deposits are not made with banks and financial institutions unless they are rated independently and meet the Council's credit criteria. The Council has also set limits as to the maximum percentage of the deposits placed with any one class of financial institution.

Notes to the Pension Fund Accounts (continued)

The Council believes it has managed its exposure to credit risk, and has had no experience of default or uncollectible deposits over the past five financial years. The Fund's cash holding under its treasury management arrangements at 31 March 2019 was £38.7m (31 March 2018: £73.4m). This was held with the following institutions:-

	Rating	31-Mar-18 £000	31-Mar-19 £000
Money market funds			
Northern Trust Global Investors Global Cash Fund	Aaa-mf	31,034	27,427
Bank deposit account			
Barclays Bank	A	42,232	4,707
Bank current accounts			
Northern Trust custody accounts	P-1	157	166
Total		73,422	32,300

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 2019 the value of illiquid assets was £600.7m, which represented 18.8% of the total Fund assets (31 March 2018: £481.1m, which represented 16.2% 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 2019 are due within one year.

d) Refinancing Risk

The key risk is that the Fund will 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 2016. The next valuation will take place as at 31 March 2019 and will be published in 2020.

The key elements of the funding policy are:

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

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

At the 2016 actuarial valuation, the Fund was assessed as 78.4% funded (72.4% at the March 2013 valuation). This corresponded to a deficit of £625m (2013 valuation: £728m) 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 2016 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 %		
	2017/2018	2018/2019	2019/2020
1 April 2017 to 31 March 2020 18.1%	£26,039,000	£17,959,000	£18,355,000

The Primary rate above includes an allowance of 0.6% of pensionable pay for the Fund's expenses. The average employee contribution rate is 6.3% of pensionable pay. Full details of the contribution rates payable can be found in the 2016 actuarial valuation report and the funding strategy statement on the Fund's website. At the previous formal valuation at 31 March 2013, a different regulatory regime was in force. Therefore a contribution rate that is directly comparative to the rates above is not provided.

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	Description	31-Mar-13		31-Mar-16	
		Nominal	Real	Nominal	Real
Price inflation (RPI)		3.3%	-	3.3%	-
Price Inflation (CPI)/ Pension increases		2.5%	-	2.1%	-
Pay increases - 2016	RPI minus 0.7% p.a.*	n/a	n/a	2.4%	(0.7)%
Pay increases - 2013	RPI plus 1% p.a.*	4.3%	1.0%	n/a	n/a
Funding basis discount rate	"Gilt-based" discount rate plus an Asset Outperformance Assumption of 1.8% p.a. (2013: 1.6% p.a).	4.6%	n/a	4.0%	n/a

*Plus an allowance for promotional pay increases.

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
2013 valuation	24.4	26.9	22.5	24.5
2016 valuation	24.0	26.3	22.4	24.4

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) **Family details** - A varying proportion of members are assumed to be married (or have an adult dependant) at retirement or on earlier death. For example, at age 60 this is assumed to be 90% for males and 85% for females. Husbands are assumed to be 3 years older than wives.
- d) **Commutation** - Future pensioners are assumed to elect to exchange pension for additional tax-free cash up to 25% of HMRC limits for service to 31 March 2008 and 63% of HMRC limits for service from 1 April 2008.
- e) **50:50 option** - 5.0% of members (uniformly distributed across the age, service and salary range) are assumed to choose the 50:50 option under which they pay 50% lower contributions and receive proportionately lower retirement benefits.

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-18		31-Mar-19
£m		£m
(4,267)	Present value of promised retirement benefits	(4,829)
2,958	Fair value of scheme assets (bid value)	3,187
(1,309)	Net liability	(1,642)

As noted above, the liabilities are calculated on an IAS 19 basis and therefore will differ from the results of the 2016 triennial funding valuation (see note 19) because IAS 19 stipulates a discount rate rather than a rate which reflects market rates.

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

Assumptions Used

	31-Mar-18	31-Mar-19
	% p.a.	% p.a.
Inflation/pension increase rate assumption	2.4	2.5
Salary increase rate	2.7	2.8
Discount rate	2.7	2.4

Notes to the Pension Fund Accounts (continued)

21. CURRENT ASSETS

31-Mar-18 £000		31-Mar-19 £000
Debtors:		
1,544	Contributions due – members	1,847
3,671	Contributions due – employers	5,900
10,117	Sundry receivables	5,614
15,332		13,361
42,232	Cash balances	4,707
57,564		18,068

22. NON CURRENT ASSETS

At 31 March 2019, a total of £1,264,000 was still due from the Ministry of Justice, with £632,000 being shown in Current Assets and £632,000 being due after 31 March 2020 shown in Non Current Assets.

23. CURRENT LIABILITIES

31-Mar-18 £000		31-Mar-19 £000
5,113	Sundry payables	3,088
441	Benefits payable	389
5,554		3,477

24. ADDITIONAL VOLUNTARY CONTRIBUTIONS

Market value 31-Mar-18 £000		Market value 31-Mar-19 £000
403	Equitable Life	363
7,741	Prudential	7,683
8,144		8,046

No contributions (2017-18: no contributions) were paid to Equitable Life during the year and total contributions of £737k (2017-18: £799k) were paid directly to Prudential during the year.

25. AGENCY SERVICES

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.

2017-18 £000		2018-19 £000
3,605	Unfunded pensions	3,625
3,605		3,625

Notes to the Pension Fund Accounts (continued)

26. RELATED PARTY TRANSACTIONS

Cambridgeshire County Council

The Cambridgeshire County Council Pension Fund is administered by Cambridgeshire County Council. Consequently there is a strong relationship between the Council and the Fund. The Council incurred costs of £2.2m (2017-18: £2.4m) in relation to the administration of the Fund and was subsequently reimbursed by the Fund for these expenses.

The Council is also the single largest employer of members of the Pension Fund and contributed £21.0m, excluding Local Education Authority schools, to the Fund in 2018-19 (2017-18: £22.1m). At 31 March 2019 there was £0.2m (31 March 2018: £2.0m) due to the Fund by the Council.

Governance

The following Pension Fund Committee members declared a personal interest due to either being a member of the scheme themselves or having a family member in the scheme:-

- Councillor Anne Hay
- Councillor Michael Shellens
- Liz Brennan
- Matthew Pink
- Tracy Roden
- John Walker
- Lee Phanco

County Council members have declared their interests in their Register of Members' Interests. Other members of the Pension Fund Board are required to declare their interests at each meeting.

Cambridge and Counties Bank

The Fund is joint owner, along with Trinity Hall, Cambridge, of Cambridge and Counties Bank (CCB). As the Fund has no controlling interest in the Bank and it is included within the Fund's financial statements as a minority interest. The Council's Section 151 Officer was a Non-executive Director on the Board of CCB, and was replaced by an Officer of the Pension Fund during the year, for which CCB paid £49,688 during the year (2017-18 £40,000) to the Council.

26(a) KEY MANAGEMENT PERSONNEL

The administration of the Fund is provided by LGSS Pensions which is a shared service arrangement between Cambridgeshire County Council and Northamptonshire County Council. The Head of Pensions in the shared service unit reported directly to the LGSS Director of Finance, followed by the Interim Managing Director of LGSS, whose costs are reported in the Northamptonshire County Council statement of accounts. Other key personnel include the Section 151 Officer who is Treasurer to the Fund, and the Head of HR. The Interim Managing Director of LGSS, the Section 151 Officer and the Head of HR are remunerated for their services to the organisation as a whole and it is not possible to identify within the overhead charge from LGSS the proportion of costs relating to these services to the Fund.

27. CONTINGENT LIABILITIES AND CONTRACTUAL COMMITMENTS

Outstanding capital commitments at 31 March 2019 totalled £315.0m (31 March 2018: £210.7m).

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.

28. CONTINGENT ASSETS

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

Glossary

ACCRUAL An amount to cover income or spending that belongs to the accounting year, which was outstanding at the accounting date.

ACTUARY An independent company which advises on the assets and liabilities of the Fund with the aim to ensure that the payment of pensions and future benefits are met.

ACS ACCESS Authorised Contractual Scheme.

ADMITTED BODIES Voluntary and charitable bodies whose staff can become members of the Local Government Pension Scheme subject to certain terms and conditions and other organisations to whom Local Government employees have been transferred under the outsourcing of Local Government services.

AUM Assets Under Management.

BENEFICIAL OWNER The true owner of a security regardless of the name in which it is registered.

BID PRICE The price at which securities are purchased by market makers.

BOND Security issued by a corporate or government body borrowing in the capital markets. Bonds promise to pay interest (coupons) during the life of the bond plus the principal sum borrowed on the redemption date. Bonds may be secured over assets of the firm or be unsecured.

CASH EQUIVALENTS Assets which are readily convertible into cash.

CIPFA Chartered Institute of Public Finance and Accountancy

COMMUTATION Giving up part or all of the pension payable from retirement in exchange for an immediate lump sum. Commutation factors (usually calculated by the Scheme Actuary) are used to determine the amount of pension which needs to be given up in order to provide the lump sum.

CONTINGENT ASSETS AND LIABILITIES Are assets and liabilities that may or may not be incurred depending on the outcome of a future event.

CONTRACT NOTE The documentary record of a trade which is sent from the broker to the investor.

CONVERTIBLE Unsecured loan stock (bond) which converts into equity of the issuing company. The UK Government also issues convertible gilts which convert into other government stock.

COUPON The regular payment made on bonds.

CTI Cost Transparency Initiative.

CURRENT ASSETS Short-term assets such as inventories, receivables and bank balances.

CURRENT LIABILITIES Amounts owed which are due to be settled in less than one year, such as bank overdrafts and money owed to suppliers.

CUSTODIAN An external body responsible for ensuring Fund assets are registered in the name of the Fund, managing the settlement of trades entered into by the Fund, collecting income arising on Fund assets and reporting transactions and values to the Fund on a regular basis.

DEFERRED PENSION BENEFIT A pension benefit which a member has accrued but is not yet entitled to receive.

DEFICIT An outcome as a result of taking away all expenses from income.

DERIVATIVE A financial instrument derived from a security, currency or commodity, or an index indicator representing any of these, the price of which will move in a direct relationship to the price of the underlying instrument. Derivatives can be used for a number of purposes - including insuring against price movements (hedging), increasing exposure to price movements for speculation or getting access to otherwise hard to trade assets or markets.

DIVIDEND The distribution of profits by a company to its shareholders. The dividend may be passed or cut if profits fall. [See also Equities]

Glossary (continued)

EARNINGS PER SHARE (EPS) The net (after tax) profits of a company divided by the number of ordinary shares in issue. This is used as the 'E' term in the P/E ratio to value shares.

EQUITIES Shares representing the capital of a company issued to shareholders usually with voting rights on the way the company runs the business. Equity holders rank last in the event of the winding up of a company.

FINANCIAL INSTRUMENTS Contracts which give rise to a financial asset of one entity and a financial liability or equity instrument of another.

FINANCIAL CONDUCT AUTHORITY (FCA) The lead UK regulator. A designated agency which is not a government department.

FIXED INTEREST CORPORATE BOND A certificate of debt issued by a company or institution in return for a fixed rate interest with a promise of redemption to repay the original sum.

FTSE-100 INDEX The main UK index used to represent the approximate price movements of the top 100 shares.

FTSE All Share Index Summarises the state of the UK equity market. It covers some 900 of the major UK industrial, commercial and financial companies.

FUTURES Instruments which give a buyer the right to purchase a commodity at a future date.

GMP Guaranteed Minimum Pension.

HEDGE To protect a fund from a fall in prices. This is usually accomplished by the selling of futures.

HEDGE FUND A limited partnership with very little restriction on the scope of its investment. Usually quoted in Luxembourg or Dublin. Hedge funds often use borrowing to gear up exposure to markets.

IDRP Internal Dispute Resolution Procedures

INDEX LINKED Stock whose value is related directly to an index, usually the Retail Price Index and therefore provides a hedge against inflation.

INTEREST YIELD The annual coupon on a bond divided by the price of a bond which is quoted without accrued interest.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) Accounting Standards, Interpretations and the Framework adopted by the International Accounting Standards Board (IASB).

ISC Investments Sub-Committee.

LGSS A partnership between Cambridgeshire and Northamptonshire County Councils to create a wholly owned public sector organisation to deliver professional and transactional support services.

LOAN STOCK Unsecured bonds, which may be convertible if they have a warrant attached.

LPB Local Pension Board.

MARKET CAPITALISATION For an individual stock it is the value of all shares held in the equity of the company. For a market or index it is the total of all the market caps of the constituent companies.

OFFER PRICE The price at which market makers will sell stock.

ORDINARY SHARES 'A' Shares which confer full voting and dividend rights to the Owner.

PENSIONS STRAIN Charges to employers to cover discretionary early retirement costs, which are the responsibility of the employer, recovered in the first year of retirement in full.

PFC Pension Fund Committee.

PLSA Pensions and Lifetime Savings Association.

PORTFOLIO A collection of investments. This can refer to the investments managed by a particular Investment Manager, or to describe the whole Fund's investments.

RAG Red, Amber and Green.

Glossary (continued)

RELATED PARTY A person or an organisation which has influence over another person or organisation.

RIGHTS ISSUE A new issue of shares offered to existing shareholders in proportion to their existing holdings. Usually offered at a discount to entice take-up, which causes the existing shares to fall in value to the theoretical ex-rights price.

SAB Scheme Advisory Board.

SCHEDULED BODIES Local Authorities and similar bodies whose staff are entitled automatically to become members of the local Authority Pension Fund.

STOCK Shares (e.g. Common stock). However, UK Gilts are more correctly described as stock.

SURPLUS An outcome as a result of taking away all expenses from income.

TRANSFER VALUES Sums which are paid either to or received from other pension schemes and relate to new and former members' periods of pensionable employment with employers participating in the scheme.

TREASURY MANAGEMENT A process which plans, organises and controls cash, investments and borrowings so as to optimise interest and currency flows, and minimise the cost of funds.

TRUST Investments are owned by trustees for the underlying beneficial owners. A unit trust is a trust, incorporated under a trust deed. An investment trust is a company, not a trust.

UNIT TRUST An open-ended trust investing in a wide spread of stocks, shares and cash (subject to FSA limits). Investors buy units directly from the Investment manager to participate in a diversified portfolio. Unit trusts are subject to FSA investment and borrowing regulations.

WARRANTS Long dated options warrants give the holder the right to buy/sell a specified quantity of a particular stock, or any other asset, at a fixed price on or before a specified date.