

CAMBRIDGESHIRE PENSION FUND BOARD



Friday, 04 October 2019

Democratic and Members' Services

Fiona McMillan
Monitoring Officer

10:00

Shire Hall
Castle Hill
Cambridge
CB3 0AP

**Kreis Viersen Room
Shire Hall, Castle Hill, Cambridge, CB3 0AP**

AGENDA

Open to Public and Press

- 1. Apologies for absence and declarations of interest**
Guidance on declaring interests is available at
<http://tinyurl.com/ccc-conduct-code>
- 2. 5th July 2019 Minutes of the Cambridgeshire Pension Fund Board** **5 - 14**
- 3. Minute action Log** **15 - 20**

ITEMS FOR INFORMATION

- 4a) Minutes of the Pension Committee 13th June 2019** **21 - 30**
- 4b) Minutes of the Pensions Committee 25th July 2019** **31 - 36**
- 5. LGC Investment and Pensions Summit Update**
Verbal discussion

STANDING ITEMS

6.	Valuation of the Pension Fund Update	37 - 40
7A)	Business Plan Update Report	41 - 54
7B)	Administration Performance Report	55 - 64

Exclusion of Press and Public

Should the Committee wish to discuss the appendix to 7b) it will need to resolve that the press and public be excluded from the meeting on the grounds that the agenda contains exempt information under Paragraphs 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, and that it would not be in the public interest for this information to be disclosed information relating to the financial or business affairs of any particular person (including the authority holding that information)

8.	Governance and Compliance Report	65 - 96
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PRE SCRUTINY ITEMS

11.	Anti Fraud and Corruption Policy Review	121 - 134
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14.	ACCESS Asset Pooling Update	237 - 248

- 15. Review of Board Size 249 - 254**
- 16. Forward Agenda Plan 255 - 258**
- 17. Date of Next Meeting - 24th January 2020**

The Cambridgeshire Pension Fund Board comprises the following members:

Councillor Simon King (Chairman) Mr David Brooks (Vice-Chairman)

Mr Barry O'Sullivan Councillor Denis Payne and Mr John Stokes and Councillor Elisa Meschini

For more information about this meeting, including access arrangements and facilities for people with disabilities, please contact

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MINUTES OF THE CAMBRIDGESHIRE LOCAL PENSION BOARD

Friday 5th July 2019

Members of the Board in attendance:

Employer Representatives – County Councillors E Meschini, S King (Chairman) and Parish Councillor D Payne

Scheme Member Representatives - D Brooks (Vice Chairman), B O'Sullivan and J Stokes

Officers in attendance:

M Oakensen - Governance Officer

C Blose – Employer Services and Systems Manager

D Cave - Democratic Services Officer

J Walton - Governance and Regulations Manager

P Tysoe – Investment and Fund Accounting Manager

Time: 10.00 am to 12.35 pm

Place: KV Room, Shire Hall, Cambridge

**ACTION
BY**

104. ELECTION OF CHAIRMAN/WOMAN AND VICE-CHAIRMAN/WOMAN

It was resolved unanimously to elect Councillor Simon King as Chairman of the Board for the municipal year 2019-20.

Councillor King thanked members for their support and input over the past year.

It was resolved unanimously to elect David Brooks as Vice-Chairman of the Board for the municipal year 2019-20.

105. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

There were no apologies for absence.

106. MINUTES OF THE PENSIONS FUND BOARD 3rd MAY 2019

The minutes of the meeting of 3rd May 2019 were approved as a correct record and were signed by the Chairman.

107. MINUTES ACTION LOG

Discussing item 98 (Reappointments to the Board) – it was noted that maintaining the level of expertise in Local Pension Boards was raised as an issue at a recent conference that a number of members had attended, where Board members from across the Country had expressed similar concerns about succession arrangements. “Ghost” members had been discussed, but Democratic Services had responded that given it was difficult to find six committed Board members, this was unlikely to be a viable solution. The other suggestion raised at the conference was having a membership of four rather than three member scheme representatives, so that meetings were still quorate when someone was absent. It was noted that membership of more than six overall members on the Board was permissible, if proportionality was maintained. The Vice Chairman suggested that members could have different lengths of terms, or staggered terms, to ensure continuity. It was agreed that options could be reviewed as part of the review of Terms of Reference, along with ideas on recruitment. **Action required.** It was pointed out that meetings were open to the public and members interested in joining the Board could attend meetings to get a better understanding of how the Local Pension Board worked.

The Minute Action Log was noted.

108. MINUTES PENSION FUND COMMITTEE 13th JUNE 2019

Both confidential and public versions of the Pension Fund Committee minutes had been provided to the Board for information.

A Member noted that in their consideration of the Administration & Performance report, the Pension Fund Committee had spent time looking at overpayments, but underpayments did not appear to have been explored by the Committee, and it was unclear whether any action was required. It was agreed that this issue would be explored further when the Board looked at the Data Improvement Plan report later in the meeting, which was one of the reports presented to Pension Fund Committee.

There was a discussion around the different pools of employers in terms of contributions. Strong concerns had been expressed about the viability going forward of Parish Councils and charities at a recent Employer day in Girton. Officers assured Board members that all Employer pools were treated with the same level of diligence and detail, and the future approach to Contributions would be considered at the Pension Fund Committee later in the year. These issues would also be covered in some detail in the Valuation presentation later in the meeting.

109. ADMINISTRATION REPORT

The Board considered a report which considered key areas of administration performance of the Cambridgeshire Pension Fund.

The following points were noted:

- With regard to the Stage 1 dispute set out in the report, since the agenda had been published, the scheme member had advised that they would be progressing to a Stage 2 dispute;
- With regard to the Stage 2 dispute relating to the refusal to permit payment of a transfer value, the scheme member had not yet advised whether they would be progressing this complaint further, and that they had six months to do so;
- In relation to Appendix 3 (Receipt of Employee and Employer contributions), the jump in the number of Employers paid late in April 2019 probably related to the financial year end, but officers agreed to check and respond to the Board. **Action required;**
- In Appendix 4 (Late payment of employer contributions), one employer appeared twice. Action was taken if there were three late payments within a six month period. Some of the Employers were very small e.g. Parish Councils, and an isolated late payment may result from the absence of a key member of staff e.g. the Parish Clerk;
- Vero HR Ltd repeatedly appeared in these reports a late paying employer. The range of tools open to the Fund for late paying employers were noted, e.g. reporting breaches to the Pension Regulator, and charging interest and administration charges, but it was often too soon to start charging interest. Ultimately, Admission Agreements can be terminated if an Employer repeatedly breached the terms of their agreement.

**M
Oakensen**

It was resolved to note the Administration Performance Report.

110. GOVERNANCE AND COMPLIANCE REPORT

This report provided information on issues concerning the governance of the Local Government Pension Scheme, as well as potential, new, amending and overriding legislation that would have an impact on how the Scheme was managed, and on Scheme members' benefits.

Members noted that the Scheme Advisory Board had recently issued guidance on the approach to be taken with regard to the liability arising from the outcome of the McCloud case in terms of the 2019 triennial valuation process. The Board was reminded that the McCloud case had challenged the 2014 Regulations on grounds of being age discriminatory, and the government had indicated that they would be appealing that outcome, but subsequently the government had announced that they would not be appealing.

It was unlikely that there would be any firm decisions on the impact of this case prior to 31/08/19, so the Valuation would be progressed on the basis of the Scheme as it currently stood. Estimates on the financial impact of the McCloud case had been put forward but it was difficult to estimate with any degree of accuracy the likely impact, or indeed any resource implications in terms of staffing. It was clarified that the age discriminatory element related to protection for those within ten years of their retirement, but not for younger scheme members. It was clarified that the “intended 19.5% target cost” related to 19.5% of Payroll at a national scheme level.

The Scheme Advisory Board had commissioned Hymans Robertson to facilitate a review of governance models for the LGPS – “the Good Governance Review”. Four proposed models were proposed to stakeholders, specifically 1) Improved Practice, 2) greater ring fencing for the LGPS within existing structures 3) Joint Committee and 4) Combined Authority (for administering LGPS Pension Funds). The Vice Chairman commented that whilst he and the Chairman had had notice of the consultation, they had not had much time to respond. It was noted that there would be a report back to the Scheme Advisory Board on the outcome of the Good Governance Review in July.

Another Member commented that with regard to good governance, every single member of the ACCESS asset pool was a Councillor, and the ACCESS Board included no representation from employees. It would be difficult to have greater separation from Councillors when things had been made worse by pooling arrangements. Officers acknowledged this point but commented that the Pension Fund Committee, which ultimately made the decisions on pension administration and investment, had equal representation from Councillors and employees. Members also discussed the degree of separation of the Pension Fund from the Council’s own finances, noting that the way that the LGPS was set up provided these checks and balances, but there was always the need for vigilance and scrutiny of the type provided by the Local Pension Board to ensure that this was never conflicted.

HM Treasury had launched a consultation on the draft regulations entitled “Restricting exit payments in the public sector: consultation on implementation of the regulations”. This related to a proposed £95,000 cap on exit payments in the public sector. Members and officers discussed the impact on both Employers and Employees, especially on strain costs when redundancy was involved. This not only impacted on high earners, but also moderate earners who had accumulated significant service.

Officers advised that in terms of training, all the self assessments had been completed, and training plans would be developed over the next few months. Members were encouraged to attend the Information Day on 17th July, which would effectively wrap up the two year programme of CIPFA training. The Chairman stressed the importance of training to even the most experienced Board members.

It was resolved:

To note the report contents.

111. RISK MONITORING

Following previous agreement from the Board on the process of monitoring risks, the Cambridgeshire Risk Strategy and Risk Register were reviewed and approved by the Pension Fund Committee on 28th March 2019. The Board was asked to review the current risks facing the Fund as set out in Appendix 1 of the report, and advise if the officer conclusions set out in paragraph 2.1 were agreed.

Members noted progress against reviews, including changes to risks 6, 24 and 25. Members were reminded that the Risk Register was a large document, and a lot of time had been spent streamlining it to make it more manageable. With this in mind, the intention was not to continually add to it, but it was important to highlight short term risks as they occur, such as McCloud. A Member commented that short term risks could be reported to Board as and when, and it was agreed that that was the right approach.

A Member commented that at a recent event, there had been an alarming presentation on cyber risk, and it appeared that some Funds' data had actually been accessed, and Member information corrupted. Cyber risk was clearly a major concern for the Pensions Regulator. The Member asked if it was possible to include a specific risk "cyber risk" on the Risk Register to cover that combination of cyber threats, rather than identifying those risks individually in the current Register structure.

Officers advised that there had originally been one risk identified, but this had since been encapsulated in Risk 12, but they were happy to review it, with a view to putting more detail under controls to ensure that everything was covered. **Action required.**

It was resolved:

Having reviewed the current risks facing the Fund as set out in Appendix 1 to the report, the Board were content to agree with the officer conclusions as set out in paragraph 2.1 of the report.

112. MONITORING AND MANAGING OUTSOURCED PROVIDERS

Members considered a presentation on monitoring and managing outsourced providers.

The Fund had recently undertaken a procurement exercise for actuarial services, and appointed Hymans Robertson. The contract was procured through the National LGPS Framework, which saves the Fund considerable time and money, especially on OJEU work. The Hymans contract will run up until 31st March 2023, and the services it covered were noted, including triennial valuation, calculation of employer contribution rates, assets, liabilities and cessation payments; advice on Funding Strategy Statement, admission agreements; Cash flow modelling, covenant analysis.

AON had been appointed on 1st April 2018 to provide Benefits and Governance Consultancy services, focusing on advice on administration and governance. AON were also currently processing undecided leaver cases.

ITM had been appointed to undertake the Guaranteed Minimum Pension Reconciliation and Rectification on 1st June 2017. This work could not have been undertaken in house as the resource was not available. Progress reports were provided every two weeks.

The Pensions Administration Software, 'Altair', was currently provided by Aquila Heywood. At the time that contract had been procured, Aquila Heywood had been the only provider in the market, but there were now more providers, as the market had been opened up to a lot of competition. The current Contract would run out in 2021. Altair provided the Fund with a Pensions administration platform, Pensioner payroll platform, i-Connect and Member Self Service and Employer Self Service.

Member Data Services were provided by Accurate Data Services. It was difficult to judge performance as it was still early days. A Cost Benefit Analysis would be provided in future to establish how the effectiveness of this contract.

Western Union was used for proof of existence for overseas pensioners. This contract was supposed to start on 1st July 2019, but not enough reassurance had been given on GDPR issues. The project would not go ahead if they did not sign the GDPR Addendum.

Generalist legal services were currently provided by LGSS Law, which was now a separate company to LGSS. Eversheds Sutherland were used for specific administration advice e.g. overpayment of pensions. This contract would be retendered over the summer. In response to a query, it was confirmed that there was no compulsion or contractual obligation to use LGSS Law, but they were very reasonably priced for generalist work

For Data Auditing, the Pensions Regulator allowed the Fund to use a smaller data set for scheme specific data. Officers were working with ITM on this so that there was a standard set of data.

In response to a Member query, officers outlined how national frameworks for procurement work, and the benefits they conferred not only to founder members, but all those that use them, eliminating a lot of costs, and benefitting from considerable expertise and experience.

It was resolved:

- a) To note the report.

113. ACCESS ASSET POOLING UPDATE

The Board considered an update on asset pooling through the ACCESS asset pool. All reports that were considered by the ACCESS Joint

Committee had been circulated to Board members, and officers stressed the confidentiality of these reports not just to the Cambridgeshire Pension Fund, but to partner authorities. The reports had been shared to provide full transparency to the Board on the activities of ACCESS pool, to enable a full informed discussion to take place.

Members noted:

- that Kent County Council were doing an excellent job supporting the Joint Committee;
- the Annual Report, which had been endorsed by all eleven member authorities;
- all asset pools were being invited to talk to the government minister about progress. The ACCESS Pool was proud, as it was progressing faster than most. Three County Councillors representing the ACCESS Joint Committee, plus various officers were meeting with the government minister today;
- an update on the management of the Link contract by the ACCESS Support Unit;
- the challenges faced appointing a director to the Access Support Unit, and the likelihood that there was an excellent internal candidate coming through. A Member observed that this would result in a succession planning issue for the authority in question;
- Monitoring Officers of all partner authorities had reviewed the Governance Manual and endorsed the Inter Authority Agreement for progression through their respective governance processes. A view was being taken collectively by the Monitoring Officers as to whether this included material changes which required approval e.g. by each authority's full Council meetings;
- Exempt Appendix D in the reports, which demonstrated some of the benefits ACCESS arrangements had brought to date. £477K savings had been achieved in costs through the appointment of a new passive mandate (UBS), which included some of the revised passive and Smart Beta options which would be much more expensive outside of the ACCESS contract, and this blended return approach had outperformed UK equities by 3.2%, generating an additional £10M. It was stressed that the ACCESS arrangements were not just about fee savings, but also value for money. The issue of transparency was raised, and officers advised that many fees had been taken at source, whilst the Code of Transparency was aiming to ensure integrity and consistency on how fees are shown. All equity and fixed income investment managers would be providing statement of costs;

Noting Exempt Appendix D, a Member asked about the story widely reported in the news about the Kent Pension Fund's investment in Neil Woodford's Equity Income Fund, and how this fitted in with the ACCESS

arrangements. Officers confirmed that this was outside of the pooling arrangements and only affected the Kent Pension Fund. ACCESS was launching more sub-funds, and there could be up to 35 sub-funds in total; however, all sub-funds had to meet VFM and size criteria, and critically, all eleven ACCESS member authorities had to agree. A number of passive and active sub funds had been introduced to date but ultimately 75% of fee savings would arise when ACCESS ventured in to illiquids (infrastructure, property etc) which represented 25% of total Fund investments.

In response to a Member question it was confirmed that all eleven partners were actively working on a Responsible Investment Statement, and Members were reminded that there had been an Information Day where ESG issues were explored in detail.

It was resolved to:

- a) Note the asset pooling update;
- b) Note the agenda, minutes and public reports from the ACCESS Joint Committee meeting held 11th June 2019;
- c) Note the value for money asset pooling update.

114. REPORTS PRESENTED TO THE PENSION COMMITTEE ON 13TH JUNE

Following the review by AON, it had been agreed to bring all the reports that had been presented to the most recent Pension Fund Committee as one item. Members were asked to let officers know if they preferred this new format or would rather receive information by individual report.

Business Plan Update: with regard to the Guaranteed Minimum Pension Reconciliation project, HMRC had still not provided all the information required, and informally it had been suggested that this was because HMRC were dealing with a large volume queries.

Data Improvement Plan Progress Report: referring back to the earlier discussion, it was noted that the Committee had focused on overpayments but had not really addressed underpayments. Officers confirmed that they had dealt with all underpayments and paid all amounts owing. The way in which underpayments were identified was explained, through comparing variances between Payroll and Administration.

Councillor Meschini indicated that she preferred to receive reports electronically, and it was confirmed that this was not a problem. **Action required.**

**Democratic
Services**

Members considered an update on actuarial issues, which focused on the Funding Strategy, the contribution rate modelling and Employer pooling. The benefits that scheme members receive had to be balanced against the income to the Pension Fund, specifically investment returns and contributions. The only variable on the asset side was contribution rates. Therefore it was important to get a prudent assumption of the cost of benefits so that the contribution rate could be ascertained.

Different contribution rates were set for different employers, e.g. Councils, Academies, Colleges, Contractors, Charities, based on the differing targets, timescales and risks of those Employers. Charities in particular were short term and potentially high risk, so contributions were set on a more prudent basis. Ultimately the Funding Strategy governs how the Pension Fund was run, and this would be considered at the December meeting of the Pension Fund Committee, following consultation.

When assessing contribution rates, the Actuary considered a wide range of economic scenarios and their impact on Employers over time. The focus was on the likelihood of meeting funding targets, set against worst case scenarios. Employers were then grouped and a proxy was selected, usually an outlier so that what works for the proxy, works for the whole group. Looking at the example given, it was noted that Fenland District Council was high maturity, which was why it was in a group of its own.

A meeting had been held with Chief Finance Officers/Section 151 Officers in May 2019, where they had been asked to let officers know their contribution strategy recommendations, including prepayment options. Most had expressed a preference for paying more now than in the future, and none had asked for a reduction.

Employer pooling was a major piece of work which officers had previously considered and now judged the time to be right. The issue with small admitted bodies was that there were no guarantors behind them. Parish Councils and Drainage Boards were pooled to mitigate major risks – these were typically Employers with only one or two members, and the strain costs could significantly damage funding levels. Pooling these employers reduced the volatility of contribution rates. Retaining the status quo was not seen as an option, as analysis suggested that action was required. However, in practice it could result in huge increases in contribution rates for a small number of Employers, and one option may be to remove the outliers, or disband each pool and allocate Employer assets based on the average pool funding level. Another option would be to investigate “walk away” options for pool members.

In the discussions to date with Employers, the principles had been set out, and preferences requested, but individual levels had not been shared as that would result in a stalemate. This issue would be considered by Pension Fund Committee in October. It was confirmed that the decision on this matter was in the Committee’s gift – it did not require the consent of individual employers.

A Member commented that Parish and Town Councils were identical to District and County Councils, and should be treated the same, and this should be reflected with the evenness of contributions. He also noted that the consultation had gone out to Town and Parish Councils in the last few days, asking for response by end of month, when some Parish Council only met once every two or three months. Whilst these issues had been discussed at the Employer Forum, not that many Parish Councils were present. Moreover, this was a complex issue, and Parish and Town Councils may not have individuals with the requisite knowledge to

understand the issues involved. Responding, officers commented that Parish and Town Council do not have the same ability to raise money, having relatively modest precepts, in comparison. They also outlined the timescales and constraints involved and why the consultation had to be relatively short. Officers agreed to send an explanation on why the consultation may not fit in with their cycle of meetings when they emailed a reminder about the consultation response. **Action required.**

C Blose

In response to a Member question, it was confirmed that the outliers would be treated as individual Employers. A number of changes had prompted this review of pooling of Employers, including the requirement for cessation payments.

In terms of the format of the report, it was concluded that it was preferable to receive it as individual reports.

The report was noted.

115. CAMBRIDGESHIRE LOCAL PENSION FUND BOARD ANNUAL REPORT 2018-19

The Democratic Services Manager presented the Annual Report. It was noted that the Annual Report had been reviewed by the Councillor King, and would be submitted to full Council in October, and would also be published on the Pension Fund website.

It was resolved:

To note the Annual Report.

116. AGENDA PLAN

The Agenda Plan was noted.

Minutes - Action Log

This log captures the actions arising from the Cambridgeshire Local Pension Board and will form an outstanding action update from meetings of the Board to update Members on the progress on compliance in delivering the necessary actions. Action log updated as at 17th September 2019.

Minute	Report Title	Action for	Action	Comments	Status	Due date
Minutes of 3rd May 2019						
88.	Governance and Compliance report	Mark Whitby	An Exit Cap Consultation had been received with a June / July deadline. The response, which would be the subject to prior consultation with the Board, would be provided at the October meeting.	Included as an appendix in the October Governance and Compliance Report.	Completed.	October 19
93.	Data Improvement Plan Progress Report	Joanne Walton	The Chairman suggested that while the new layout was an improvement, it would be helpful if in the table the timescale column could be expanded to provide perhaps two interim milestone targets as currently the target dates appeared to look as if they were being set up to fail.	To consider revised layout to include milestones.	Completed.	October 19

Minute	Report Title	Action for	Action	Comments	Status	Due date
96.	Cambridgeshire Pension Board Effectiveness Review Actions	Democratic Service	Democratic Services to review the terms of reference and the delegated authorities so that all Pension related Committee functions are included in one place.	Democratic Services updated the County Council Constitution in July so now all the Pension related Committee functions are included in one place and this revised version has been published on the CIMIS website. Democratic Services are currently awaiting information from Pensions officers regarding proposed changes to the Terms of reference with the aim of providing revised terms of reference for consideration at the Board meeting in January.	Ongoing.	Jan 2020

Minute	Report Title	Action for	Action	Comments	Status	Due date
98.	Re-Appointments to the Board	Democratic Services	<p>It was suggested that officers needed to consider the future succession arrangements as there could not be an expectation that the three re-appointments would wish to serve for a further four year term after 2023 and unless arrangements were undertaken in good time, there might be a position where the Board was not able to function for a period if the full membership was not achieved.</p> <p>It was suggested officers might wish to look in the future of whether it was possible to appoint by thirds.</p>		<p>Report by Democratic Services included on the agenda</p> <p>Noted.</p>	<p>Completed</p> <p>March 2020</p>

Minute	Report Title	Action for	Action	Comments	Status	Due date
Minutes of 5th July 2019						
109.	Administration Report	Michelle Oakensen	In relation to Appendix 3 (Receipt of Employee and Employer contributions), the jump in the number of Employers paid late in April 2019 probably related to the financial year end. Officers agreed to look into this and respond to the Board with their findings.	Two reasons have been provided for the jump in late paying employers; 1) dealing with year-end processes and 2) there was confusion by a few employers thinking they needed a new payment schedule but this was not the case, they needed to change the year on the drop down menu.	Completed.	
111.	Risk Monitoring	Michelle Oakensen	Officers advised that there had originally been one cyber risk identified, but this had since been encapsulated in Risk 12, but they were happy to review it, with a view to putting more detail under controls to ensure that everything was covered	Included as part of the Risk Monitoring Review for this meeting.	Completed.	

Minute	Report Title	Action for	Action	Comments	Status	Due date
114.	Reports presented to the Pensions Committee on 13 th June	Democratic Services	Councillor Meschini indicated that she preferred to receive reports electronically	<p>Democratic Services agreed in the meeting that they are happy to send future reports electronically.</p> <p>Members to note that Pension Fund Committee meeting private minutes are unable to be circulated electronically to members without Cambridgeshire County Council e-mail addresses, however these will be provided in the papers and electronic copies can be requested and sent outside of the system.</p>	Completed.	
114.	Reports presented to the Pensions Committee on 13 th June	Cory Blose	Officers agreed to send an explanation on why the employer pooling consultation on the timing and future stages of the Employer pooling consultation.	This was circulated to the employers by Cory on 16 th July 2019.	Completed.	

MINUTES OF THE PENSION FUND COMMITTEE

Date: Thursday 13th June 2019

Time: 10.00 a.m. -12.30 p.m.

Place: Kreis Viersen Room, Shire Hall, Cambridge

Present: Councillors: D Ambrose Smith (substituting for Cllr Gardener) A Hay, R Robertson T Rogers (Chairman) J Schumann and M Shellens; L Phanco, M Pink, and J Walker

Officers: C Blose, S Heywood, M Oakensen, R Sanderson, J Walton and M Whitby

Consultants: D Green Hymans Robertson LLP

Observers: Councillor S King and D Payne

Apologies: Councillors P Downes, I Gardener and D Seaton.

134. DECLARATIONS OF INTEREST

Lee Phanco declared an interest as a member of an LGPS scheme (not the Cambridgeshire Fund) and as a Director of the Cambridge Sports Hall Trust.

Matthew Pink declared a personal interest as both he and his wife were active members of the LGPS.

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

John Walker later in the meeting declared a personal interest (i) as a retired member of the Local Government Pension Scheme (LGPS), (ii) his daughter-in-law was a current member of the LGPS and (ii) his son was a deferred Member of the LGPS.

135. MINUTES OF THE PENSION FUND COMMITTEE MEETING HELD ON 28th MARCH 2019

The minutes of the Pension Fund Committee meeting held on 28th March 2019 were approved as a correct record and were signed by the Chairman.

Issues arising:

With reference to Minute 127 'Investment Strategy', a Member queried the resolution reading "It was resolved by a majority ... " asking why the individual Member voting record was not shown. The Democratic Services officer explained it was not County Council policy to show individual voting in a committee meeting unless a Member specifically asked at the time of the vote that the way they had voted be recorded in the minutes. In

reply to whether this applied to the Pension Committee, the Chairman confirmed that the Committee would be following the same protocol.

On the same minute on page 15 on the paragraph reading: "The Committee discussed how the Fund would manage negative cash flow in future years, and also how the significant passive portfolio (approximately 40%) factored in to the Investment Strategy" Councillor Robertson requested details of the discussion. As the Democratic Services officer who attended the last meeting was not present, they would be asked to look at their notes and provide the Councillor with more detail in an e-mail outside of the meeting.

Action: Democratic Services / the Chairman agreed to ask Dawn Cave who had minuted that meeting.

136. MINUTES ACTION LOG

On item 115 stating that a draft response had been circulated to members in response to the question received from Dr Smith, an oral correction was given indicating that although a couple of drafts had been provided to Mark Whitby, the response had not yet been circulated but a final version was expected to be able to circulated in the next two weeks.

On item 122 stating that a report on measures to automate monthly data collection would be circulated before the end of June, it was confirmed that this was still on target.

The Committee noted the Minute Action Log with the above correction.

137. GOVERNANCE AND COMPLIANCE REPORT

This report provided the Committee with updates on:

- a) Activities of the Local Government Pension Scheme Advisory Board.
- b) Information on Government Consultations affecting the Local Government Pension Scheme
- c) Skills and knowledge opportunities.

Attention was specifically drawn to the following issues:

- The pause in both Her Majesty's (HM) Treasury and Scheme Advisory Board cost cap processes due to the uncertain outcome of the McCloud case that might see a change to transitional protection put in place when the LGPS was reformed in 2014. Paragraph 2.1.4 set out the possible outcomes.
- Paragraph 2.2.4 set out the four possible options that had been considered under the Scheme Advisory Board's good governance review which had been the subject of consultation with stakeholders.
- Paragraph 3.3 'Consultation on Exit Payments Cap' (Government consultation on plans to introduce a £95k cap on exit payments in the public sector). Paragraph 3.6 set out the details which had particular implications for those members at 55 and over being made redundant and who were currently entitled to both a redundancy payment and their strain cost of paying their pension without reductions would exceed this cap figure. Officers would be drafting a response to the consultation on behalf of the Fund and would be circulating it to the Chairman and Vice Chairman prior to submission to HM Treasury. There was a request to include in the response

seeking clarification on who would be the decision maker and any decision making exemptions to be given, as it would be impractical to go back to the Treasury for a response in each particular case that could arise. **Action: Mark Whitby**

Later in the meeting the Chairman drew Committee Members attention back to pages 28-29 of the agenda regarding the list of internal and external training and events in 2019-20 and reminded them to let the officers know if they wished to participate in any events to help increase their training credits and so that the organisations could be contacted to confirm attendance.

One Member questioned the value of the credits given and whether more than two credits should be given for the larger seminars which was the case with some other organisations. The credits system had previously been agreed by the Committee and were as follows:

- 2 credits for a full day
- 4 credits for more than one day
- 1 credit for ½ day

There was a request for a review of the credits system as Councillor Robertson could not justify the amounts of time required currently to earn the necessary number of credits. Agreed that there should be a report to next meeting reviewing the credit system to ascertain whether it was still fit for purpose or required amendment. **Action: Michelle Oakensen**

There was a request that an updated list should be sent to all the Members of the Committee which included venue details **Action: Michelle Oakensen**

It was resolved:

To note the report.

138. ADMINISTRATION AND PERFORMANCE REPORT

This report provided updates in the following areas:

- Variances against the forecast of investments and administration expenses as set out in Appendix 1 of the report.
- Key Performance Indicators LGSS Pensions - as set out in Appendix 2 to the report.
- Receipt of Employee and Employer Contributions as detailed in Appendix 3 to the report.
- Details of late paying employers as detailed in the confidential Appendix 4.
- A new section - Breaches of the Law of which, there were none to report.
- Another new section for more regular reporting - Members Dispute Resolution Procedure details - including Stage 1 and Stage 2 disputes and disputes escalated to the Pension Ombudsman as set out in section 2.5 of the report.
- Large overpayments over £3k detailed in section 2.6 of the report – there was one of just over £10k which would need to be recovered and was a result of not being informed of a person's death. An invoice had been raised.

In discussion:

- On the disputes statistics in paragraphs 2.5.3 (Stage1) 2.5. 4. (Stage 2) and 2.5.5 (Stage 3 – the Ombudsman) asking what were the timescales? Stage 1 the timescale for a response was two months, Stage 2 involved the Monitoring Officer was two months and could be longer if more time was required to make an informed decision, while Stage 3, as it involved an independent investigation by the Ombudsman, had no specific timescales and one case had recently taken over a year. The figures showed there were very few cases in any of the stages.
- On the Key Performance Indicators (KPIs) officers were congratulated for all targets having been met. It was suggested by more than one Member that there was a need to review them on whether some required more challenging targets. This should be on the basis of whether it could improve the customer experience, whilst at the same time not unduly putting pressure on limited officer resources. An example highlighted being the target to notify leavers of deferred benefit entitlement within 15 working days of receiving all relevant information. The Head of Pensions confirmed that the KPIs were being reviewed but cautioned that they were already challenging to meet, as not all were a complete process, as some involved information being provided by employers. **Officers would take the comments on board with the intention of bringing back a report to Quarter 3 which would include full customer journeys. Action: Michelle Oakensen.**
- On whether details were known of Eastern Europeans leaving as a result of BREXIT and their impact on the Fund it was clarified that employers already had turnover of around 15%. Local Government reorganisation e.g. Northamptonshire County Council was seen as having a far greater impact on the administration functions of the Pension Fund than BREXIT
- Member allowances query - This had been discussed with Democratic Services and going forward there would be more independence on how these would be paid.

It was resolved:

To note the report.

139. DATA IMPROVEMENT PLAN PROGRESS REPORT

This report detailed progress made against the Pension Fund Data Improvement Plan with a summary of the full list of data activity improvements included in Appendix 1 to the report and the activities in progress set out in section 2 of the report. Highlighted as a good news update was that the 8 variance cases referred to had now been reconciled.

In discussion;

- With reference to page 54 Data reference activity 4 – Resolution of scheme specific data fails identified in the 2018 Data Audit - it was confirmed in answer to a question that extending the completion of this work for a year was not an issue as the Pensions Regulator would be satisfied that progress was being made. Pensioner payroll vs Pension Administration Reconciliation and Rectification - On the overpayments tables under section 2.3.3 it was suggested that it would be useful to see the financial

details to get an idea of what the highest and lowest were. It was indicated that this information would be provided in the October report. **Action: Jo Walton.** (It was also suggested by one Member that the median would be useful if looking at the average overpayments). In reply to the question raised, the range varied between £2 and £10k and over, of which there was one of the latter, as already referred to earlier in the meeting.

It was resolved:

To note the report.

140. PENSION FUND ANNUAL BUSINESS PLAN UPDATE 2019-20

This report presented an update of the Pension Fund Business Plan.

Issues raised in debate included:

2.2.1 GC2 Procure a supplier of mortality screening and Member Tracing Services and process Results - Accurate Data Services had been awarded the contract following a further competition using the National LGPS Framework for Member Data Services. One Member suggested that regarding the intention to report on the improvements made to the quality of the Fund's data, information should also be provided on the percentage of errors. The officers intended to report back in October on the value of undertaking the exercise.

2.3 GC7 Complete the Guaranteed minimum Pension Reconciliation Project with Rectification of members records As an update it was reported that Her Majesty's Revenues and Customs Service (HMRC) had still not provided all the information required. One Member indicated that for Fund members he would wish to see errors resolved earlier rather than later, and asked what pressure could be put on HMRC. It was agreed that officers would find the appropriate methods to raise concerns with HMRC about the pace the information was being supplied. Every Pension Fund in the UK was experiencing the same problems in terms of having to complete the exercise.

2.3.1 CSEM 1 Incorporate employer covenant monitoring into the valuation cycle – Employer management was becoming one of the biggest challenges in managing the Fund. Assessing an employers' covenant (its ability to support the Pension liabilities now and in the future) was an important step in ensuring the security of the Fund. A query was raised regarding what was the expected outcome of the covenant monitoring. The intention was to provide an oversight to ensure no employer was at more risk of not being able to meet its liabilities. Further Education Colleges and small charities were currently identified as being at the most risk. A follow up question was raised regarding the McCloud case and its implications. It was reiterated that until the case was resolved and the outcome known, only could its impact be assessed for different employers and until such resolution, the Fund was required to continue with the existing benefits structure. It was confirmed in response to a query that the same transition arrangements would apply to all the types of employers.

2.3.3 CSEM4 Implement monthly data collection for all employers – there was a request for an update on the expected completion date for all employers in using the new

on line data portal for monthly submissions. Different deadlines were required for different employers and the next tranche was scheduled for July. The deadline for taking on board the 80 employers referred to in the section, was August.

2.4.2 OPS2 Design a range of customer experience key performance Indicators and those key performance indicators on the next two pages where it was being indicated that they were on target, it was suggested that they should have details of the target dates of all activities in the Business Plan. The target quarter when the work was to be undertaken for Operations KPI's were included in the table in 2.4. **Action: It was agreed that in future reports the tables should all also provide target dates rather than just the quarter the work would be undertaken in. Jo Walton**

Whether if the McCloud judgement resulted in additional administration work with regards to implementing backdated changes the Pensions Service had enough staff resource to deal with the consequences. Should more resource be required officers would come back to the Committee but currently the Head of Pensions was comfortable with existing staff resources. If the final judgment was in respect of retrospective contributions, then the issues would be more for the employers.

The Chairman made reference to the compulsory Effectiveness Plan and Review Questionnaire that had been e-mailed out to all members to help gauge how effectively the Committee was operating. As only four returns had so far been received even after an extension was given, hard copies would be handed out at the end of the meeting and placed in the pigeon holes of those members who were not present, with a requirement to return them no later than 30th June.

It was resolved:

To note the Pension Fund Business Plan Update for the period ending 31st May 2019 of the 2019 /20 financial year.

141. CAMBRIDGESHIRE PENSION FUND – 2019-20 COMMUNICATION PLAN

This report presented the above Plan setting out the communications activities for the 2019-20 scheme year for Committee approval. The main change was pushing ahead with electronic communications.

As an oral update it was reported that a new Communications Officer had now been recruited

It was resolved:

To approve the Communications Plan located in Appendix 1 of the report.

142. EMPLOYER ADMISSIONS AND CESSATIONS REPORT

This report informed the Committee of the admission of four admitted bodies, one scheduled body and three cessations from the Cambridgeshire Pension Fund.

Reference was made that regarding those who joined, in most cases there was not the choice to refuse them. **There was a request that in future reports it was made clearer which of those listed admittance were ones where the Fund had no discretion.**
Action: Cory Blose

It was resolved to:

1. Note the admission of the following admitted bodies to the Cambridgeshire Pension Fund and approves the sealing of the admission agreements:
 - *Caterlink*
 - *Aspens Services Limited*
 - *Edwards and Blake*
 - *ABM Catering Limited*
2. Note the admission of the following scheduled body to the Cambridgeshire Pension Fund:
 - OWN Academy Trust
2. Note the exit of the following bodies from the Cambridgeshire Pension Fund:
 - Churchill Contract Services Ltd (Thorndown Primary School)
 - SLM Ltd Everyone Active
 - Cambridge Live

143. ACCESS ASSET POOLING UPDATE

This report updated the Board on the Access Joint Committee (AJC) meeting of 18th March and developments up to the date of the report with Appendix A containing the approved Minutes of the 10th December 2018 AJC meeting and Appendix B the Business Plan and Budget Update report presented to the 18th March meeting to which an oral update indicated that the Committee had agreed it.

It was reported that the Project was progressing well with listed equities created as planned and passive now under the joint arrangements with the costs, as set out in the spend vs Budget table on page 104.

The report was noted.

144. EXCLUSION OF PRESS AND PUBLIC

It was resolved:

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

145. ACCESS ASSET POOLING UPDATE APPENDIX B (ADDITIONAL INFORMATION) AND APPENDIX C

In answer to a query it was confirmed that there had been challenge and scrutiny of the Business Plan and the increase in costs as set out in the tables in the report with updates provided at the March meeting. There was a request that the Chairman should continue to challenge slipped timetables and budget increases.

An update was provided in respect of the Access Support Unit explaining that the contract manager and support officer were in post. In terms of the recruitment of the Director post, this had proved unsuccessful. The Joint Committee had agreed to undertake a further recruitment exercise inviting applications from officers from the Pension Funds and involving the Section 151 officers.

Regarding future representation on the Joint Committee, Unison had requested voting member representation and this and the issue of Pension Fund Board observer representation was to be considered formally at the next Joint Committee.

The Update and the Consultation response letter at Appendix C on the LGPS Statutory Guidance on Asset Pooling to the Ministry of Housing, Communities and Local Government was noted.

146. VALUATION OF THE FUND

Douglas Green of Hymans Robertson LLP, the Fund's Actuary, provided an update on current actions and an overview of the timeline moving forward.

A presentation was tabled with copies provided for all Members of the Committee present highlighting:

- an overview of the Funding Strategy Statement,
- an overview of the assessment and the results regarding the contribution rates for larger scheduled bodies in the Fund,
- An overview of results of an assessment carried out by the Actuary of the current small admitted body's pool and the designated body's pool. As their purpose, to provide protection for small employers against large funding shocks such as ill health strain costs and deaths in service, had been overtaken over time by alternative arrangements, this set out future options for them. No decisions were proposed at the current meeting as consultation required to be undertaken with affected employers, with the view to coming back for a decision at the October Committee meeting that would include the feedback views from the affected employers.

It was resolved to:

note the valuation update and presentation.

147. FORWARD AGENDA PLAN

The Committee noted the Forward Agenda Plan.

Chairman

MINUTES OF THE PENSION FUND COMMITTEE

Date: Thursday 25TH July 2019

Time: 10.00 a.m. -11.50 a.m.

Place: Kreis Viersen Room, Shire Hall, Cambridge

Present: Councillors: L Brennan (substituting for J Walker), R Hickford (substituting for Cllr Hay), I Gardener, R Robertson, T Rogers (Chairman), P Downes and M Shellens

Officers: B Barlow, T Kelly, R Perry, R Sanderson, P Tysoe and M Whitby

Consultants: P Gent Mercer

Observers: None

Apologies: Councillors: A Hay, J Schumann and D Seaton. L Phanco, M Pink and J Walker

148 DECLARATIONS OF INTEREST

Liz Brennan declared a personal interest as a Local Government Pension Scheme Member.

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

149. MINUTES OF THE PENSION FUND COMMITTEE MEETING HELD ON 13th JUNE 2019

The minutes of the Pension Fund Committee meeting held on 13TH June 2019 were approved as a correct record and were signed by the Chairman.

Note: Later in the confidential section of the meeting a Member highlighted that in the context of the more detailed confidential minutes regarding investments, he believed he had raised a question about the story widely reported in the news about the Kent Pension Fund's investment in Neil Woodford's Equity Income Fund, and how this fitted in with the ACCESS arrangements. As an oral update officers confirmed that this was outside of the pooling arrangements and only affected the Kent Pension Fund.

150. MINUTES ACTION LOG

As an oral update on item 135, Councillor Robinson confirmed he had received the information requested and the action was now closed.

A Member queried why six actions were still ongoing. As set out in the Action / Status column many of the actions would be reported to the October meeting as this particular Committee meeting focused on the Accounts and the review of investments.

The Committee noted the Minute Action Log.

151. PENSION FUND ANNUAL REPORT AND STATEMENT OF ACCOUNTS 2018-19

The Committee received the Draft Annual Report for comment and approval as well as the Statement of Accounts for comments, the latter requiring submission to and final approval from the County Council's Audit and Accounts Committee.

Already published on the web and circulated separately to Members of the Committee in advance was the External Audit Report from EY (Ernst and Young LLP) titled 'Cambridgeshire Pension Fund Audit Results Report year ended 31st March' which had not been completed at the time of the agenda publication. Hard copies were made available at the meeting for members and the public. This report stated that the External Auditors were expected to be able to issue an unqualified opinion on the Cambridgeshire Pension Fund's financial statements having no issues they wished to bring to the attention of the Audit and Accounts Committee and having not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement. As a result, there was no need for a management response to either of the meetings.

In opening the discussion the Chairman thanked the officers for an excellent report and set of accounts with the former having been revised and presented in a new easier to read format.

Officers in presenting the report set out the main highlights which included:

- That as at 31st March 2019, the Fund was valued at £3.19 billion.
- The Assets Pool was progressing at a steady pace and was the subject of an update report later in the confidential Part 2 section of the agenda.
- The 2018-19 year continued the trend of increasing membership.
- The Funds investment Strategy over the past two years had increased the allocations to longer duration investments such as private equity and infrastructure while reducing the dependency on listed equities. Highlighting this was the pie charts on page 61 showing the strategic allocation target for 'Alternatives' at 31st March 2018 to 31st March 2019 being 23% with the actual allocation spend at 31st March 2019 being 21% and with the allocation to eventually go up to 30% as a result previous Committee decisions.

In discussion issues raised included:

- One Member indicating that he had found some grammatical errors in the report that he would share with the officers about outside of the meeting so that they could be corrected on the final signing off version.
- That as the members of the Committee had only received black and white copies of the agenda and the colour lines on the graph showing different benchmarks could not be identified, there was a request that for future year documents such as the Annual Report, they must be produced in colour. **Action: Democratic Services**

- It was suggested by one Member that there should be a note in the final version of the Annual Report highlighting that whatever the financial situation in Northamptonshire, they did not have an effect on the Accounts.
- Regarding liquidity, a Member suggested that reference should be made that Neil Woodford's Equity Income Fund did not affect the Fund.
- An explanation was given clarifying the relevant lines on the Investment Policy and Performance graph on page 65 as the Committee did not have a colour version of the Annual Report and the Accounts as part of their document pack. There was a request that this should be included in colour for future years. **Action: Democratic Services**
- Issues were raised regarding underperformance of the Fund as set out in the above referenced graph. Officers explained that the whole issue of benchmarking to assess the performance of investment managers and the Fund was a very complex area and was to be the subject of a training day on the 9th October which would include reviewing whether the right benchmarks were being used. One Member still suggested that the Fund had a £100 million drag of where the Fund should be. Other Members suggested that there were too many benchmarks shown which overcomplicated the position regarding Members being able to come to a conclusion of where the Fund was, compared with other, similar Funds. There needed to be an analysis of the various benchmarks in order for Members to come to a conclusion on which was the best to use. **Action for 9th October P Tysoe / Richard Perry**
- Page 43 – with reference to overpayments and them being particularly high in 2018-19 due to their identification as part the GMP Reconciliation Project, a question was raised regarding what was being done to recover them. Reference was made to a Team having been created to specifically deal with data quality work and overpayments.
- In the Table starting on page 44 and continuing on to page 47 listing all the employers in the Fund as at 31st March 2019, one member highlighted that 500 were listed while another section stated that there were 207 employers asking why the discrepancy? The list showed all employer contributions including bodies joining and leaving the Fund in the year. The reference in the report to the number of employers treats some listed schools as grouped into multi academy trusts, the latter being classed as the single employer. It was suggested that this should be clarified in a note. **Action P Tysoe / Richard Perry**
- Page 62 - query on the table titled 'Value of Investments at the balance sheet' The percentage shown on the 'Cash' line seemed to be incorrect possibly due to rounding and should be reviewed. **Action P Tysoe / Richard Perry**
- Page 87 with reference to the private equity / infrastructure change in market value during the year which showed a 10% increase a question was raised on whether this was sustainable, it was explained that some of this was due to the valuation of the Cambridge and Counties Bank - the expectation was that this sector would continue to increase as more money was being invested in the area.

- Page 103 'Assumed life expectancy at age 65' – A Member queried the figures which showed a decrease from the 2013 valuation to the 2016 valuation in all categories. In reply it was explained that life expectancies used by the Actuary was taken from an accredited industry wide data source as relevant to the make-up of the Fund's membership. More recent observations may have been that improvements to life expectancy had slowed down and life expectancy was falling due to poor / unhealthy lifestyle choices. The 2019 figures would be available in February /March. The Member asked that the figures for 2018 should be double checked as he thought the relative changes in life expectancy between genders seemed inconsistent. **Action: Richard Perry / Paul Tysoe**
- At a recent seminar attended by a Member it was indicated that Northamptonshire Pension Funds net current assets had increased while Cambridgeshire's had decreased and asked why this was. This was due to Cambridgeshire redeploying what had been a huge cash holding into Alternative assets and tighter management of cash.
- Clarification on a query raised regarding whether more than one Active Investment Manager had failed to meet their market based performance benchmark would be clarified with the Member following the meeting.

It was resolved unanimously:

- a) To approve the Draft Annual Report and Note the Statement of Accounts of the Pension Fund for the 2018-19 financial year.
- b) Approve the Head of Pensions in consultation with the Chairman to agree any immaterial amendments to the Annual Report arising from the External Auditor review and from the discussions at the meeting.

152. EXCLUSION OF PRESS AND PUBLIC

It was resolved:

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

153. ANNUAL REVIEW OF THE FUND'S INVESTMENT MANAGERS

This report introduced a presentation by the Fund's investment consultants Mercer reviewing the performance of the Fund's Investment Managers for the year ended 31st March 2019. The report included the summary conclusions of the detailed report (attached as an appendix) providing qualitative research views from Mercer and additional quantitative analysis of the performance of each investment manager for the year ending 31st March 2019. This included an overview of the key contributors or detractors to performance and the key issues to consider for each mandate going forward. Section 4 of

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the report summarised the investment manager's performance with section 5 providing a summary of the Fund's Investment Managers with a view of whether to retain / review.

The report was noted.

154. INVESTMENT MANAGER FEE REVIEW

This report reviewed the fees paid by the Fund to Investment Managers over a three year period and the performance delivered by each manager. Although the report concentrated on Active Investment Managers as they had been in place for the full period, details of fees over three years for Passive Investment Managers would be included in future reports by aggregating the current and previous managers' fees.

The level of turnover and transactions costs incurred depended upon the manager's approach to investing. The report concluded that the majority of the Fund's investment managers had competitive fees when compared to the wider universe of Mercer clients, with reasons provided for those with higher fees. With the exception of one manager, all other managers reported lower than expected annual turnover for the three year period as detailed in the confidential report.

It was resolved unanimously:

To note the Annual report.

155. CUSTODIAN MONITORING REPORT

The Cambridgeshire Pension Fund employed Mercer Sentinel to review the investment operations of the Fund administration and safekeeping of assets with the activities undertaken by the Fund's global custodian, the Northern Trust Company (Northern Trust).

The report provided details of the monitoring and benchmarking of the custodian and investment managers performance for the period 1st April 2018 to 31st March 2019 with regard to:

- Cash Management
Operational Efficiency: Trade Settlement, Income Collection, Corporate Actions, Proxy Voting, Tax Reclaims, Foreign Exchange
- Investment Manager Reconciliations
- Securities Lending
- Transaction Cost Analysis.

It was resolved:

To note the annual review of the investment operations of the Fund.

156. REVIEW OF ADDITIONAL VOLUNTARY CONTRIBUTION (AVC) PROVIDERS TO THE FUND

This report presented the findings of the review of Additional Voluntary Contribution (AVC)

providers (Prudential and Equity Life) conducted by Aon Benefits, the Governance Consultancy advisors to the Fund. The Review was to ensure that the providers and the investment options and services that they offered remained appropriate for scheme members and the Fund on what was a very limited market.

The review using the Occupational Pension Schemes Investment Regulations (2005) as a governance framework covered the following specific areas:

- Summary of the AVC membership
- Performance
- Commentary on With Profits Funds held by members
- Financial strength of the providers
- Quality of the providers' administration
- Quality and suitability of investment options available to members
- Liquidity and tradability in regulated markets
- Charges
- AVC-related communications/disclosure of fund information
- Recent changes within Equitable Life and Prudential.

It was resolved unanimously:

To note the contents of the report.

157. ACCESS ASSET POOLING UPDATE

This report updated the Committee on the Access Joint Committee (AJC) meeting of the 11th June 2019. In the public section of the meeting, the minutes of the previous meeting of the AJC, held on 18th March 2019, were approved and were attached at Appendix B to the report.

The report provided a summary for each agenda item of the Access Joint Committee and also detailed developments up to the date the report was written. The Access Joint Committee was open to the public but did also have a confidential business / sensitive section to it. The Business Plan was discussed as part of the public part of the meeting.

It was resolved unanimously:

To note the Asset Pooling Update.

158. FORWARD AGENDA PLAN

This was tabled at the meeting for information.

159. DATE OF NEXT MEETING 10 A.M. 10th OCTOBER

Chairman
10th October 2019

CAMBRIDGESHIRE PENSION FUND

Agenda Item: 6

Pension Fund Board

Date: 4th October 2019

Report by: Head of Pensions

Subject:	Valuation of the Pension Fund
Purpose of the Report	To provide the Local Pension Board with a brief update on the Pension Fund valuation.
Recommendations	The Board are asked to note the valuation update.
Enquiries to:	Name – Cory Blose Tel – 07990560829 E-mail – cblose@northamptonshire.gov.uk

1. Background

- 1.1 The Pension Fund is valued every three years. This valuation will be carried out throughout the 2019/2020 scheme year culminating with the publishing of the valuation report and rates and adjustments certificate by 31 March 2020.
- 1.2 This report is to provide an update on progress of some of the key activities of the valuation.

2. Engagement with employers

- 2.1 A principles based consultation was held with Resolution Bodies and Small Admitted Bodies over the continuation of their respective pools. The responses to that consultation have been assessed and the Pension Fund Committee is being asked to make a decision on the future of this pool at its October meeting.
- 2.2 Individual employer valuation results will be released to employers at the end of November alongside a consultation over the Fund's draft Funding Strategy Statement. This is so the employers can understand both the background to the results, detailed by the statement and the effect that the provisions within the statement has on their results.
- 2.3 An Employer's Forum has been booked to be held at Girton College on Wednesday 4th October. This will deal primarily with the results of the valuation and provide employers with the opportunity to discuss their results with officers and the Fund Actuary.

3. Pre-valuation activities

- 3.1 Since the last meeting of the Pension Fund Committee, Fund officers have completed the processing of membership data from Scheme employers, carried out various data cleansing activities and provided acceptable membership data, at whole Fund level, to the Fund Actuary.

- 3.2 This data has been used by the Actuary to calculate draft whole Fund valuation results. The Actuary will present the results to the Pension Fund Committee at its October meeting which will show the proposed current funding level for the Fund.
- 3.3 A draft Funding Strategy Statement has been produced detailing how the Fund will set contribution rates for different types of employers. This is being presented to the Committee in October to seek approval to release the draft statement for consultation with employers.
- 3.4 The next step will be to validate the membership and cash flow data for each individual employer so that individual employer valuation results can be produced. These results will be based on individual employer data and the principles within the agreed draft Funding Strategy Statement. These results are expected to be received at the end of November and will be released alongside the consultation over the Funding Strategy Statement.
- 3.5 The Actuary has completed the initial risk profiling of employers within the Fund and officers have considered next steps and which employers require deeper covenant assessments.

4. Relevant Pension Fund Objectives

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance. (Objective no 1)
Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers. (Objective 2)
Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment. (Objective no 3)
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. (Objective no 5)
Ensure employer contributions are as stable as possible, recognising the characteristics, circumstances and affordability constraints of each employer. (Objective no 9)
Seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund. (Objective no 15)

5. Finance and Resources Implications

- 5.1 None

6. Risk Management

- 6.1 The Fund carries out an actuarial valuation of all Fund members every three years. The Pension Committee and Local Pension Board are expected to be involved in this process and make informed decisions where necessary.
- 6.2 The risks associated with failing to be involved in the process and make required decisions have been captured in the Fund's risk register as detailed below.

Risk register	Risk mitigated	Residual risk
Governance (risk 2)	Those charged with the governance of the Fund are unable to fulfil their responsibilities effectively.	Green
Governance (risk 18)	Failure to provide adequate information to the Committee and Board.	Green
Administration and Communication (risk 33)	Failure to act upon expert advice or risk of poor advice.	Green
Administration and Communication (risk 40)	Failure to apply and demonstrate fairness in the differentiated treatment of different fund employers by reference to their own circumstances and covenant.	Green

6.3 A full version of the Fund risk register can be found at the following link – <http://pensions.northamptonshire.gov.uk/governance/key-documents/northamptonshire/>

7. Communication Implications

Direct Communications	Not applicable
Website	Not applicable

8. Legal Implications

8.1 Not applicable

9. Consultation with Key Advisers

9.1 Consultation with the Fund Actuary has been undertaken throughout the valuation process.

10. Alternative Options Considered

10.1 Not applicable

11. Background Papers

11.1 Not applicable

Checklist of Key Approvals	
Is this decision included in the Business Plan?	Not applicable
Will further decisions be required? If so, please outline the timetable here	Not applicable
Is this report proposing an amendment to the budget and/or policy framework?	No
Has this report been cleared by Chief Finance Officer/Section 151 Officer?	N/A

Has this report been cleared by Head of Pensions?	Mark Whitby – 18/9/2019
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CAMBRIDGESHIRE PENSION FUND



Pension Fund Board

Date: 4th October 2019

Report by: Head of Pensions

Subject:	Pension Fund Annual Business Plan Update report 2019/20
Purpose of the Report	To present the Pension Fund Business Plan Update for the period from 1 st July to 30 th September 2019 to the Pension Fund Board.
Recommendations	The Pension Fund Board are asked to note the Pension Fund Business Plan Update for the period ending 30 th September 2019 of the 2019/20 financial year.
Enquiries to:	Joanne Walton, Governance and Regulations Manager jwalton@northamptonshire.gov.uk

1. Background

- 1.1 Good governance requires that updates to the pre-agreed Annual Business Plan and Medium-Term Strategy are provided to the Committee and Board on a regular basis. This update highlights the progress made on the key activities for the period up to 30th September 2019 of the 2019/20 Business Plan, which was approved by the Pensions Committee on 22nd March 2019.
- 1.2 A full list of the key fund activities for the 2019/20 financial year can be found in appendix 1 of this report.

2. Key Pension Fund Activities

2.1 Service Delivery (SD)

Reference	Key action/task	2019/20				Medium term	
		Q1	Q2	Q3	Q4	2020/21	2021/22
SD1	Monitor staffing levels in line with organisational reform	✓G					
SD2	Retain Customer Service Excellence standard accreditation		✓G			✓	

2.1.1 SD1 - Monitor staffing levels in line with organisational reform

Action: Keep under review the ability to recruit and retain staff during the forthcoming period of organisational reform with regards to the future shape of LGSS and local government in Northamptonshire anticipated in 2021. The Pension Fund Committee will be kept informed of all developments in this area.

Update: No issues at present – Operations team has now reached full establishment.

Key Milestones:

All actions to be completed for Q1 to Q4 April 2019 to March 2020 – **On target for completion**

2.1.2 SD2 – Retain Customer Service Excellence standard accreditation

Action: Retain Customer Service Excellence (CSE) Standard accreditation and develop and implement Action Plan from feedback received.

Update: A re-assessment of the Customer Service Excellence (CSE) standard accreditation has been undertaken and LGSS Pensions achieved full compliance in all 57 areas including four areas being assessed as compliance plus. By utilising the online resources available, service standards will be monitored quarterly going forward. Any improvements that are made within a particular quarter will be submitted to the assessment service throughout the year for a more accurate and timely review.

Key Milestones:

- Full assessment Q2 August 2019 – **Completed**
- Develop and implement Action Plan Q3 November 2019 – **on target for completion.**

2.2 Governance and compliance (GC)

Reference	Key action/task	2019/20				Medium term	
		Q1	Q2	Q3	Q4	2020/21	2021/22
GC1	Procure a supplier of specialist legal advice		✓A				
GC3	Obtain proof of continued existence of scheme members residing overseas		✓G				
GC5	Deliver actions stemming from the review of the Fund's Additional Voluntary Contribution providers	✓G					
GC7	Complete the Guaranteed Minimum Pension reconciliation project with rectification of members records	✓G					

2.2.1 GC1 – Procure a supplier of specialist legal advice

Action: The Fund needs to procure its own supplier of Legal Services that has a specialism in pensions and investment law. As such the National LGPS Framework for Legal Services will be used to conduct the procurement to avoid a full OJEU procurement process. It is proposed that the procurement is undertaken jointly with Cambridgeshire Pension Fund to benefit from economies of scale as has been achieved with other joint procurements.

Update: Commencement has been delayed until Q3 due to the need for staff involvement in an urgent illiquids consultancy procurement for the ACCESS pool. Still on target for an overall Q4 completion.

Key Milestones:

- Produce specification Q2 September 2019 – **Move to Q3 October 2019**
- Publish tender Q3 October 2019 – **Move to Q3 November 2019**

2.2.2 GC3 - Obtain proof of continued existence of scheme members residing overseas

Action: The Fund's Anti-Fraud and Corruption policy states that an exercise will be undertaken to prove the continuing existence of scheme members residing overseas every 2 years, to ensure pensions continued to be paid to the correct and eligible recipient.

Update: It was initially planned to use Western Union's Proof of Existence service to conduct this exercise as was the method in 2017. When undertaking a review of the terms and conditions of this service, LGSS Pensions, the Fund's legal advisors and the administering authority's Information Governance Team were uncomfortable with the position taken by Western Union with regards to the General Data Protection Regulation (GDPR). Western Union believed their GDPR responsibilities were limited to that of a Data Controller when the view of the administering authority was that Western Union were a Data Processor; a role that is accountable for any data breaches and their associated penalties. Attempts were made to negotiate with Western Union but no change of position could be agreed and given the risks associated with operating outside of the EEA, as would be the case for a number of members within the scope of this project, it was decided not to proceed.

Instead the alternative method will involve LGSS Pensions sending a proof of existence certificate to all pensioner members that reside overseas. The certificate will require a witness in the form of a suitable government official.

Key Milestones: (amended due to change in process)

- Prepare communications to members Q2 June 2019 – **Completed**
- Commence process with members Q3 November 2019 - **On target for completion**

2.2.3 GC5 - Deliver actions stemming from the review of the Fund's Additional Voluntary Contribution (AVC) providers

Action: The Fund has a responsibility to ensure that the range of investment choices

offered by their AVC providers remain suitably diverse and appropriate in terms of annual charges and risk profiles. As such, the Fund appointed an external adviser, Aon, to review and report on the fund ranges offered by the Fund's AVC providers Standard Life and Prudential.

Update: A report detailing the review was presented to the Pension Fund Committee in July 2019. No further action was required other than to respond to Equitable Life's proposal on the transfer of business to Utmost Life and Pensions. Further information on this is in the Governance and Compliance report to be presented at this meeting.

Key Milestones: The review of the Fund's AVC providers is now complete.

2.2.4 GC7 - Complete the Guaranteed Minimum Pension reconciliation project with rectification of members' records

Action: Following the introduction of the end of contracting-out on 6th April 2016, it was necessary for all pension schemes to reconcile their scheme members' contracted out liability against that recorded by Her Majesty's Revenue and Customs (HMRC). Failure to record the correct data for individual scheme members could result in schemes having to pay benefits in respect of members for which they do not have a liability. The Fund outsourced the reconciliation stage of this project to ITM Limited and it is estimated to complete in April 2019 when HMRC have responded to all queries that have been raised. The next stage will be to rectify any errors with the data held by the Fund.

Due to the number of member records estimated to require rectification, it is proposed that ITM Limited will be procured jointly with Northamptonshire Pension Fund via direct award from the National LGPS Framework for Third Party Administration Services to complete this stage.

Update: A direct award was made to ITM Limited to complete the rectification stage of this project in April 2019. HMRC are still processing the queries raised during the reconciliation stage of this project, however work is underway on the next stage with agreeing the specification for rectification of pensions that need amending. Further information can be found in the Data Improvement Plan update report that is to be presented at this meeting.

Additional resources required: The Pension Fund Committee will be asked to approve an additional spend of £9,000 to cross reference a cut of data from HMRC detailing the Fund's final contracted-out liability against the data held by the Fund to identify any non-member liabilities that may have erroneously been transferred from other pension schemes during their reconciliation. It is proposed that ITM Limited will undertake this activity. It should be noted that this was not expected as it was thought that HMRC would not produce a final report.

In order for the rectification of pensions to be undertaken in an systematic and automated manner as opposed to time consuming manual data entry, it is proposed to purchase a 1 year license from Heywoods (the pensions and payroll administration software provider) to obtain access to the interfaces that will facilitate the pension amendments required.

Key Milestones: (amended due to delays with HMRC)

Completion of reconciliation stage was scheduled for Q1 April 2019 but is still ongoing due to delays with processing queries by HMRC - **ongoing**

Direct award contract for rectification Q1 April 2019 – **Completed**

Planning and testing, verification of results Q1-Q4 April 2019 to February 2020 – **On target for completion** depending on HMRC's ability to provide responses to all queries raised.

2.3 Communications, Systems and Employer Management (CSEM)

Reference	Key action/task	2019/20				Medium term	
		Q1	Q2	Q3	Q4	2020/21	2021/22
CSEM2	Develop and implement a digital communications strategy	✓G					
CSEM4	Implement monthly data collection for all employers	✓G					
CSEM5	Manage the 2019 valuation	✓G					

2.3.1 CSEM2 - Develop and implement a digital communications strategy

Action: In order to better engage with members and employers, improve efficiency, data security and reduce costs the Fund requires a digital communications strategy. This will set the Funds approach to using digital communications channels to engage with scheme members and employers. It will provide detail on the Fund's digital communication objectives, what communication channels will be used to achieve these objectives and in what circumstances. It will also provide guidance on best practice for such communications.

Update: A draft digital communications strategy has been developed and will be presented at this meeting. Due to the need to prioritise the production and delivery of annual benefit statements, the development of the strategy has been slightly delayed and it is now expected that the Pension Fund Committee will be presented with the strategy in December for approval.

Key Milestones:

- Induct new Communications Officer into the team Q1 April to May 2019 – **Completed**
- Set the objectives for digital communication Q1 May 2019 – **Completed**
- Produce the digital communication strategy Q2 June to July 2019 – **Completed**
- Pension Committee to approve the digital communication strategy Q3 October 2019 – **Completion date moved to December 2019**

2.3.2 CSEM4 – Implement monthly data collection for all employers

Action: The Fund needs to collect and hold up to date, accurate records of members benefits to respond to the number of members using their online pension account to monitor their current pension benefits and obtain pension estimates. This requires the monthly collection of member data from employers. Some large employers already use i-connect to submit their data on a monthly basis, but, this must be rolled out to all employers. Monthly data will improve the efficiency of the data collection process, provide improvements in the quality of data received and improve the service provided to scheme members.

Update: The migration of smaller employers to the online i-connect portal is on track for completion by 31st December 2019 as planned. The deadline for migration of existing large employers to the i-connect extract has been extended to 31st March 2020. The purpose of the extension is to assist employers with the implementation of required changes to their payroll systems to enable the required extract and to allow sufficient testing of the output. It also allows those employers who are in the process of implementing new payroll software to incorporate the development of the extract into work planning.

Key Milestones:

- Cease issuing old data collection interfaces to new employers Q1 April 2019 – **Completed.**
- Migrate existing small employers to the online i-connect portal Q1-Q3 April to December 2019 – **On target for completion**
- Migrate existing large employers to monthly i-connect extract Q2-Q3 September to November 2019 – **Completion date moved to 31st March 2020**

2.3.3 CSEM5 – Manage the valuation

Action: The Fund must be valued on a triennial basis with employer contribution rates set for the following 4 years. The last valuation was carried out in 2016 and the current valuation will be carried out as at 31st March 2019 with whole Fund results issued in the summer of 2019 and individual employer results and contribution strategies issued in the winter, with the new rates coming into effect from 1st April 2020.

Update: Membership data has been provided to the Actuary and data queries have been responded to. Whole Fund results have been provided based on this data and are being presented to the Pension Fund Committee meeting on 10th October 2019 as planned. A draft Funding Strategy Statement has also been produced and approval from the Pension Fund Committee is required to issue the document for consultation. Once approved, the Actuary will proceed with calculating draft employer results to be issued alongside the strategy for consultation.

Key Milestones:

- Carry out pre-valuation data activities Q1 April to June 2019 – **Completed**
- Actuary carry out the Valuation Q2 July to August 2019 – **Completed**
- Draft the Fund's Funding Strategy Statement Q2 September 2019 - **Completed**
- Funding Strategy Statement to be approved by the Committee Q3 October 2019- **Completed**
- Issue whole Fund valuation results Q3 October 2019 – **On target for completion**

2.4 Operations (OPS)

Reference	Key action/task	2019/20				Medium term	
		Q1	Q2	Q3	Q4	2020/21	2021/22
OPS1	Processing of undecided leavers	✓G					
OPS2	Design a range of customer experience key performance indicators	✓G					

2.4.1 OPS1 – Processing of undecided leavers

Action: The Fund has a number of undecided leaver records where a member has left a period of pensionable employment, is not entitled to immediate payment of pension benefits, but is entitled to either a refund of contributions, aggregation with another period of pensionable membership and/or a deferred pension award.

Update: Please refer to the Data Improvement Plan Update report to be presented at this meeting.

Key Milestones:

- Process outstanding Refund and Single DB cases Q3 October 2019 – **On target for completion**
- Process Multi DB casework Q3 November 2019 – **On target for completion**

2.4.2 OPS2 – Design a range of customer experience key performance indicators

Action: The Fund's current KPIs focus on the performance of the scheme administrator. As part of improving customer excellence, the Fund is committed to understand and report on the customer experience associated with key casework procedures.

Update: An internal Key Performance Indicator (KPI) process has been designed and implemented on a trial basis which monitors the customer experience from the point that the individual first contacts the fund. The process measures how efficiently the administration function assesses the query, ensuring that all key information has been received within the target of 5 working days. The customer journey experience was first trialled in the retirements team and is currently being reviewed for implementation from October 2019.

Key Milestones:

- Design the process of reporting the KPIs Q1 – Q2 April 2019 to September 2019 – **Completed.**
- Identify the processes which will be evaluated first Q3 October to December 2019 – **Completed**

2.5 Investments and fund accountancy (IA)

Reference	Key action/task	2019/20				Medium term	
		Q1	Q2	Q3	Q4	2020/21	2021/22
IA2	Implement the strategic asset allocation		✓G				
IA4	Extend global custody contract for 2 years		✓G				
IA6	Implement online payment platform for employers' contribution payments		✓G				
IA11	Implement the Local Economic Development Fund		✓G				

2.5.1 IA2 – Implement the strategic asset allocation

Action: The 15th February 2019 Investment Sub Committee agreed the asset allocation changes to be presented to the 22nd March Pension Committee for approval and adoption. The implementation of the revised strategic allocation is as follows.

Update: Review of equity options was considered by the Investment Sub Committee in September 2019. It was agreed to transition the UK active mandate to passive global to protect valuations in the current political economic climate. An additional Investment Sub Committee date for November or December is being arranged to receive presentations from three global managers and an emerging markets manager for potential subscription within the asset pool.

Key Milestones:

- Implement infrastructure mandates Q2 July to September 2019 – **Completed**
- Implement revised equity mandates Q3 October to December 2019 – **On target for completion**
- Review fixed income strategy Q3 October to December 2019 – **On target for completion**

2.5.2 IA4 – Extend global custody contract for 2 years

Action: The Pension Fund Committee has approved a contract extension of two years for the Fund's global custody contract with Northern Trust. This extension ran from the expiry of the initial contract term on 30 September 2019. This extended contract will provide time for ACCESS partners to undertake a collective procurement for a successor global custody services supplier.

Update: Extension agreed with the Custodian. Formal documentation was signed by 30th September 2019.

Key Milestones:

- Extend contract Q2 July to September 2019 – **Completed.**

2.5.3 IA6 – Implement online payment platform for employers' contribution payments

Action: To implement an online payment platform for receiving contribution payments more efficiently into the Pension Fund bank account. This platform will enable online input, validation and payment of scheme employer contribution payments as well as auto-reconciliation of the payments once received. Design and implementation of the payment solution commenced in the 2018-19 year as an additional activity to the Business Plan.

Update: The system has been fully tested and the online form and data export is ready to go live. The system was initially unable to indicate the outcome of a payment i.e. whether a payment had successfully been paid and this issue is likely to be resolved by the middle of October 2019.

Key Milestones:

- Implementation of solution Q1 April to June 2019 – **Completed**
- Platform live with test party Q2 July to September 2019 – **Completed**

- Launch platform to all employers Q3 October to December 2019 – **On target for completion.**

2.5.4 IA11 – Implement the Local Economic Development Fund

Action: The 14th February Investment Sub Committee approved the investment in a Local Economic Development Fund (LEDF) managed by Foresight Group. The Fund will engage with professional third party advisers to perform commercial and legal due diligence procedures and work with Foresight to develop the detailed investment guidelines and Governance framework before seeking approval of the Investment Sub Committee to launch the LEDF.

Update: Agreements with Foresight have been signed and the LEDF was launched in September. Foresight have appointed the first dedicated Cambridge staff and taken a lease on local premises

Key Milestones: The implementation of the Local Economic Development Fund is now complete.

3. Relevant Fund objectives

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

4. Risk Management

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

Risk No.	Risk	Residual risk rating
7	Those charged with the governance are unable to fulfil their responsibilities effectively	Green
13	The scheme would not be administered in line with regulations and guidance	Green
15	Pension Fund objectives not defined and agreed	Green

- 4.3 A full version of the Fund risk register can be found at the following link –

5. Communication Implications

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

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

7. Legal Implications

7.1 Not applicable

8. Consultation with Key Advisers

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

9. Equality Screening

9.1 There are no equality implications in relation to this report.

Reason that no EqIA is required	✓ as appropriate
The paper is for information only	✓
The proposal/activity/decision has no impact on customers or the service they receive	
The proposal impacts upon staff but the proposed staffing changes will not affect the service that customers receive*	
Other (please explain further)	

10. Alternative Options Considered

10.1 Not applicable

11. Background Papers

11.1 Annual Business Plan and Medium Term Strategy 2019/20
<https://cambridgeshire.cmis.uk.com/ccclive/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/954/Committee/16/Default.aspx>

12. Appendices

12.1 Appendix 1 – Full list of Key Fund Activities for the 2019/20 financial year.

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 19/09/2019

Appendix 1 – Full list of Key Fund Activities for the 2019/20 financial year.

Service Delivery

Reference	Key action/task	2019/20				Medium term	
		Q1	Q2	Q3	Q4	2020/21	2021/22
SD1	Monitor staffing levels in line with organisational reform			✓			
SD2	Retain Customer Service Excellence standard accreditation		✓			✓	

Governance and Compliance

Reference	Key action/task	2019/20				Medium term	
						2020/21	2021/22
	Procure a supplier of specialist legal advice			✓			
	Procure a supplier of mortality screening and member tracing services and process results	✓					
	Obtain proof of continued existence of scheme members residing overseas		✓				
	Re-procurement for administration and payroll system					✓	
	Deliver actions stemming from the review of the Fund's Additional Voluntary Contribution providers		✓				
	potential liability reduction exercises				✓		
	Complete the Guaranteed Minimum Pension reconciliation project with rectification of members records			✓			

Communications, Systems and Employer Management

Reference	Key action/task	2019/20				Medium term	
		Q1	Q2	Q3	Q4	2020/21	2021/22
CSEM1	Incorporate employer covenant monitoring into the valuation cycle	✓					
CSEM2	Develop and implement a digital communications strategy		✓				
CSEM3	Review cyber resilience				✓		
CSEM4	Implement monthly data collection for all employers		✓				
CSEM5	Manage the 2019 valuation		✓				

Operations

		2019/20				Medium term	
Reference	Key action/task	Q1	Q2	Q3	Q4	2020/21	2021/22
OPS1	Processing of undecided leavers	✓					
OPS2	Design a range of customer experience key performance indicators	✓					

Investments and fund accountancy

		2019/20				Medium term	
Reference	Key action/task	Q1	Q2	Q3	Q4	2020/21	2021/22
IA1	Continue development of the asset pool	✓			✓		
IA2	Implement the strategic asset allocation		✓				
IA3	Implement the cash management policy	✓					
IA4	Extend global custody contract for 2 years		✓				
IA5	Re-tender collaboratively with ACCESS for global custody services					✓	
IA6	Implement online payment platform for employers' contribution payments		✓				
IA7	Re-tender for investment consultancy services				✓		
IA8	Re-tender for the independent adviser role			✓			
IA9	Complete sign up to the responsible investment stewardship code				✓		
IA10	Consider multi-fund investment strategies	✓		✓			

CAMBRIDGESHIRE PENSION FUND



Pension Fund Board

4th October 2019

Report by: Head of Pensions

Subject:	Administration Performance Report
Purpose of the Report	To present the Administration Performance Report to the Pension Fund Board
Recommendations	The Pension Fund Board are asked to note the Administration Performance Report
Enquiries to:	Michelle Oakensen – LGSS Pensions Governance Officer moakensen@northamptonshire.gov.uk

1. Background

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

2. Administration Reporting

2.1 Variances against the forecast of investments and administration expenses

- 2.1.1 The tables in **appendix 1** provide an update of the Fund account, investment and administration income and expenditure against the cash flow projection outlined in the Annual Business Plan as agreed by the Pension Fund Committee in March 2019.

2.2 Key Performance Indicators – LGSS Pensions

- 2.2.1 The Pension Fund Committee has previously agreed a set of key performance indicators (KPIs) to assess the performance of LGSS Pensions.
- 2.2.2 For the period 1st June to 31st August 2019 the Fund has met all targets with the exception of three. The detail surrounding the performance of the service can be found in **appendix 2**.

2.3 Receipt of Employee and Employer Contributions

- 2.3.1 Employers in the Fund have a statutory obligation to arrange for the correct deduction of employee and employer contributions and to ensure payment reaches the Pension Fund by the 19th of the month following the month of deduction. Providing an associated monthly statement/schedule in a format acceptable to the Administering Authority.

2.3.2 The table in **appendix 3** shows the percentage of employers in the Cambridgeshire Pension Fund who paid their employee and employer contributions and/or submitted their schedules on time or late for the period 1st August 2018 to 31st July 2019

2.3.3 Details of late paying employers for May, June and July 2019 can be found in the **private and confidential appendix (appendix 4)** of the report.

2.4 Breaches of the Law

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

2.4.2 Breaches that have been identified for the period 1st June to 31st August 2019 have been listed below (please note – this excludes late payment of contributions as this is covered in appendix 3 and 4) –

Type of Breach	Detail of Breach	Course of action
Material Breaches	None	None
Non Material Breaches	Two annual benefit statements were not issued to active members by the statutory deadline of 31 st August 2019 due to the records needing further investigation with the respective employers (24,512 were issued to members by the statutory deadline).	The affected members have been contacted and the annual benefit statement will be issued by 31 st October 2019. This breach has been entered onto the breaches log and not reported to the Pensions Regulator as the matter has not been deemed of material significance.

2.5 Internal Dispute Resolution Procedure

2.5.1 Members, prospective members, and beneficiaries may not always agree with pension decisions that are made, or may be unhappy that decisions have not been made, by either an administering authority or a scheme employer. The Internal Dispute Resolution Procedure (IDRP) is the route by which they may raise their concerns and challenge such decisions.

2.5.2 Cases within the IDRP process as at 31st August 2019 can be found in the tables below:

2.5.3 Stage 1 disputes:

	Administering Authority*	Stage 1 Decisions:
No. of disputes brought forward from 2018/19:	0	N/A
No. of disputes raised as at 31 st August 2019:	0	
No. of disputes resolved as at 31 st August 2019:	0	
No. of disputes in progress as at 31 st August 2019:	0	

*Please note that the Administering Authority is not always aware of stage 1 employer disputes.

2.5.4 Stage 2 disputes:

	Scheme Employer	Admin Authority	Stage 2 Decisions:
No. of disputes brought forward from 2018/19:	1	2	Both resolved disputes concerned recovery of an overpayment of pension. Neither complaint was upheld
No. of disputes raised as at 31 st August 2019:	2	1	
No. of disputes resolved as at 31 st August 2019:	0	2	
No. of disputes in progress as at 21 st August 2019:	3	1	

2.5.5 Disputes escalated to The Pensions Ombudsman (TPO)

	Scheme Employer	Admin Authority	TPO Decisions:
No. of disputes brought forward from 2018/19:	2	1	None
No. of disputes raised as at 31 st August 2019:	0	0	
No. of disputes resolved as at 31 st August 2019:	0	0	
No. of disputes in progress as at 31 st August 2019:	2	1	

2.6 Employers Admissions and Cessations

2.6.1 The following admission bodies have been admitted to the Cambridgeshire Pension Fund:

- Edwards and Blake (New Road Primary School)
- Easy Clean Contractors Ltd (Milton Primary CofE School)
- VHS Cleaning Services
- Caterlink Ltd
- CleanTec Services Ltd

2.6.2 The following scheduled body has been admitted to the Cambridgeshire Pension Fund:

- St John the Baptist Catholic MAT

2.6.3 The following bodies have ceased to be an employer within the Cambridgeshire Pension Fund:

- Aspens (Brampton Village Primary)
- Aspens (Willingham Primary)
- Aspens (Staploe Ed Trust)
- Advanced Cleaning Services (Ridgefield Primary School)
- ABM Catering Limited (Morley Memorial)
- Coram Cambridgeshire Adoption Limited
- Improve IT Ltd
- Pabulum Catering Ltd (Cottenham)
- Pabulum (Ely College)
- Pabulum (Sawtry Junior Academy)
- Pabulum (Swavesey)
- TNS Catering (WASP Cluster 2)

3. Relevant Pension Fund Objective

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance. <i>Objective 1</i>
Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers. <i>Objective 2</i>
Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment. <i>Objective 3</i>
Continually monitor and measure clearly articulated objectives through business planning <i>Objective 4</i>
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. <i>Objective 5</i>
Put in place performance standards for the Fund and its employers and ensure these are monitored and developed as necessary. <i>Objective 8</i>
Administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration. <i>Objective 10</i>

4. Risk Management

- 4.1 The Fund's Administration Strategy sets out the performance standards of both the scheme employer and the administering authority (LGSS Pensions). The Pension Fund Committee and Local Pension Board are expected to monitor performance standards through information contained within the Administration Report which is presented at each meeting.
- 4.2 The mitigated risks associated with this report has been captured in the Fund's risk register as detailed below -

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

- 4.3 The Fund's risk register can be found on the LGSS Pensions website at the following link:
<https://pensions.cambridgeshire.gov.uk/app/uploads/2019/04/Cambridgeshire-Risk-Register.pdf>

5. Communication Implications

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

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

7. Legal Implications

- 7.1 Not applicable

8. Consultation with Key Advisers

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

9. Alternative Options Considered

- 9.1 Not applicable

10. Background Papers

- 10.1 Not applicable

11. Appendices

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

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 16 th September 2019

Appendix 1 – LGSS Pensions Administration Report

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

Fund Account	2019-20 Estimate	2019-20 Forecast	Variance	Comments
	£000	£000	£000	
Contributions	131,000	131,000	0	
Transfers in from other pension funds	4,200	4,200	0	
Total income	135,200	135,200	0	
Benefits payable	-105,000	-105,000	0	
Payments to and on account of leavers	-9,100	-9,100	0	
Total Payments	-114,100	-114,100	0	
	21,100	21,100	0	
Management Expenses	-10,040	-8,589	-1,451	See analysis below
Total income less expenditure	11,060	12,511	-1,451	
Investment income	36,000	36,000	0	
Taxes on income	-	-	-	
Profit and (losses) on disposal of investments and changes in the market value of investments	84,000	84,000	0	
Net return on investments	120,000	120,000	0	
Net increase/(decrease) in the net assets available for benefits during the year	131,060	132,511	1,451	

Management Expenses	2019-20 Estimate	2019-20 Forecast	Variance	Comments
	£000	£000	£000	
Total Administration Expenses	-2,930	-2,965	-35	See analysis below
Total Governance Expenses	-550	-633	-83	Actuary fees understated (McCloud)
Total Investment Invoiced Expenses	-6,560	-4,991	1,569	Investment cost overstated
Total Management Expenses	-10,040	-8,589	1,451	

Administration Expenses Analysis	2019-20 Estimate	2019-20 Forecast	Variance	Comments
	£000	£000	£000	
Staff Related	-1,400	-1,400	0	
Altair System and payroll system	-310	-310	0	
Data Improvement Projects	-440	-440	0	
Communications	-30	-30	0	
Other Non-Pay and Income	-120	-120	0	
County Council Overhead Recovery	-630	-665	-35	External overheads have increased
Total Administration Expenses	-2,930	-2,965	-35	

Appendix 2 - Key Performance Indicators – LGSS Pensions June, July and August 2019

Function/Task	Indicator	Target	Completed	Within Target	Over Target	% Within Target	RAG	Comments
Notify leavers of deferred benefit entitlement	Notify leavers of deferred benefit entitlements or concurrent amalgamation within 15 working days of receiving all relevant information.	90%	June: 97 July: 216 August: 239	97 193 236	0 23 3	100% 89% 99%	Green Amber Green	SLA target met SLA target not met* SLA target met
Payment of retirement benefits from active employment	Notify employees retiring from active membership of benefits award, from date payable or date of receiving all necessary information if later within 5 working days.	95%	June: 24 July: 52 August: 29	23 46 29	1 6 0	96% 88% 100%	Green Amber Green	SLA target met SLA target not met* SLA target met
Award dependant benefits – Statutory	Issue award within 5 working days of receiving all necessary information.	95%	June: 29 July: 37 August: 28	29 37 28	0 0 0	100% 100% 100%	Green Green Green	SLA target met SLA target met SLA target met
Provide a maximum of one estimate of benefits to employees per year on request – Statutory	Estimate in agreed format provided within 10 working days from receipt of all information.	90%	June: 87 July: 153 August: 103	82 148 95	5 5 8	94% 97% 92%	Green Green Green	SLA target met SLA target met SLA target met
Provide transfer-in quote to scheme member – Statutory	Letter issued within 10 working days of receipt of all appropriate information.	95%	June: 25 July: 32 August: 18	23 32 18	2 0 0	92% 100% 100%	Amber Green Green	SLA target not met** SLA target met SLA target met
Payment of transfer out – Statutory	Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	90%	June: 9 July: 3 August: 11	9 3 11	0 0 0	100% 100% 100%	Green Green Green	SLA target met SLA target met SLA target met

*Below SLA target but number completed within the SLA is within 10% of the SLA target. Missed target due to high volume of work alongside pension administration system issues. The system issues have now been resolved.

**Below SLA target but all within statutory target of 2 months of request. Missed target due to a training issue which has now been resolved and will continue to be monitored.

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

Appendix 3 - Receipt of Employee and Employer Contributions

Month/Year	% of Employers Paid on Time	% of Employers Paid Late	% of Employers that Submitted Schedule on Time	% of Employers that Submitted Schedule Late
August 2018	98.4	1.6	98.5	1.5
September 2018	99.5	0.5	97.2	2.8
October 2018	99.3	0.7	96.7	3.3
November 2018	100	0	99.6	0.4
December 2018	99.3	0.7	99.4	0.6
January 2019	99.8	0.2	99.6	0.4
February 2019	100	0	99.6	0.4
March 2019	99.4	0.6	98.4	1.6
April 2019	98.5	1.5	97.0	3.0
May 2019	97.6	2.4	98.0	2.0
June 2019	99.6	0.4	100	0
July 2019	98.7	1.3	95.9	4.1
Average for period	99.2	0.8	98.3	1.7

Pension Fund Board

Date: 4th October 2019

Report by: Head of Pensions

Subject:	Governance and Compliance Report
Purpose of the Report	<p>To provide the Pension Fund Board with information on:</p> <ol style="list-style-type: none"> 1) Potential, new or amending legislation and Court judgements affecting the Local Government Pension Scheme (LGPS); 2) Other pensions legislation; 3) The LGPS Scheme Advisory Board and the Pensions Regulator; 4) Issues concerning the governance of the Local Government Pension Scheme (LGPS) on a national and local basis; 5) The Equitable Life Proposal 6) Skills and knowledge opportunities.
Recommendations	<p>That the Pension Fund Board:</p> <p>Notes the content of the report</p>
Enquiries to:	<p>Jo Walton – Governance and Regulations Manager, LGSS Pension</p> <p>E-mail: jwalton@northamptonshire.gov.uk</p>

1. Background

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

2. New legislation and Court judgements

2.1 The Investment Consultancy and Fiduciary Management Market Investigation Order 2019

- 2.1.1 On 10th June 2019 the Competition and Market's Authority (CMA) published The Investment Consultancy and Fiduciary Management Market Investigation Order 2019. The order

defines fiduciary management services and potentially has implications for LGPS asset pools. The Scheme Advisory Board is in discussion with the Ministry of Housing Communities and Local Government (MHCLG), the CMA and legal advisers to seek further clarity.

- 2.1.2 The Scheme Advisory Board has produced a briefing note which can be found at the link below.

<https://lgpsboard.org/images/Guidance/CMABrief182019.pdf>

- 2.1.3 The main impact for LGPS asset pools appears to be around part 7 of the Order which prohibits scheme managers from entering into a contract or continuing to obtain investment consultancy services without setting strategic objectives for the investment consultancy provider. Part 7 of the Order comes into effect from 10th January 2020.
- 2.1.4 A report will be prepared for the November meeting of the Investment Sub Committee on this matter.

2.2 Written Ministerial statement – Walker v Innospec Supreme Court judgement

- 2.2.1 On 4th July 2019, the Parliamentary Under Secretary of State (Department for Work and Pensions) issued a response to the Supreme Court judgement in respect of Walker v Innospec and others.
- 2.2.2 The judgement was issued on 12th July 2017 with the Supreme Court deciding that Mr Walker's husband, on the death of Mr Walker, is entitled to the same benefits as the survivor of an opposite sex spouse. For public service pension schemes it means that civil partners and survivors of same sex marriages are entitled to receive benefits equal to those received by widows of male members (as introduced to the LGPS by the 2018 Amendment Regulations).
- 2.2.3 The Government has concluded that aside from the changes brought about by the Supreme Court judgement, it will not make any further retrospective changes to the existing provisions in public service pension schemes to equalise survivor benefits. The view is that any differences in survivor benefits will work their way out over time.
- 2.2.4 In the LGPS, in some cases, the widower of a female scheme member is entitled to a lower survivor pension than the widow of a male scheme member. This decision means that this will not change.

2.3 Langford v RAF Pension Scheme Court of Appeal ruling

- 2.3.1 On 17th July 2019 the Court of Appeal awarded a survivor pension in the RAF pension scheme to Ms Langford following the death of her partner in 2011. Ms Langford had cohabited with the scheme member for 15 years, but she was married to someone else at the time of her partner's death.
- 2.3.2 This decision could have far-reaching consequences for other cohabiting couples in the public sector where a surviving partner is married to a third party. In the LGPS, both partners need to be "free to marry" to qualify for payment of a cohabiting partner's pension (amongst other qualifying criteria). The Government's response to this decision is awaited.

2.4 McCloud

- 2.4.1 On 15th July 2019, the Chief Secretary to the Treasury announced in a written statement that remedies relating to the McCloud judgement will need to be made in relation to all public service pension schemes. At the time of writing there is no further progress to report.
- 2.4.2 The Scheme Advisory Board have produced a questions and answers document on the McCloud case which can be found at the following link:

<http://www.lgpsboard.org/index.php/structure-reform/cost-management/ccmcloud>

3. Scheme Advisory Board

3.1 Good Governance Report

- 3.1.1 The Scheme Advisory Board commissioned Hymans Robertson to examine the effectiveness of current LGPS governance models and to consider alternatives or enhancements to existing models which can strengthen LGPS governance going forward with recognition that any models considered must maintain strong links to local democratic accountability.
- 3.1.2 Hymans Robertson engaged with all stakeholder groups and all fund types via an online survey, one-to-one conversations and workshops. The Scheme Advisory Board requested that existing and alternative governance arrangements be assessed on standards, consistency, representation, conflict management, clarity of roles and responsibilities and cost. As such four governance models were considered:
- | | |
|---------|-----------------------------------|
| Model 1 | Improved practice |
| Model 2 | Model 1 plus greater ring-fencing |
| Model 3 | Joint Committee; and |
| Model 4 | Separate Local Authority body |
- 3.1.3 The survey responses favoured Model 2 followed by Model 1 and the following proposals have been put forward to the Scheme Advisory Board for consideration:
- An outcomes-based approach to LGPS governance with minimum standards rather than a prescribed governance model.
 - Critical features of an outcome based model should include:
 - Robust conflict management including clarity on roles and responsibilities for decision-making;
 - Assurance on sufficiency of administration and other resources (quantity and competency) and appropriate budget;
 - Explanation of policy on employer and scheme member engagement and representation in governance; and
 - Regular independent review of governance – this should be based on an enhanced governance compliance statement which should explain how the required outcomes are delivered.
- 3.1.4 Enhanced training requirements for s151s and s101 committee members (requirements for s101 should be on a par with Local Pension Board members).
- 3.1.5 Update relevant guidance and better sign-posting.
- 3.1.6 The full report can be found at the link below.

- 3.1.7 A detailed plan to implement the report's recommendations is being constructed and will be presented at the Scheme Advisory Board in November 2019. Any proposals agreed by the Scheme Advisory Board will be subject to a full stakeholder consultation before being put to MHCLG.

4. The Pensions Regulator

4.1 Combining of codes of practice

- 4.1.2 The Pensions Regulator has announced that they plan to combine the current 15 codes of practice into one single shorter code. The changes will reflect the Occupational Pension Schemes (Governance) (Amendment) Regulations 2018. The codes that are most affected by these regulations will be addressed first and this includes the code of practice 14 (public service pension schemes). Schemes will need to demonstrate that they have an effective governance system within 12 months of the date the code is updated.

4.2 Governance and administration survey (2018) findings

- 4.2.1 The Pensions Regulator have published their findings of the governance and administration survey of public service pension schemes undertaken at the end of 2018. 195 out of 207 schemes completed the survey.

- 4.2.2 The main findings are as follows:

- The report highlights the importance of receiving accurate and timely data and identifies employer performance as a common reason for missing or inaccurate data.
- The percentage of LGPS members who were sent an annual benefit statement before the statutory deadline was lower than average across the sector.
- The top three barriers to improvements in administration and governance were identified as complexity, lack of resources and legislative change.
- Within the LGPS, staff retention and lack of knowledge was cited as a top three risks by 28% of funds. Cambridgeshire Pension Fund responded with funding and investment risk, securing compliance with changes to the scheme regulations and receiving contributions from scheme employers.
- Six LGPS funds reported that they had fewer Board (Local Pension Board) members at the time of the survey than is required by regulation (Cambridgeshire Pension Fund is compliant in this area).

- 4.2.3 The full report can be found at the following link:

<https://www.thepensionsregulator.gov.uk/-/media/thepensionsregulator/files/import/pdf/public-service-research-2019.ashx>

5. Consultations

5.1 Local valuation cycle and the management of employer risk

- 5.1.1 On 8th May 2019 MHCLG issued a 12 week policy consultation called LGPS: 'Changes to the local valuation cycle and the management of employer risk'.

- 5.1.2 The consultation covered the following areas:

- Amendments to the local fund valuations from the current 3 year to 4 year cycle
- A number of measures aimed at mitigating the risks of moving to a 4 year cycle
- Proposals for flexibility on exit payments
- Proposals for further policy changes to exit credits
- Proposals for changes to the employers required to offer local government pension scheme membership

5.1.3 The Cambridgeshire Pension Fund's response to the consultation (as agreed by the Chairman and Vice-Chairman of the Pension Fund Committee and Pension Fund Board) can be found in appendix 2.

5.2 Exit payments cap

5.2.1 In 2015 the Government first announced plans to introduce a £95,000 cap on exit payments in the public sector. The cap includes any pension strain costs (the cost to the employer of paying a scheme member's pension early normally on the grounds of efficiency or redundancy) and apply where there has been a 'relevant public sector exit' which occurs when an employee leaves the employment of a public sector authority.

5.2.2 On 10th April 2019 HM Treasury launched a consultation on the draft regulations entitled 'Restricting exit payments in the public sector: consultation on implementation of the regulations'. The consultation closed on 3rd July 2019.

5.2.3 The Cambridgeshire Pension Fund's response to the consultation (as agreed by the Chairman and Vice-Chairman of the Pension Fund Committee and Pension Fund Board) can be found in appendix 3.

6. Equitable Life Proposal

6.1 On 15th June 2018, Equitable Life accounted that they have entered into an agreement to transfer the Society and all its policies to Utmost Life and Pensions (previously known as Reliance Life).

6.2 The Cambridgeshire Pension Fund has 69 members who have an AVC account with Equitable Life.

6.3 Equitable Life's proposal concerning the transfer is in two parts:

- **Part One:** To increase With-Profits policy values with immediate one off uplift. Remove any investment guarantees (including any guaranteed annual increase) and switching rights. Convert all With-Profits policies to Unit-Linked policies.
- **Part Two:** To transfer all of the business of Equitable Life to Utmost Life and Pensions except for certain excluded policies (German and Irish Policies which will remain with Equitable Life which will become a subsidiary of Utmost Life and Pensions).

6.4 Cambridgeshire County Council, the administering authority and 'Scheme Policy Holder' has been asked to vote to:

- Approve the 'Scheme' (Part 1)
- 'Change the Articles' to make Utmost Life and Pensions the sole Member of Equitable Life (Part 2)

- 6.5 Administering authorities can object to the transfer of Equitable Life's business to Utmost Life and Pensions (the transfer does not require a vote but does need the approval of the High Court).
- 6.6 The deadline for receipt of online or postal votes is 10am on 30th October 2019.
- 6.7 On behalf of the LGPS administering authorities that have Equitable Life as an AVC provider for their members, the LGA obtained a QC opinion (dated 6th September 2019) on the obligations and future challenges associated with this vote. In summary the opinion is as follows:
- an administering authority is entitled to vote
 - the administering authority has a duty to secure that the value of additional benefits from AVCs is 'reasonable' having regard to the amount of the voluntary contributions and the value of other scheme benefits
 - it is for administering authorities to determine how they exercise their votes; they cannot and must not abdicate their responsibility in this regard
 - administering authorities must not allow themselves to be dictated to by Scheme members
 - administering authorities will not generally be liable if they act reasonably.
- 6.8 QC opinion was also that it would be prudent for administering authorities to communicate with scheme members before it is determined how to vote in order to assist with that determination (for the reasons set out in the opinion).
- 6.9 The full QC opinion can be found in appendix 4.
- 6.10 In line with other LGPS Funds that have Equitable Life as their AVC provider, LGSS Pensions are in the process of obtaining advice on Equitable Life's proposals from Aon. Aon will conduct an in-depth review on the reasonableness of the uplifts proposed by Equitable Life and the default investment strategy for funds transferred from the With Profits Fund and a member analysis of the proposed uplifts and suitability of the investment strategy for the Fund's members. Aon will also produce the member communication as recommended by the QC.
- 6.11 As the closing date for votes is 30th October 2019 and so before the next meeting of the Pension Fund Committee and that the administering authority has a fiduciary duty to make an informed decision on how to vote on the Proposal it is proposed that the Head of Pensions in conjunction with the Chairman and Vice-Chairman of the Pension Fund Committee decide on how the administering authority should cast its vote based on the advice provided by Aon outside of a formal meeting.
- 6.12 In addition, should the Proposal go ahead, the administering authority will be required to make a decision on the default investment strategy in respect of the transfer payments by 12th December 2019. It is proposed that the Head of Pensions in conjunction with the Chairman and Vice-Chairman of the Pension Fund Committee make this decision outside of the formal meeting as the next meeting falls on the 12th December 2019, the date by which the investment instructions need to be received by Equitable Life.

7. Skills and knowledge opportunities – training events

- 7.1 Section 248A of The Pensions Act 2004 as incorporated within The Pensions Regulator's Code of Practice (Governance and administration of public service pension schemes) requires all members of the Pension Fund Committee and Pension Fund Board to maintain the necessary skills and knowledge to undertake their role effectively.
- 7.2 In order to facilitate the acquisition of skills and knowledge for members of the Pension Fund Board, appendix 1 lists the main events that are deemed useful and appropriate.
- 7.3 Requests to attend events will be facilitated by the Governance Team. It may be necessary to restrict numbers of attendees on some courses through reasons of cost.

8. Relevant Pension Fund Objectives

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance. <i>Objective 1</i>
Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers. <i>Objective 2</i>
Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment. <i>Objective 3</i>
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. <i>Objective 5</i>

9. Risk Management

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

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

- 9.3 The Fund's risk register can be found - <https://pensions.cambridgeshire.gov.uk/app/uploads/2019/04/Cambridgeshire-Risk-Register.pdf>

10. Communication Implications

Training	All staff involved in the administration of the LGPS are aware of the new legislation and the impact on the calculation and payment of benefits from the scheme.
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11. Finance & Resources Implications

- 11.1 The costs associated with the advice required for the Equitable Life Proposal (section 6) will be met by the administration budget.

12. Legal Implications

- 12.1 There are no legal implications connected to the contents of this report.

13. Consultation with Key Advisers

- 13.1 Aon, the Fund's governance and benefits advisors have been consulted with regards to the Equitable Life Proposal as detailed in section 6.

14. Alternative Options Considered

- 14.1 There are no alternative options to be considered.

15. Background Papers

- 15.1 None.

16. Appendices

- 16.1 Appendix 1 List of training events/conferences.
Appendix 2 Local valuation cycle and the management of employer risk consultation response
Appendix 3 Restricting Exit payments cap consultation response
Appendix 4 QC opinion on the role of the administering authority and the Equitable Life Proposal

Checklist of Key Approvals

Has this report been cleared by Head of Pensions?	Mark Whitby – 20/09/2019
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Appendix 1 – Internal/External training and events 2019-2020

Date	Event	Training Credits	Target Audience	Host/Website
17-18 January 2019	LGPS Governance Conference	4	Officers, Committee/Board members	Local Government Association https://www.local.gov.uk
13 February 2019	LGSS Pensions Information Day	2	Officers, Committee/ Board Members	In house ACCESS – appointment of operator
27 February 2019 (morning)	Chartered Institute of Public Finance and Accountancy (CIPFA) Spring Seminar	2	Officers only	https://www.cipfa.org/training/l/lgps-spring-officers-spring-seminar-20190227-london Latest updates on the LGPS and regulations.
27 February 2019 (afternoon)	CIPFA Spring Seminar	2	Local Pension Board members only	https://www.cipfa.org/training/l/lgps-members-spring-seminar-20190227-london Latest updates on the LGPS and regulations.
28 February – 01 March 2019	Local Government Chronicle (LGC) Investment Seminar	4	Officers, Committee/ Board Members	https://investmentseminar.lgcplus.com Keeping the LGPS affordable and accessible through austerity and uncertain times.
1 March 2019	Schroders Trustee Training (Part 1)	2	Officers, Committee/ Board Members	https://www.schroders.com/en/uk/pensions/events/training/schroders-trustee-training-2019-london-part-1-spring/ The programme is designed to cover a wide range of different asset classes and investment strategies, as well as how to manage some of the risks associated with them
22 March 2019	Schroders Trustee Training (Part 2)	2	Officers, Committee/ Board Members	https://www.schroders.com/en/uk/pensions/events/training/schroders-trustee-training-2019-london-part-2-spring/ The programme is designed to cover a wide range of different asset classes and investment strategies, as well as how to manage some of the risks associated with them
13 - 15 May 2019	Pensions and Lifetime Savings Association (PLSA) Local Authority Conference	4	Officers, Committee/ Board Members	https://www.plsa.co.uk/Events-Local-Authority-Conference

26 June 2019	CIPFA & Barnett Waddingham Local Pension Boards' Annual Full Day Event	2	Local Pension Board members only	
2 – 4 July 2019	Local Authority Pension Fund Forum (LAPF) Strategic Investment Forum	4	Chairman of Pension Committee / Officers	https://www.dgpublishing.com/lapf-strategic-investment-forum/
3 - 4 July 2019	Heywood Class Group Annual General Meeting (AGM)	4	Officers	
10 – 12 July 2019	LGC Pension Fund Symposium	4	Officers	https://pensionfund.lgcplus.com
17 July 2019	LGSS Pensions Information Day	2	Officers, Committee/ Board Members	
5-6 September 2019	LGC Investment Summit	4	Officers, Committee/ Board Members	https://investmentsummit.lgcplus.com
25 September 2019	Introduction to the LGPS	2	Officers, Committee/ Board Members	https://www.cipfa.org/training/i/introduction-to-the-lgps-20190925-london Aimed at new or inexperienced officers and elected members this course, based on the CIPFA knowledge and skills framework.
3 October 2019	LGPC Fundamentals Training (Day 1/3)	2	Committee/Board Members	Provides members of Pension Committees and Local Pension Boards with the knowledge and skills to enable them to carry out their duties effectively. Further information to follow.
9 October 2019	LGSS Pensions Information Day	2	Officers, Committee/ Board Members	
11 October 2019	Schroders Trustee Training (Part 1)	2	Officers, Committee/ Board Members	https://www.schrodersevents.co.uk/schroders/frontend/reg/tOtherPage.csp?pageID=573019&ef_sel_menu=10552&eventID=1592 The programme is designed to cover a wide range of different asset classes and investment strategies, as well as how to manage some of the risks associated with them

16 October 2019	Access Investor Day	2	Officers, Committee/ Board Members	
6 November 2019	LGPC Fundamentals Training (Day 2/3)	2	Committee/Board Members	Provides members of Pension Committees and Local Pension Boards with the knowledge and skills to enable them to carry out their duties effectively. Further information to follow.
8 November 2019	Schroders Trustee Training (Part 2)	2	Officers, Committee/ Board Members	https://www.schrodersevents.co.uk/schroders/frontend/reg/tOther Page.csp?pageID=573019&ef_sel_menu=10552&eventID=1592 The programme is designed to cover a wide range of different asset classes and investment strategies, as well as how to manage some of the risks associated with them.
19 – 20 November 2019	Pension Managers’ Conference	4	Officers	http://www.swcouncils.gov.uk/nqcontent.cfm?a_id=339&tt=swra& eventStatus=list&eventAction=view&eventId=1271
4 – 6 December	LAPFF Annual Conference	4	Officers	http://www.lapfforum.org/events/lapff-conference
18 December 2019	LGPC Fundamentals Training (Day 3/3)	2	Committee/Board Members	Provides members of Pension Committees and Local Pension Boards with the knowledge and skills to enable them to carry out their duties effectively. Further information to follow.
26 February 2020	LGSS Pension Information Day	2	Officers, Committee/ Board Members	

LGF Reform and Pensions Team
Ministry of Housing, Communities and Local
Government
2nd Floor, Fry Building
2 Marsham Street
London
SW1P 4DF

30 July 2019

Dear Sirs,

Local Government Pension Scheme (LGPS): Local Government Pensions Scheme: Changes to the Local Valuation Cycle and the Management of Employer Risk

I am writing to you on behalf of the Cambridgeshire and Northamptonshire Pension Funds to provide our response to the matters covered in the consultation. We have provided answers to those questions of particular concern to the two Funds but would fully endorse the response of our Actuary, Hymans Robertson, concerning questions not addressed in this letter.

Valuation cycle

Question 1 – As the Government has brought the LGPS scheme valuation onto the same quadrennial cycle as the other public service schemes, do you agree that LGPS fund valuations should also move from a triennial to a quadrennial valuation cycle?

The Cambridgeshire and Northamptonshire Pension Funds do not agree with this and are of the opinion that the current local valuation cycle remains appropriate to meet the needs of a funded scheme with a variety of employers. Employers have a wide range of funding needs and present different levels of risk to pension funds with some employers only being in the scheme for a relatively short period of time. Each of these characteristics has a direct bearing on the contribution strategy for an employer.

These factors can quickly change making the current contribution strategy inappropriate. Lengthening the period between valuations could increase the overall financial risk to funds if a contribution strategy is no longer appropriate following a change to the financial covenant of an employer, the length of their participation in the fund or their funding need.

This is a particular concern for smaller employers where movements to just one member can have a material impact on each of these factors. However, the Carillion case shows that this can equally happen to large employers too with a significant impact on LGPS funds.

Contrary to the view expressed in the consultation, we do not believe that a 4 year cycle will reduce volatility in contribution rates for employers but could in fact risk the opposite. If funding positions are allowed to drift as a result of a longer valuation cycle, the contribution changes could be sharper than they otherwise would be in a shorter cycle. Contribution rates are already stabilised to some extent and any changes are usually phased in over the valuation cycle to ensure changes are not too sharp for

employers. If budgeting certainty is a concern, there are other ways that this can be achieved within the current cycle length.

Question 3 - Do you agree the local fund valuation should be carried out at the same date as the scheme valuation?

The Funds do not believe this to be necessary and believe that there is benefit in these being separated, preferably with the scheme valuation being carried out prior to local funding valuations. This would allow any subsequent changes to benefits, following a costing review, to be fully accounted for within the ensuing funding valuations.

Aligning the two valuations on a 4 year cycle would not allow fund actuaries to account for changes to the benefit structure in the funding valuation which could exacerbate the risks described in our response to question 1.

Question 4 - Do you agree with our preferred approach to transition to a new LGPS valuation cycle?

Yes, if the valuation cycle is to be changed, which we disagree with, the preferred approach for transition to the new cycle seems to be the most sensible approach.

Dealing with changes in circumstances between valuations

Question 5 - Do you agree that funds should have the power to carry out an interim valuation in addition to the normal valuation cycle?

We believe that funds should have this power and that there should be discretion to carry out whole or part fund interim valuations, including for individual employers. This would provide greater risk management within the scheme and allow funds to react more swiftly and appropriately to changing employer circumstances and increased risk exposure for the Fund.

Question 7 – Do you agree with the proposed changes to allow a more flexible review of employer contributions between valuations?

We welcome more flexibility to review employer contributions between valuations for the same reasons that we welcome the ability to carry out interim valuations, provided within our response to question 5. We believe that funds should have the ability to review employer contributions of all employer types between valuations. We accept that usually there would be less need to do so for statutory or tax-raising bodies, but through recent experience, there are circumstances where it could be beneficial to review contribution rates for such bodies. During the valuation, contribution strategies are agreed in discussion with employers and based on their circumstances at that time. If there is a material change to those circumstances, it would be helpful to have the flexibility to review the agreed contribution strategy.

Flexibility on exit payments

Question 10 – Do you agree that funds should have the flexibility to spread repayments made on a full buy-out basis and do you consider that further protections are required?

We would welcome extra flexibility to spread repayments made on such a basis. Such flexibility would allow smaller employers to manage their exits in an orderly fashion and avoid the risk of becoming insolvent, when their last active member leaves the LGPS or alternatively by being trapped in a scheme where both the continuing in and exiting the scheme are unaffordable. This would be particularly useful

for so called “Tier 3 employers” who are particularly at risk of such events and for whom there is usually no form of security protecting the fund.

Such flexibility would also provide a level of protection for all other employers in the fund. In an insolvency situation a fund would only receive a fraction of the total pension debt owed. The proposed flexibility would allow funds to collect pension debt over a manageable period and maximise the amount repaid to the fund by avoiding an insolvency situation, thus reducing the future burden on other employers in the fund.

This flexibility should only be offered, at the discretion of the administering authority (and guarantor where appropriate), based on an assessment of the financial covenant of the exiting employer and/or guarantor. Further, interest should be charged at an appropriate rate and the administering authority should have the ability to request additional security be put in place during the repayment period.

Question 11 – Do you agree with the introduction of deferred employer status into LGPS?

Yes, we agree with the introduction of deferred employer status into the LGPS, this would be a useful flexibility for funds for similar reasons to those set out in question 10 and agree that this would be particularly helpful for smaller employers.

Question 14 – Do you agree options 2 and 3 should be available as an alternative to current rules on exit payments?

Yes, the extra flexibility would be welcome. With all three options available to employers an argument could be made that the need for suspension notices is redundant. An employer could simply become a deferred employer until they have a new active member.

Question 15 – Do you consider that statutory or Scheme Advisory Board guidance will be needed and which type of guidance would be appropriate for which aspects of these proposals?

Statutory guidance would be useful but a balance needs to be struck with the ability of funds to manage their own funding and employer risks and to account for other local considerations when taking decisions.

Question 16 – Do you agree that we should amend the LGPS Regulations 2013 to provide that administering authorities must take into account a scheme employer’s exposure to risk in calculating the value of an exit credit?

Yes, we feel very strongly that this should be the case. Risk and reward should flow in the same direction and it is clearly inappropriate for an exiting employer to receive an exit credit when they would not be expected to pay an exit debt.

Furthermore, it should be clear that where the pension risk is held by a non-exiting employer, no exit payment should be made to any employer, particularly to an ongoing employer with an existing deficit. It would clearly also be inappropriate for a fund to release monies to such an employer. We therefore agree with the proposed wording that, in such circumstances, the exit credit should be calculated as nil.

The liabilities and corresponding assets would be pooled with the scheme employer holding the pension risk and therefore, all else being equal, would reduce their deficit which, in our opinion, is a sensible approach.

Question 17 – Are there other factors that should be taken into account in considering a solution?

We are of the view that the exit credit regulations should only apply to new admissions.

For admission agreements entered into prior to the introduction of exit credits, all parties would have entered into admission agreements with an understanding that no exit payment would be made on exit, if a surplus existed. Consequently, as the regulations did not allow it, most risk sharing agreements will be silent on provisions if a surplus exists at the end of the contract. As a result, legal opinion may be required when reviewing risk sharing agreements for cessation cases. If the regulations had existed at the time, a surplus scenario would be explicitly covered within the risk sharing agreement, removing the need for a legal opinion.

Further, had the legislation been in place when such a body joined the LGPS, it may have changed how they were treated throughout their time in the LGPS. The introduction of exit credits effectively changed the risk these employers posed to ceding authorities which may have resulted in significantly different treatment throughout their time in the LGPS.

We are also of the opinion that the current time constraints placed on funds within which an exit credit must be paid is extremely onerous. This is a very short time frame within which a fund must collect required data from an employer to assess their final position, commission and receive a valuation, release assets (in an orderly manner to minimise the cost of doing so) and obtain the required local treasury sign off to release payment. If funds are required to take account of risk sharing arrangements when calculating an exit credit, as we agree they should do, this will certainly make it impossible to meet the three month deadline. Especially if legal interpretation of commercial agreements is required.

We are of the opinion that a longer time frame should be implemented

Employers required to offer LGPS membership

Question 18 – Do you agree with our proposed approach?

We accept that there is certainly justification for considering the nature of participation in the LGPS by the further and higher education sectors. However, we would have concerns over the increased risk to funds, if the statutory obligation to offer LGPS membership were removed.

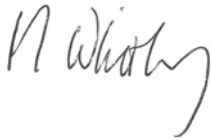
Giving protected status to existing employees is comforting and in our view a fair and sensible approach. However, if such a body were to close the scheme to new entrants, a cessation event would become inevitable through natural staff turnover. It is not uncommon for the liabilities of these bodies to be worth tens of millions of pounds and if such a body were to cease participation in the fund, it is likely that a large deficit would be payable. Given the current financial concerns within the industry, this would increase the risk of insolvency situations and the liabilities being subsumed by all other employers in the fund.

Further, such a proposal would likely increase the costs of participation in the fund for this type of employer. Currently, they are treated similar to other scheduled bodies, as they are viewed as long term employers. If such bodies were no longer required to offer LGPS membership, this would change how funds view them and given the removal of government backing, these bodies would become similar to

smaller tier 3 employers, but with much larger liabilities and therefore higher risk and contribution strategies would be need to reflect their high risk status potentially leading to higher contributions.

Any change to the status of these bodies in the fund would need to be alongside changes to the flexibility available to administering authorities in dealing with ceasing employers and employer debt. However, the high risk nature of these employers could still make long term repayment plans difficult to justify without additional security, which could further increase costs for these bodies.

Yours faithfully

A handwritten signature in dark ink, appearing to read 'M Whitby', with a stylized, cursive script.

Mark Whitby FPMI, CPFA

Head of Pensions

LGSS

On behalf of the Cambridgeshire Pension Fund and Northamptonshire Pension Fund

My Ref: LGPS Exit Cap Consultation

Date: 2 July 2019

Please ask for: Mark Whitby

Workforce, Pay & Pensions Team,
HM Treasury,
1 Horse Guards Road,
London
SW1A 2HQ

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

01604 366537

pensions@northamptonshire.gov.uk

Dear Madam/Sir

**Restricting exit payments in the public sector:
Consultation on the implementation of regulations
Local Government Pension Scheme**

With reference to the consultation launched on 10 April 2019, as Head of Pensions I respond on behalf of both Cambridgeshire County Council and Northamptonshire County Council in their roles as Local Government Pension Scheme (LGPS) administering authorities for the Cambridgeshire Pension Fund and the Northamptonshire Pension Fund respectively.

We are aware that the Local Government Association's (LGA) Head of Workforce has submitted a detailed response setting out very serious concerns regarding the consequences of implementing the policy as set out in the documents issue as part of this consultation and I would like it recorded that both County Councils concur with the LGA's views as expressed in their response, which is attached for reference.

In relation to the 8 specific questions posed in the consultation, I set out below our comments:

Question 1: Does draft schedule 1 to the regulations capture the bodies intended?

Exempting the Secret Intelligence Service, the Security Service, the Government Communications Headquarters and the Armed Forces from scope entirely, rather than excluding specific payments (such as the resettlement payments mentioned) seems at odds with the intention of the introduction of the restriction in exit payments across the entire public sector.

Question 2: Do you agree with the current list of bodies in scope, for the first round of implementation? If not, please provide reasons.

LGA in their response have highlighted potential inequities in the treatment of outsourced employees that are covered by TUPE, those that are not but whose transfers were TUPE-like and those employees not transferred.

Bearing in mind the as yet undecided nature of how the provisions will impact on LGPS benefits and the amendments to the LGPS Regulations and associated actuarial guidance that will be required to implement the Exit Cap provisions, there are significant concerns about the timescale for introduction.

A single implementation date at the point clear and workable Regulations and guidance are in place, and taking into account an appropriate lead time for pension administration and other software providers to reflect what are to be the available benefit options would be our recommendation. A period of nine months from the date The Restriction of Public Sector Exit Payments Regulations 2019 are passed is suggested, so long as relevant amendments to the LGPS Regulations 2013 are made promptly after the Regulations are passed.

Question 3: Do you agree with the exemptions outlined? If not, please provide evidence.

The exemption of the Secret Intelligence Service, the Security Service, the Government Communications Headquarters and the Armed Forces is covered in the response above to Question 1.

Question 4: Does the guidance adequately support employers and individuals to apply the draft regulations as they stand? If not, please provide information on how the guidance could be enhanced.

The major issue from the perspective of an LGPS administering authority is that the LGPS Regulations do not currently provide an appropriate basis for a 'fair' implementation of the restriction in exit payments and they therefore require amendment in order for the provisions to be workable in a practical manner.

The following matters should be addressed to enable smooth and consistent implementation of the changes:

- The calculation of strain costs – at present different LGPS Pension Funds do not use a single set of factors to determine strain costs; in order to provide consistency of approach in relation to the Exit Cap calculation a single set of factors would be required.
- The current compulsion on a LGPS member aged 55 or over to take immediate payment of their LGPS pension if their employment is terminated on grounds of redundancy or business efficiency – with no guarantee that their LGPS benefits will be paid without early payment reductions, due to the prospect of the Exit Cap restriction impacting on the ability of the scheme employer to cover the full strain cost, it is recommended that a member is able to make a choice over whether or not to take payment of their benefits, potentially with a full or a partial early payment reduction applying, or to take a cash payment.
In order to simplify the options available to scheme members and lessen the burden on administrators in presenting and explaining them, it would be helpful to:
 - Prescribe that other exit payments, over and above statutory payments such as the statutory redundancy payment, be capped before any strain cost;
 - Direct that any partial reduction apply proportionately across a member's benefits; and

- Not permit buy-out of a partial reduction unless the member elects for immediate payment of benefits.
- Confirmation of whether a LGPS administering authority has any statutory duty in relation to monitoring its scheme employers are operating within The Restriction of Public Sector Exit Payments Regulations.

Question 5: Is the guidance sufficiently clear on how to apply the mandatory and discretionary relaxation of the regulations, especially in the case of whistleblowers?

While outside of both County Council's administering authority functions I wish to highlight that LGA in their response have expressed the view that health and safety reporting related cases should be included in the mandatory exemption provisions alongside whistleblowing and discrimination cases.

In addition LGA have expressed concerns over the complex and bureaucratic approval processes regarding both mandatory and discretionary relaxation of the cap, as well as identifying inconsistencies between the guidance and Regulations themselves.

There is a need for a process that is both practical and timely, and addresses concerns about requiring approval of Full Council when timings of such meetings may not provide the degree of flexibility, or indeed the protection of an employee's identity when hardship cases are discussed, if this is required at a public meeting.

Question 6: Is there further information or explanation of how the regulations should be applied which you consider should be included in the guidance? If so, please provide details.

Clarification of whether it is the intention that Employer's National Insurance Contributions (NIC) on exit payments in excess of £30,000 from 6 April 2020 will form part of the Exit Payment tested against the Cap would be appreciated.

Question 7: Are there other impacts not covered above which you would highlight in relation to the proposals in this consultation document?

The fact that the sum of £95,000 was originally proposed for the cap when the original consultation was launched in July 2015, the sum remains the same in this consultation that closes in July 2019, and there is no clear indication as to how, or indeed whether, the sum will be indexed over time is a concern. As the illustrative examples in Appendix 1 to the LGA response show, LGPS members on relatively modest annual salaries could be impacted by the cap depending on their length of pensionable service in a way that was perhaps not envisaged.

Like the LGA, both County Councils supports indexation of the cap and also consideration of the introduction of a 'salary floor' below which an employee would not be impacted by the cap.

Question 8: Are you able to provide information and data in relation to the impacts set out above?

The illustrative examples set out in Appendix 1 to the LGA response provide this information.

I trust that this response proves helpful and look forward to the outcome of the consultation in due course.

Yours faithfully,

A handwritten signature in dark ink, appearing to read 'M Whitby', with a stylized, flowing script.

Mark Whitby FPMI, CPFA
Head of Pensions
LGSS Pensions

**LOCAL GOVERNMENT PENSION SCHEME
("LGPS")**

**ADMINISTERING AUTHORITIES
("AAs")**

POTENTIAL TRANSFER OF BUSINESS

O P I N I O N

INTRODUCTION

1. I am instructed by the Local Government Association. My advice is sought on behalf of AAs.

BACKGROUND

2. AAs are required to provide access to an in-house Additional Voluntary Contribution ("AVC") arrangement for their members. All AAs have entered into arrangements with one or more AVC providers.

3. Many AAs appointed Equitable Life as their sole or joint AVC provider.

PRESENT POSITION

4. On 15 June 2018 Equitable Life announced that it has entered into an agreement to transfer its business to Utmost Life and Pensions (“Utmost”).

This requires the approval of the High Court and regulatory approval.

5. In August 2019, Equitable Life wrote to the AAs affected by the proposed transfer to advise them as to their rights to:-

- (1) Object to the transfer; and
- (2) Vote upon consequential and incidental matters.

6. The deadline for receipt of votes is 30 October 2019.

LEGISLATIVE FRAMEWORK

7. Part 1 of the Local Government Pension Scheme Regulations 2013, S.I. 2013/2356, made pursuant to the Superannuation Act 1972, relates to Membership, Contribution and Benefits. Within Part 1, Regulations 9-21 inclusive relate to Contributions. Part 2 relates to Administration, and the responsibilities of AAs. These are broad responsibilities.

8. Regulation 17 is concerned with Additional Voluntary Contributions.

Subsections (1) and (2) of Regulation 17 state:

- “(1) An active member may enter into arrangements to pay additional voluntary contributions (“AVCs”) or to contribute to shared cost additional voluntary contribution arrangements (“SCAVCs”) in respect of an employment.
- (2) The arrangements mentioned in paragraph (1) must be a scheme established under an agreement between the appropriate administering authority and a body approved for the purposes under the Finance Act 2004 (“the AVC provider”), registered in accordance with that Act and administered in accordance with the Pensions Act 2004.”

ADVICE SOUGHT

9. The advice sought is with respect to the three questions set out in a paper before me and an e-mail dated 3 September 2019. I address these questions in the order in which they are raised.

FIRST QUESTION

10. I am asked whether an AA is entitled to vote.
11. My answer is: “Yes”.
12. This is because, in my opinion:-
- (1) It is policy holders who are entitled to vote; and
 - (2) The AAs are policy holders.
13. In my opinion, the AAs are policy holders for this purpose because:-
- (1) The AVC arrangements are established by an arrangement between the AAs and Equitable Life as an AVC provider; and
 - (2) This is indeed pursuant to a statutory requirement.

SECOND QUESTION

14. I am asked whether the AAs have a duty to secure that the value of the additional benefits from AVCs is “reasonable”, having regard to the amount of the voluntary contributions and the value of other scheme benefits.

15. My answer is: “Yes”.

16. This is because, in my opinion:-

- (1) AAs owe fiduciary duties; and
- (2) These duties are owed both to employers and to members.

17. In my opinion, AAs owe fiduciary duties because they administer the financial affairs of others.

18. Further, or alternatively, in my opinion, AAs owe the full range of public law duties. These include to act reasonably, in a Wednesbury sense. See the decision of the Court of Appeal in Charles Terence Estates Ltd v Cornwall County Council (2012) EWCA Civ 143, (2013) LGR 97, (2013) 1 WLR 466, in which I appeared for the County Council.

THIRD QUESTION

19. In relation to AAs exercising their votes, I am asked what risk, if any, they take, in four specified circumstances.

20. In my opinion:-

- (1) It is for AAs as such and as the policy holders to determine how they exercise their votes;
- (2) They cannot and must not abdicate their responsibility in this regard;
- (3) In particular, they must not allow themselves to be dictated to by scheme members;
- (4) They may be liable if they act unreasonably;
- (5) They will not however generally be liable if they act reasonably.

21. That, however, leaves the question whether there are any processes that they should follow before they determine how to vote and in order to assist that determination.

22. Communication with scheme members would in my view be prudent, because:-

- (1) Wednesbury reasonableness includes having regard to all relevant considerations and/or the Tameside public law duty may apply; and
- (2) Scheme members may have something relevant to contribute.

23. There is not, however, in my opinion, any legal basis for a duty going beyond the foregoing to consult with scheme members.

GENERALLY

24. I shall be happy to discuss any point that may arise.

11 King's Bench Walk
Temple EC4Y 7EQ

goudie@11kbw.com



JAMES GOUDIE QC
6 September 2019

**LOCAL GOVERNMENT PENSION
SCHEME
("LGPS")**

**ADMINISTERING AUTHORITIES
("AAs")**

POTENTIAL TRANSFER OF BUSINESS

OPINION

SG
06/09/19

Thelma Stober

Local Government Association

CAMBRIDGESHIRE PENSION FUND



Pension Fund Board

Date: 4th October 2019

Report by: Head of Pensions

Subject:	Data Improvement Plan Progress Report
Purpose of the Report	To present to the Pension Fund Board a report that details progress made against the Pension Fund Data Improvement Plan.
Recommendations	The Board is asked to note the contents of the report.
Enquiries to:	Joanne Walton, Governance and Regulations Manager jwalton@northamptonshire.gov.uk

1. Background

- 1.1 The primary purpose of the Cambridgeshire Pension Fund is to pay the correct pension benefits to its members when they become due. It is therefore essential that the Fund achieves and maintains the highest possible data quality standards.
- 1.2 The Public Service Pensions Act 2013 (effective from 1 April 2014) increased the powers of the Pensions Regulator to ensure that public service pension schemes had appropriate measures in place to ensure high standards of governance and administration.
- 1.3 The Pensions Regulator articulated these standards through the code of practice 14 – governance and administration of public service pension schemes. The code addresses the need for high standards of accurate data and states that schemes must regularly review the data held and put in place a Data Improvement Plan to address any issues.
- 1.4 To demonstrate to the Pensions Regulator that the Fund has reviewed the quality of its data and has an ongoing approach to ensuring appropriate processes are in place to consistently hold accurate data, a Data Improvement Policy and a Data Improvement Plan has been established.
- 1.5 This report is to provide the Pension Fund Committee with details of the progress made against the Data Improvement Plan and will be presented at each meeting.
- 1.6 A summary of the items on the Data Improvement Plan can be found in appendix 1.

2. Data Improvement Plan Activities

- 2.1 The activities on the Data Improvement Plan that are currently in progress are as follows:

2.1.1 Resolution of awaiting entry records to correct membership status

Purpose of activity: To ensure that all members showing as awaiting entry on the pensions administration system are genuine, and to convert to the appropriate membership status where this is not the case.

Original timescale for action: 01/04/2019 – 31/03/2020

Revised timescale for completion: 01/09/2019 – 31/03/2020

Update: Work has commenced on this project and at the early stages it has been identified that a number of these records belonged to employees that were automatically enrolled and subsequently opted without paying any pension contributions and so the records require deletion.

Future milestones: Work will continue until all records have been dealt with appropriately.

2.1.2 Rectification of pensions increase errors

Purpose of activity: To resolve inaccurate pensions in payment on the pensioner payroll due to incorrect Pensions Increase being applied following the migration of the pensioner payroll in 2017.

Original timescale for action: 01/12/2018 – 28/02/2019

Revised timescale for completion: 01/04/2019 – 31/08/2019

Update: Completed - all variances above £100 per annum in value have been fully rectified.

Future milestones: Variances of less than £100 per annum will be resolved as part of the pensioner payroll vs pensions administration system reconciliation for pensions with a variance of less than £100 per annum (to be addressed in the 2020/21 Annual Business Plan and Medium Term Strategy).

2.1.3 Resolution of common data fails

Purpose of activity: To resolve common data fails identified in the 2018 data audit.

Original timescale for action: 01/01/2019 – 31/03/2019

Revised timescale for completion: 01/01/2019 – 31/07/2019

Update: 17.79% of records had at least one common data error identified during the 2018 data audit. Work has been undertaken to rectify errors of duplicate, missing or temporary national insurance numbers, missing or inconsistent gender, forenames and initials, reducing the number of errors by 9.59% to 8.2%. The remaining errors will be resolved through the project detailed in 2.1.4.

Future milestones: The total number of errors will be re-baselined when the results of the 2019 data audit are received in late October 2019.

2.1.3 Resolution of scheme specific data fails

Purpose of activity: To resolve the scheme specific data fails identified in the 2018 data audit.

Original timescale for action: 01/01/2019 – 31/03/2019

Revised timescale for completion: 01/06/2019 – 31/03/2020

Update: 26.87% of records had at least one scheme specific data error identified in the 2018 data audit. These errors will have been reduced through the project detailed in 2.1.4.

Future milestones: The total number of errors will be re-baselined when the results of the 2019 data audit are received in late October 2019.

2.1.4 Resolution of unprocessed leaver records

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

Original timescale for action: 01/01/2019 – 31/12/2020

Revised timescale for completion: 01/01/2019 – 31/03/2021

Update: Progress on this activity was previously reported against 4 categories of ring-fenced backlog: Refunds; Deferred (single case); Deferred (multiple cases) and Amalgamations. In practice cases remain in the ring-fenced backlog but can move between categories from month to month. Progress will therefore be reported on an aggregate basis.

From the baseline position 1,486 unprocessed leaver cases have now been completed.

Category	Total
Baseline (July 2018)	5,823
August 2019	4,337

Future milestones: Please refer to table below.

Activity description	Start Date	Due Date	Completed	Comments	RAG Status
Process approx. 1,000 Multi DB cases.	May 19	Jan 20		Being processed by Aon Hewitt. Due date delayed due to system issues and process design delays.	A
Process other backlog cases alongside BAU	Aug 19	Jan 20		Using available internal resource	G
Design and implement processing solution for remaining backlog	Jan 20	Mar 21		Requires outcomes from Multi DB processing.	A

2.1.5 Contracted-out liabilities reconciliation

Purpose of activity: To compare contracted-out liabilities held on scheme records with that held by Her Majesty's Revenue and Customs (HMRC).

Original timescale for action: All queries to be submitted to HMRC by 31/12/2018 – completed.

Revised timescale for completion: HMRC are still in the process of resolving queries, despite previous targets dates for completion of April and June 2019.

Update: The percentage of queries outstanding with HMRC is 7.46%. The percentage of queries that HMRC has responded to and are yet to be processed by ITM Limited is 3.93%.

Future milestones: Planning for the rectification stage of this project as detailed in 2.1.6 has commenced.

2.1.6 Contracted-out liabilities rectification

Purpose of activity: To correct any variances to pensions in payment as a result of the activity detailed in 2.1.5.

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

Update: Despite the delays in HMRC processing the remaining queries the project to rectify any pensions in payment as a result of a corrected contracted-out liability being received will still progress as planned, by ITM Limited, based on the data that is ready to be processed. Data that is received after January 2020 will be processed manually rather than through ITM Limited's automated mechanism. Planning and testing has already commenced ready for corrected data to be applied to the March pension payment. Members who will see a change to their pension will be notified in early February.

Future milestones: The number of members whose pension requires amendment is expected to be known by December 2019 and this will be reported to the Pension Committee accordingly.

2.1.7 Member tracing and mortality screening

Purpose of activity: To ensure all membership records where a liability is held has a current home address or is marked as gone away where attempts to trace the member have been unsuccessful (excluding active members as the employer is required to update the Fund with changes of address).

Timescale for action: The contract with Accurate Data Services commenced in June 2019. Address tracing is expected to complete by 30 November 2019 and mortality screening will be conducted monthly for the duration of the 2 year contract.

Update: 52,861 deferred, frozen, pensioner and dependant member records were submitted through the first stage of the tracing services. 11,429 members were confirmed as living at the address held by the Fund and 164 members were confirmed to have died. All of the 164 members identified as deceased already had their pension payments suspended due to either a past payment being rejected by the bank or post had been returned undelivered. In these cases we had not been able to establish contact with the member's representative.

The remaining 40,063 members were processed against a specialist automated database and a further 19,255 members were confirmed as living at the address held, 6,850 members were confirmed as living at a new address. This left 13,958 cases to be manually traced.

There were a further 1,205 records that were deemed unsuitable for the automated process and therefore these were not included at this stage.

6,078 of the 13,958 low confidence cases were put through the manual tracing process due to the higher costs of this service. 1,483 members were confirmed as living as stated, 483 members were confirmed as living at a new address and 43 members were confirmed as deceased, of which only one pension was in payment and this has now been suspended. Decisions surrounding the additional cases to go through the manual basic service are yet to be made due to the low success rate and to ensure the benefits of the tracing outweigh the costs. Members that infrequently make financial transactions because they have no mortgage or utility bills in their name fall into the categories of low confidence and are unlikely to be traced at their current address at any level of service other than forensic where costs significantly increase.

Verification will be considered for members that are unable to be traced through any tracing service and this will involve members being contacted at the address currently held for them and invited to follow a secure robust process to confirm their identity and address.

Future milestones: Decisions on verification will be made on the members that are not possible to trace through manual methods will be made by 31 October 2019 and the Pension Fund Committee will be advised accordingly.

3. Relevant Fund objectives

Continually monitor and measure clearly articulated objectives through business planning.
Maintain accurate records and ensure data is protected and used for authorised purposes only.

4. Risk Management

- 4.1 The Pension Fund Committee approved the Data Improvement Policy and Data Improvement Plan in October 2018 and officers will keep both documents under constant review. The plan details the identified data improvement activities that need to be undertaken and the progress of these activities is reported through the Data Improvement Plan Progress report presented to the Pension Fund Committee and Pension Fund Board at every meeting.
- 4.2 The risks associated with failing to monitor progress against the Data Improvement Plan have been captured in the Fund's risk register as detailed below.

Risk register	Risk mitigated	Residual risk
Governance (risk 1)	The scheme would not be administered in line with regulations and policies	Green
Governance (risk 2)	Those charged with the governance of the Fund and scheme are unable to fulfil their responsibilities effectively	Amber

- 4.3 The Fund's full risk register can be found on the Fund's website at the following link:
<http://pensions.northamptonshire.gov.uk/governance/key-documents/cambridgeshire/>

5. Communication Implications

Direct Communications	The Data Improvement Plan Progress report will be presented to the Pension Fund Board at its quarterly business meetings.
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6. Finance & Resources Implications

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

7. Legal Implications

7.1 Not applicable

8. Consultation with Key Advisers

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

9. Alternative Options Considered

9.1 Not applicable

10. Background Papers

10.1 Data Improvement Policy and Data Improvement Plan
<https://cmis.cambridgeshire.gov.uk/ccclive/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/791/Committee/16/Default.aspx>

11. Appendices

11.1 Appendix 1 – Data Improvement Activities

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 17/9/2019

Appendix 1 – Full list of data improvement activities for the 2018/19 and 2019/20 financial years.

Key action/task	Nov 18	Dec 18	Jan 19	Feb 19	Mar 19	Apr 19	May 19	Jun 19	Jul 19	Aug 19	Sep 19	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20
Resolution of awaiting entry records to correct membership status											✓	✓	✓	✓	✓	✓	✓
Resolution of unprocessed leaver records	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Contracted out liabilities reconciliation	✓	✓															
Contracted out liabilities rectification – duration to be confirmed following end of reconciliation stage			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Rectification of Pensions Increase errors						✓	✓	✓	✓	✓							
Pensioner Payroll vs Pensions Administration reconciliation and rectification	✓	✓	✓	✓	✓												
Member tracing and mortality screening – duration to be confirmed following procurement process			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Resolution of common data fails identified in the 2018 Data Audit			✓	✓	✓												
Resolution of scheme specific data fails identified in the 2018 Data Audit								✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Cambridgeshire Pension Fund



Pension Fund Board

Date: 4th October 2019

Report by: Head of Pensions

Subject:	Risk Monitoring
Purpose of the Report	To present the Cambridgeshire Pension Fund Risk Monitoring Report
Recommendations	The Board are asked to review the current risks facing the Fund
Enquiries to:	Michelle Oakensen, LGSS Governance Officer, moakensen@northamptonshire.gov.uk

1. Background

- 1.1 The Cambridgeshire Risk Strategy and Risk Register were reviewed and approved by the Pensions Committee on 28th March 2019. Prior to this the Pension Fund Board actively agreed the process of monitoring risks that face the Fund, with the Pension Fund Board reviewing on a quarterly basis and the Pension Fund Committee on a bi-annual basis, unless any concerns were raised, in which case the Pension Fund Committee would be notified earlier.
- 1.2 This supports the Pension Regulator's Code of Practice 14 – Governance and administration of public service pension schemes with regards to monitoring and reviewing risks. This code of practice can be found at the following link:

<https://www.thepensionsregulator.gov.uk/en/document-library/codes-of-practice/code-14-public-service-pension-code-of-practice>

2. Review of the Cambridgeshire Pension Fund Risk Register

- 2.1 Officers of the Fund have reviewed the risk register and have concluded the following:
 - No risks have seen a change in impact or likelihood scores since the last review
 - On risk 12 'Pension Fund systems and data may not be secure and appropriately maintained' the proposal is to add including cyber risk and to add to the mitigations that the training on Cyber Resilience and Data Protection is now mandatory for all LGSS employees.

- An addition to the risk register has been made to highlight the potential risk of climate change on the value of the Fund's investments. This is represented as risk 26 on the register.

2.2 Board members are asked to review the full risk register located in **appendix 1** of this report and advise if the above officer conclusions as above are agreed.

3. Short-term risks

- 3.1 As with the previous update, the risk to the Fund following the outcome of the McCloud judgement remains the same. As no decision was made prior to the 31st August 2019 cut off for actuaries to revisit their assumptions, there is a risk that the 2019 valuation of the Fund and each employer liability may be incorrectly valued resulting in the calculation of inappropriate contribution rates being set.
- 3.2 Risk 18, 'actual experience materially differs from actuarial assumptions used at each valuation' covers the high level risk as the liability will be a factor in the 2019 valuation but it was felt appropriate to highlight this as a short term risk for the Board to monitor.
- 3.3 The political risk and uncertainty surrounding Brexit could have an impact on asset volatility in the short term, although this risk is outside of the control of the Fund, the Fund needs to be prepared for this volatility.
- 3.4 Risk 2 'Failure to respond to changes in economic conditions' covers the high level risk but it was felt appropriate to highlight this as a short term risk.

4. Relevant Pension Fund Objectives

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.
Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers.
Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment.
Continually monitor and measure clearly articulated objectives through business planning.
Deliver consistent plain English communications to stakeholders.
Seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund.
Ensure cash flows in to and out of the Fund are timely and of the correct amount.

5. Risk Management

- 5.1 The Pension Fund Committee and Local Pension Board are expected to monitor risk and compliance and act appropriately where there is a cause for concern.
- 5.2 The risks associated with not monitoring risk and acting appropriately have been captured in the Fund's risk register as detailed below.

Risk No	Risk mitigated	Residual risk
9	Failure to understand and monitor risk and compliance	Green
16	Failure to provide relevant information to the Pension Committee/Pension Board to enable informed decision making.	Green

5.3 The full risk register can be found in appendix 1.

6. Finance & Resources Implications

6.1 None.

7. Communication Implications

Website	The risk register and risk strategy is on the LGSS Website. The Local Pension Board will be kept up to date with risks at each meeting.
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8. Legal Implications

8.1 Not applicable.

9. Consultation with Key Advisers

9.1 None

10. Alternative Options Considered

10.1 There are no alternative options to be considered

11. Background Papers

11.1 The Cambridgeshire Pension Fund Risk Strategy –
<https://pensions.cambridgeshire.gov.uk/app/uploads/2019/04/Cambridgeshire-Risk-Strategy.pdf>

12. Appendices

12.1 Appendix 1 - The Cambridgeshire Pension Fund Risk Register

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 19 th September 2019

Appendix 1 – Cambridgeshire Pension Fund Risk Register

Risk	Risk	Relevant objectives	Responsible Lead(s)*	Risk Rating
1	Employers unable to pay increased contribution rates.	9	E	12
2	Failure to respond to changes in economic conditions.	15,16	A	12
3	Contributions to the Fund are not received on the correct date and/or for the correct amount	1,8,9,16	A	8
4	Fund assets are not sufficient to meet obligations and liabilities.	2,16,17,19	A	8
5	Information may not be provided to stakeholders as required.	14	ALL	6
6	The Investment Strategy's Risk Reward profile does not match the requirements of the Fund.	16, 17,18	A	6
7	Those charged with governance are unable to fulfil their responsibilities effectively.	2,3	G	6
8	Risk of fraud and error.	2,10	ALL	6
9	Failure to understand and monitor risk compliance.	5	G	6
10	Lack of understanding of employer responsibilities which could result in statutory and non-statutory deadlines being missed.	8	E	6
11	Custody arrangements may not be sufficient to safeguard Pension Fund assets.	1,2,3	A	4
12	Pension Fund systems and data may not be secure and appropriately maintained – including cyber risk.	10,11	E	4
13	Failure to administer the scheme in line with regulations and guidance.	1,2,3,16	ALL	4
14	Failure to recognise and manage conflicts of interest.	2,10	G	4
15	Pension Fund objectives are not defined and agreed.	4	G	4
16	Failure to provide relevant information to the Pension Committee/Pension Board to enable informed decision making.	15	G	4
17	Pension Fund investments may not be accurately valued.	2,10,17,18	A	4
18	Actual experience materially differs from actuarial assumptions used at each valuation	9, 17,18	E	4
19	Failure to act appropriately upon expert advice and/or risk of poor advice.	17,18,19,20	ALL	4
20	Failure to assess and monitor the financial strength of an employer covenant to ensure employer liabilities are met.	9,17,18	E	4
21	Unable to deliver pension services due to an inadequate business continuity plan.	8	ALL	4
22	Unable to deliver pension services due to inadequate recruitment and retention processes.	8	ALL	4
23	Investment decisions and portfolio management may not achieve the return required or be performed in accordance with instructions provided.	1,2,3,19	A	3
24	Incorrect production of accounts, notices, publications and management reports leading to possible financial and reputational damage.	1,2,10	ALL	3
25	Incorrect/poor quality data held on the Pension Administration and Payroll platforms leading to incorrect information being provided to members and stakeholders.	2,8,10,11	G	3

26	As long-term investors, the Fund believes climate risk has the potential to significantly alter the value of the Fund's investments.	18, 19	A	9
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Key

E	Employer Services and Systems Manager
A	Accounting and Investments Manager
G	Governance and Regulations Manager
O	Operations Manager
ALL	All Manager Responsibility

Overall responsibility rests with the Head of Pensions

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
1	Employers unable to pay increased contribution rates.	4	4	16	R	<ul style="list-style-type: none"> Provisional contribution rates are consulted on with each scheme employer as part of the valuation process Review of employer covenant, looking at the terms of the admission agreement and bond/guarantor arrangements. Negotiate terms of deficit recovery whilst keeping employer contribution rates as stable and affordable as possible. 	4	3	12	A
2	Failure to respond to changes in economic conditions	4	4	16	R	<ul style="list-style-type: none"> The Fund has established a quarterly Investment Sub Committee dedicated to focus on Investment matters. The Fund receives quarterly performance reports which consider operational and strategic investment issues. A formal review of the strategic asset allocation is undertaken on a triennial basis. The Fund publishes an Investment Strategy Statement which is regularly reviewed. 	4	3	12	A
3.	Contributions to the Fund are not received on the correct date and/or for the correct amount.	4	3	12	A	<ul style="list-style-type: none"> Employer contributions are set as stable as possible and the Fund works with employers closely to ensure pragmatic solutions if an employer is unable to meet monthly contributions. A procedure is in place to identify non-payment and late payment of contributions as defined in the Employee and Employer Late Payment Policy. The Policy includes a reporting process to report late payments to Committee and the Pensions Regulator Internal Audit reviews take place on an annual basis and external audit review the accounts annually. 	4	2	8	A
4	Fund assets are not sufficient to meet obligations and liabilities	4	3	12	A	<ul style="list-style-type: none"> The Funding Strategy Statement is reviewed every 3 years. The Fund Actuary considers asset valuations and the Fund Investment Strategy in setting employer contributions rates. The year-end financial statements record the Funds asset position and is subject to robustly reviewed by external audit, which supports the Funds asset valuation applied to assess fund adequacy. 	4	2	8	A

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
5	Information may not be provided to stakeholders as required	3	3	9	A	<ul style="list-style-type: none"> Officers keep up to date with disclosure regulations and distribute knowledge to teams accordingly using resources such as relevant websites, seminars, professional bodies and working groups. Letters are generated through task management for consistency and are checked before being sent out. 	3	2	6	G
6	The Investment Strategy's risk reward profile does not match the requirements of the Fund.	3	3	9	A	<ul style="list-style-type: none"> Investment Strategy in place which is in accordance with LGPS investment regulations. A formal review of the strategic asset allocation is undertaken on a triennial basis. The Fund appoints professional investment advisers to support the Pension Committees investment decisions At each triennial actuarial valuation the Funding Strategy Statement considers alignment of the investment strategy to employer covenant and affordability. Members are encouraged to participate in Skills & Knowledge training with respect to Investments and attend relevant industry conferences. Detailed training records are maintained. 	3	2	6	G
7.	Those charged with governance are unable to fulfil their responsibilities effectively	3	3	9	A	<ul style="list-style-type: none"> Training Strategy in place to facilitate the continual development of both Committee and Board members. New members are provided with relevant documentation to assist them in their roles. The Fund subscribes to relevant professional bodies such as LAPFF and PLSA. 	3	2	6	G
8.	Risk of fraud and error	3	3	12	A	<ul style="list-style-type: none"> Anti- Fraud and Corruption policy in place. Fund participates in the National Fraud Initiative and undertakes oversees pensioner existence checks. Robust processes in place including segregation of duties and authorisation protocols. 	3	2	6	G

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	RAG	Controls	Residual Impact	Residual Likelihood	Residual Total	RAG
9	Failure to understand and monitor risk compliance	3	2	6	G	<ul style="list-style-type: none"> Business Continuity plan in place and is updated at least annually. Active risk register in place, the Committee and Board are updated if there are any risk movements between scheduled reporting timescales. The Local Pension Board have oversight of risk monitoring to assist the Pensions Committee on decision making. 	3	2	6	G
10	Lack of understanding of employer responsibilities which could result in statutory and non-statutory deadlines being missed.	3	4	12	A	<ul style="list-style-type: none"> Employers are made aware of their responsibilities upon admission via the LGSS website and direct employer communication. Training is provided to employers on a minimum quarterly basis and more often, if required. The importance of a statutory deadlines is stressed to the employer through all communications and via events such as the employer forums. Support is also available through the website, dedicated employers help line and templates issued where applicable. 	2	3	6	G
11	Custody arrangements may not be sufficient to safeguard Pension Fund assets	4	2	8	A	<ul style="list-style-type: none"> The Custodian is selected from experienced providers on the LGPS National Framework who have met the quality criteria for the framework. Complete and authorised agreements are in place with external custodian. External custodian's compliance with International Standard on Assurance Engagements (ISAE) No. 3402, Assurance Reports on Controls at a Service Organisation. Officers of the Fund engage in quarterly monitoring of custodian performance with a report presented at the annual meeting of the Pensions Committee. 	4	1	4	G

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	RAG	Controls	Residual Impact	Residual Likelihood	Residual Total	RAG
12	Pension Fund systems and data may not be secure and appropriately maintained - including cyber risk	4	2	8	A	<ul style="list-style-type: none"> System user controls are in place including regular password changes. Access rights are controlled. Data is backed up. Audit trails are in place. Pension system is protected against viruses and other system threats. The pensions administration system is updated to ensure LGPS requirements are met. Hosted pensions server and backup server are at separate Bedfordshire sites. Disaster recovery plans are in place for both Heywood and LGSS. Training to Officers on cyber resilience Compulsory online training for LGSS Officers on Cyber resilience and Data Protection. 	4	1	4	G
13	Failure to administer the scheme in line with regulations and guidance	5	2	10	A	<ul style="list-style-type: none"> Policies and strategies are in place and are accessible on the Fund website. Policies and strategies are subject to review at appropriate intervals and subject to stakeholder consultation where necessary. A Training Strategy is in place for those charged with governance. Officers attend working groups (such as EMPOG/SEC SOG) and consult with professional advisors where appropriate. Employers are aware of their responsibilities within the Fund and what information is required, in what format and by when. The Fund subscribes to relevant professional bodies such as LAPFF and PLSA. 	4	1	4	G

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
14	Failure to recognise and manage conflicts of interest	4	2	8	A	<ul style="list-style-type: none"> Declaration of interests are made at the beginning of all statutory meetings where not held on the County Councillor declaration register. Conflicts of Interest Policy in place for the Local Pension Board. Committee and Board members are encouraged to undertake the Pension Regulators Toolkit which includes a conflicts of interest module. 	2	2	4	G
15	Pension Fund objectives are not defined and agreed	4	2	8	A	<ul style="list-style-type: none"> Objectives are agreed as part of the Annual Business Plan and Medium Term Strategy by the Pensions Committee. Relevant objectives are referenced on every committee report. Objectives are referenced in all policy documents and the risk register to ensure appropriate focus. 	2	2	4	G
16	Failure to provide relevant information to the Pension Committee/Pension Board to enable informed decision making.	3	2	6	G	<ul style="list-style-type: none"> Committee and Board papers are provided for each scheduled meeting, providing relevant information to inform decision making. Papers are subject to appropriate approvals including that of the Monitoring Officer and Section 151 Officer Yearly effectiveness reviews for Committee and Board members are carried out to identify if any changes need to be made to the information delivered. 	2	2	4	G

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	RAG	Controls	Residual Impact	Residual Likelihood	Residual Total	RAG
17	Pension Fund Investments may not be accurately valued	3	2	6	G	<ul style="list-style-type: none"> The Fund employs a custodian to independently review the fund asset values applied by Fund Managers and these valuations are applied in the year-end financial statements. The year-end financial statements record the Funds asset position and is subject to robust review by external audit. Officers work closely with the Funds Custodian to ensure accuracy of asset valuations. 	2	2	4	G
18	Actual experience materially differs from actuarial assumptions used at each valuation.	3	3	9	A	<ul style="list-style-type: none"> Assumptions and actual experience are analysed through triennial valuations to ensure assumptions remain appropriate. Early engagement with employers. The Investment Sub Committee receives quarterly performance reports provided by recognised industry professionals which considers both strategic and operational aspects of investment. Officers are in partnership with Fund advisers report asset allocation performance quarterly to the Investment Sub Committee. 	2	2	4	G
19	Failure to act appropriately upon expert advice and/or risk of poor advice	4	2	8	A	<ul style="list-style-type: none"> Pension Committee decisions and oversight by the Local Pension Board. Investment consultants and independent advisors appointed via a robust appointment process. Members are encouraged to participate in Skills & Knowledge training with respect to Investments and attend relevant industry conferences. Detailed training records are maintained. 	2	2	4	G

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
20	Failure to assess and monitor the financial strength of an employer covenant to ensure employer liabilities are met.	3	3	9	A	<ul style="list-style-type: none"> Assessment of the strength of individual employer covenants in conjunction with the actuary and what bond/guarantor arrangements are in place Close liaison with Employers in managing exit strategy in line with the Admitted bodies, Scheme employers and Transfer Policy. Ensure individual employers are monitored closely to pre-empt when they are likely to cease and put in arrangements to fund cessation on an appropriate basis. 	2	2	4	G
21	Unable to deliver pension services due to an inadequate business continuity plan	3	2	6	G	<ul style="list-style-type: none"> Business continuity plan in place which includes the ability for staff to work remotely to meet the demands of the service. Multi skilling across the service for flexibility. Updated at least annually to ensure remains relevant and up to date. Part of the LGSS business continuity plan. 	2	2	4	G
22	Unable to deliver pension services due to inadequate recruitment and retention processes.	3	2	6	G	<ul style="list-style-type: none"> Establishment reporting undertaken monthly to identify any recruitment/retention issues Recruitment undertaken utilising all available avenues including agency staff Staff leaving interviewed to understand reason for cessation Regular performance reporting across all business processes serves as early warning system Consultancy contracts in place as a backstop 	2	2	4	G

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
23	Investment decisions and portfolio management may not maximise returns or be performed in accordance with instructions provided	3	2	6	G	<ul style="list-style-type: none"> The Fund is compliant with Investment regulations and best practice guidance. The Fund appoints professional investment advisers to support the Pension Committees investment decisions The Funds asset allocation is considered by the Actuary when undertaking the triennial valuation. Investment performance is closely monitored, in particular the Investment Sub Committee receives quarterly performance reports provided by recognised industry professionals highlighting key issues. The Fund has an appropriate Investment Strategy Statement in place which also addresses Environmental, Social and Governance (ESG) issues. 	3	1	3	G
24	Incorrect production of accounts, notices, publications and management reports leading to possible financial and reputational damage.	3	2	6	G	<ul style="list-style-type: none"> Automated extraction of data where viable and agreed procedures for reporting. Robust authorisation protocols in place. Internal and External audit reviews. Contributions are reconciled against employer monthly reports and the bank account, which is subject to both internal and external audit review as part of the year end process. Membership year end reconciliation and investigate variations from the accounting valuations. Management and administration are maintained in accordance with the SORP and the Financial Regulations. Data Improvement Policy and Plan are in place. Anti-Fraud and Corruption Policy in place. 	3	1	3	G

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
25	Incorrect/poor quality data held on the Pension Administration and Payroll platforms leading to incorrect information being provided to members and stakeholders.	3	3	9	A	<ul style="list-style-type: none"> The Data Improvement Policy and Plan are in place. The Data Improvement Policy and Plan are reviewed at least annually and material amendments approved by the Pensions Committee. The Local Pension Board have oversight of policy reviews. The Pension Committee and Local Pension Board receive updates against the plan quarterly. 	3	1	3	G
26	As long-term investors, the Fund believes climate risk has the potential to significantly alter the value of the Fund's investments.	4	4	16	R	<ul style="list-style-type: none"> Investment managers are asked to take account of both financial and non-financial factors in their investment decisions Managers are challenged on their engagement activities in connection with environmental, social and governance (ESG) issues including climate risk Managers are required to report regularly on their compliance with our ESG policy It is ensured that the ACCESS asset pool meets the Fund's ESG requirements 	3	3	9	A

**Cambridgeshire
Pension Fund**



Pension Fund Board

Date: 4th October 2019

Report by: Head of Pensions

Subject:	Anti-Fraud and Corruption Policy Review
Purpose of the Report	To present the Cambridgeshire Pension Fund Anti-Fraud and Corruption Policy review
Recommendations	The Board are asked to review the Anti-Fraud and Corruption Policy and provide recommendations to the Pension Fund Committee
Enquiries to:	Michelle Oakensen, LGSS Governance Officer, moakensen@northamptonshire.gov.uk

1. Background

- 1.1 The administering authority is responsible for ensuring appropriate policies are in place for the safeguarding of the Fund's assets through appropriate methods of risk management. It is therefore appropriate for the Fund to have in place an Anti-Fraud and Corruption Policy.
- 1.2 The administering authority promotes a zero tolerance approach towards fraud, corruption and other malpractice for personal gain. Dishonesty, lack of integrity avoidance of controls and failure to comply with agreed policies will not be tolerated.
- 1.2 The prevention/detection of fraud/corruption and the protection of the public funds are everyone's responsibility and of paramount importance to the authority.

2. Review

- 2.1 The Policy was first created and approved by the Pension Fund Committee in October 2017 and it was felt appropriate time to review.
- 2.2 By establishing contact with members it reduces the likelihood of fraud and a proactive approach can be taken when deceased members are identified to prevent overpayments.
- 2.3 In addition, the Pensions Regulator has put significant focus on data quality and the Cambridgeshire Pension Fund is required to submit a data quality score on a yearly basis. The undertaking of member mortality screening and address tracing ensures the data held by the Fund is as accurate as possible.

3. Changes to the policy

- 3.1 The table below highlights the key proposed changes to the policy following appointment of the Fund's UK mortality screening and address tracing provider and the change in the approach to verifying the continued existence of overseas members –

Section	Change	Detail of activity
10	Addition of mortality screening services and Tell us Once	Deferred, pensioner and frozen refunds members are screened monthly to identify members that have passed away
10	Addition of address tracing services for UK	Address tracing to be carried out every two years with more in depth tracing being carried out for members who will be realising a benefit within the two years following the exercise.
10	Removal of Western Union and replaced with proof of existence certificates	All pensioner members are asked to complete and return a proof of existence form (witnessed by a suitably qualified professional).

4. Next steps

- 4.1 The Pension Fund Board as asked to review the Anti-Fraud and Corruption Policy and provide recommendations to the Pension Fund Committee where appropriate.
- 4.2 The reviewed Policy will be taken to the Pension Fund Committee meeting of the 12th December 2019 for approval.

5. Relevant Pension Fund Objectives

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.
Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers.
Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment.
Continually monitor and measure clearly articulated objectives through business planning.
Deliver consistent plain English communications to stakeholders.
Seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund.
Ensure cash flows in to and out of the Fund are timely and of the correct amount.

6. Risk Management

- 6.1 The Pension Fund Committee and Local Pension Board are expected to ensure the Fund has appropriate policies in place for the safeguarding of the Fund's assets through appropriate methods of risk management.

- 6.2 The risks associated with not having appropriate policies in place and acting appropriately have been captured in the Fund's risk register as detailed below.

Risk No.	Risk mitigated	Residual risk
8	Risk of fraud and error	Green
16	Failure to provide relevant information to the Pension Committee/Pension Board to enable informed decision making	Green

- 6.3 The full risk register can be found at the following link - <https://pensions.cambridgeshire.gov.uk/app/uploads/2019/05/RiskRegisterCPF.May2019.pdf>

7. Finance & Resources Implications

- 7.1 None.

8. Communication Implications

Website	The Fund will publish the revised policy on its website
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9. Legal Implications

- 9.1 Not applicable.

10. Consultation with Key Advisers

- 10.1 None

11. Alternative Options Considered

- 11.1 There are no alternative options to be considered

12. Background Papers

- 12.1 Not applicable

13. Appendices

- 13.1 Appendix 1 – Revised Anti-Fraud and Corruption Policy

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 16 th September 2019

Cambridgeshire Pension Fund Anti-Fraud and Corruption Policy 2019

1. Introduction

- 1.1 This is the Anti-Fraud and Corruption Policy of Cambridgeshire Pension Fund managed by Cambridgeshire County Council (the Administering Authority).
- 1.2 This policy clearly demonstrates that Cambridgeshire Pension Fund will take all necessary steps to prevent fraud and corruption. Every effort will be made to detect any such attempts and will robustly pursue those responsible and recover losses, referring matters to the Police where appropriate.
- 1.3 Fraud and corruption is defined as: -
- Fraud – ‘The intentional distortion of financial statements or other records by persons internal or external to the authority which is carried out to conceal the misappropriation of assets or otherwise for gain.’
 - Bribery and Corruption – ‘A bribe is a financial or other advantage that is offered or requested with the intention of inducing or rewarding the improper performance of a relevant function or activity, or with the knowledge or belief that the acceptance of such an advantage would constitute the improper performance of such a function or activity’.

2. Policy Objectives

- 2.1 The Fund’s objectives related to this policy are as follows:
- Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance;
 - Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund’s stakeholders, particularly the scheme members and employers;
 - Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate; and
 - Administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration.

3. Purpose of the Policy

- 3.1 The purpose of the policy is to –
- Prevent ongoing losses of funds where fraud has occurred and to maximise the potential for recovery;
 - Minimise the occurrence of fraud by taking rapid action at the earliest opportunity;
 - Minimise the chance of destruction of evidence;
 - Maximise the chances of success in future sanction action, including criminal prosecution
 - Minimise adverse publicity

4. Effective date

- 4.1 This Policy was approved by the Pension Fund Committee on 19 October 2017 and was effective from 20 October 2017.
- 4.2 The first review of this policy was presented to the Pension Fund Committee on 10th October 2019 and is effective from xx.

5. Review

- 5.1 This Anti-Fraud and Corruption Policy is expected to be appropriate for the long-term but it will be reviewed by officers annually, and if necessary, more frequently to ensure it remains accurate and relevant. The policy will be presented to the Pension Fund Committee if there are any significant changes to be approved

6. Scope

- 6.1 This policy applies to -
- members of the Pension Fund Committee;
 - members of the Pension Fund Board;
 - employers of the Fund;
 - relevant stakeholders to the Fund;
 - professional organisations that provide services to the Fund (e.g. Custodian, fund managers); and
 - professional advisors.

Officers of the Fund and County Councillors are covered by the LGSS Corporate Anti-Fraud and Corruption Policy.

7. Culture

- 7.1 The administering authority promotes a zero tolerance approach towards fraud, corruption and other malpractice for personal gain. Dishonesty, lack of integrity avoidance of controls and failure to comply with agreed policies will not be tolerated.
- 7.2 The prevention/detection of fraud/corruption and the protection of the public funds are everyone's responsibility and of paramount importance to the authority.
- 7.3 Concerns must be raised when members or employees reasonably believe that one or more of the following has occurred, is in the process of occurring or is likely to occur:
- a criminal offence;
 - a failure to comply with a statutory or legal obligation;
 - improper unauthorised use of public or other funds;
 - a miscarriage of justice;
 - maladministration, misconduct or malpractice; and/or
 - deliberate concealment of any of the above.

- 7.4 The Council will ensure that any allegations received in any way, including by anonymous letters or phone calls, will be taken seriously and investigated in an appropriate manner, subject to the requirements of the Human Rights Act 1998 and other statutory provisions. The administering authority will deal firmly with those who defraud the Council, or who are corrupt, or where there has been financial malpractice. There is, of course, a need to ensure that any investigation process is not misused and, therefore, any abuse (such as raising malicious allegations) may be dealt with as appropriate.
- 7.5 When fraud or corruption have occurred because of a breakdown in systems or procedures, the administering authority will ensure that appropriate improvements are implemented to prevent a reoccurrence.

8. Statutory Duties

- 8.1 The Head of Internal Audit – The Head of Internal Audit has a duty to monitor instances of financial irregularities within the Council as a whole, and to report certain details to external bodies, such as External Audit. The Head of Internal Audit also has a duty to ensure that appropriate investigations are carried out.
- 8.2 Section 151 Officer – Under section 151 of the Local Government Act 1972 and Section 73 of the Local Government Act 1985 the Section 151 Officer has a statutory duty to ensure that there are proper arrangements in place to administer the Council's financial affairs (as the administering authority).
- 8.3 Director of Finance – The Chartered Institute of Public Finance and Accountancy (CIPFA) statement on the role of the Chief Finance Officer/ Director of Finance (CFO) lists one of the CFO's core responsibilities as 'implementing appropriate measures to prevent and detect fraud and corruption'.

9. Deterrence

- 9.1 The publication of this Anti-Fraud and Corruption Policy and regularly reinforcing that the administering authority operates a zero tolerance approach will help deter those considering perpetrating fraudulent activity.
- 9.2 Where any loss is incurred to fraud and corruption the administering authority will take action to recover monies owed.
- 9.3 Managers are expected to conduct risk reviews of the systems and procedures for which they are responsible and proactively update where weakness has been identified.
- 9.4 Pension Fund Committee and Local Pension Board members receive regular reports on Internal Audit activity and these will include summary details of investigations into allegations of fraud and financial impropriety.

9.5 After an investigation, sanctions will be applied where fraud and corruption are proven to be present. This will be done in a comprehensive, consistent and proportionate manner whereby all possible sanctions – disciplinary, civil and criminal are considered. For elected members this will include the sanctions available for breaches of the Members’ Code of Conduct. The level of sanction pursued will be considered at the end of the investigative process when all evidence is available.

10. Detection and prevention of fraud and corruption by the Cambridgeshire Pension Fund.

10.1 The below table demonstrates the activity undertaken by Cambridgeshire Pension Fund to mitigate the likelihood of fraud and corruption occurring –

Activity	Detail of activity	Responsibility
Biennial participation in the National Fraud Initiative	The National Fraud Initiative (NFI) exercise matches electronic data within and between public and private sector bodies to prevent and detect fraud.	Officers are responsible for starting investigations into the members identified within one month of the report being received. The Head of Pensions will be notified of any fraudulent cases identified and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy within one month of escalation.
Monthly mortality screening	Deferred, pensioner and frozen refunds members are screened monthly to identify members that have passed away.	Officers are responsible for overseeing the process with the Fund’s supplier of mortality screening services (Accurate Data Services) and are responsible for ensuring that appropriate action is taken where deceased members are identified. The Cambridgeshire Pension Fund subscribes to the Department of Work and Pensions Tell Us Once service and is notified of any deaths of scheme members through this service. Notifications are received shortly after a death has been registered but as it is a voluntary service the Fund cannot rely on the representatives of all members to use it, hence the requirement for a supplier of mortality screening services. The Head of Pensions will be notified of any fraudulent cases identified and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy within one month of escalation.

Activity	Detail of activity	Responsibility
Annual proof of existence for overseas members	All pensioner members are asked to complete and return a proof of existence form (witnessed by a suitably qualified professional).	Officers are responsible for conducting this exercise and suspending the ongoing of pension of payment for nil returns until contact has been made or notification that the member has died is received. The Head of Pensions will be notified of any fraudulent cases identified and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy within one month of escalation.
Address tracing for members residing in the UK.	Address tracing to be carried out every two years with more in depth tracing being carried out for members who will be realising a benefit within the two years following the exercise.	Officers are responsible for overseeing the process with the Fund's supplier of address tracing services (Accurate Data Services) and are responsible for ensuring that appropriate action is taken with information received. The Head of Pensions will be notified of any fraudulent cases identified and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy within one month of escalation.
Returned payslips	Pensioner payslips are sent the first month an individual receives a pension, and then if their net pay changes by more or less than £5 from one month to the next. Payslips are also issued every March, April and May to reflect pensions increase. Returned payslips could be due to a change of address or death of member.	Investigations to be carried out by Officers within one month of the returned payslip being received. The member payroll record will be immediately suspended until contact is re-established with the scheme member or confirmation of the member's death. The Head of Pensions will be notified of any fraud cases identified and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy within one month of escalation.
Returned BACS payments	BACS payments returned to the Fund by the recipient's bank/building society shortly after the payment date if the account has closed or an error has occurred. The returned payment could be due to a change of bank details or death of member.	Investigations to be carried out by Officers within one month of the returned payment. The member payroll records will be suspended until contact is re-established with the scheme member or confirmation of the member's death. The Head of Pensions will be notified of any fraud cases identified and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy within one month of escalation.

Activity	Detail of activity	Responsibility
Falsification/non-submission of documents (Member)	Members may provide incorrect information for financial gain.	All birth, death and marriage/civil partnership certificates need signing and verifying by the individual submitting them. All benefits need to be claimed via a signed declaration. Officers are responsible to carrying out the necessary security checks before benefits are paid. The Head of Pensions will be notified of any fraud cases identified and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy within one month of escalation.
Reconciliation of Employer and Employee contributions	It is a statutory requirement for employers to pay both employee and employer contributions to the Fund by the 19 th of the month following deduction. If the contributions are not paid it could indicate improper use of employee contributions in addition to the failure to comply with a statutory obligation.	Investigations by Officers will be carried out by the end of the month following non-receipt of contributions and irregularities between payments and schedules. Relevant cases are escalated in line with the Payment of Employee and Employer Pension Contributions Policy. The Head of Pensions will be notified of any fraud cases identified and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy within one month of escalation.
Falsification/non-submission of documents (Employer)	Employers may provide the service with incorrect data in order to gain financially.	Data verification checks to look for inconsistencies. Data matched against contribution information for the valuation carried out by the actuary. Electronic signatures are only accepted from a verified email address from authorised personnel. The Head of Pensions will be notified of any fraud cases identified and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy within one month of escalation.
Employee maladministration	Members may provide incorrect information for financial gain.	It is the responsibility of the Officer releasing the payment generated by another Officer to ensure the payment is of the correct amount and to the correct individual. The Head of Pensions will be notified of any fraud cases identified and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy within one month of escalation.

Activity	Detail of activity	Responsibility
Destruction of evidence	There is a clear separation of duties between employees and all calculations and payments are checked at a more senior level. The pensions Altair system report can identify all changes/deletions on all member records if required.	Officers are responsible for keeping accurate member records. The Altair Pensions System can track changes on all member records and any suspicious activity can be investigated through a system report. The Head of Pensions will be notified of any tampering with records and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy within one month of escalation.
Internal Audit Reviews	Internal Audit plays a vital preventative role in trying to ensure that systems and procedures are in place to prevent and detect fraud and corruption. They liaise with management to recommend changes in procedures to prevent further losses to the Fund.	Internal Audit will conduct an annual review that is then presented to the Pension Fund Committee and Pension Fund Board. Relevant actions will be addressed by the Head of Pensions. The Head of Pensions will be notified of any fraud cases identified and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy within one month of escalation.
External Audit Reviews	Independent external audit is an essential safeguard in the stewardship of public money. External auditors are always alert to the possibility of fraud and irregularity, and will act without undue delay if grounds for suspicion come to their notice.	External Audit will conduct an annual review that is then presented to the Pension Fund Committee and Pension Fund Board. Relevant actions will be addressed by the Head of Pensions. The Head of Pensions will be notified of any fraud cases identified and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy within one month of escalation.
Conflicts of Interest	Pension Fund Committee and Pension Fund Board members must ensure that they avoid situations where there is a potential for a conflict of interest. Declarations ensure potential conflicts are identified and dealt with appropriately mitigating the risk of fraudulent activity.	Pension Fund Committee and Pension Fund Board members are required to declare potential conflicts at the start of each meeting. Democratic Services are responsible for ensuring all declarations are held on the Council's register.

- 10.2 The Public Interest Disclosure Act 1998 (the “Act”) places a legal responsibility on employers to ensure that matters of serious public concern can be addressed
- 10.3 A ‘qualifying disclosure’ is any disclosure of information that is made in the public interest and in the reasonable belief of the individual may show that one or more of the following is either happening at the present time, took place in the past or is likely to happen in the future:
- a criminal offence
 - a miscarriage of justice
 - an act creating risk to health and safety
 - an act causing damage to the environment
 - a breach of any other legal obligation; or
 - concealment of any of the above
- 10.4 In making the disclosure, an individual must have a reasonable belief that the information disclosed shows one or more of the offences or breaches listed above. The belief need not be correct, but the individual must show that they held the belief and that it was a reasonable belief, in the circumstances, at the time of the disclosure.
- 10.5 Many fraudulent activities are discovered by chance or ‘tip off’ and the administering authority promotes the Whistleblowing policy to encourage and enable these to be reported.
- 10.6 Members of the public are encouraged to report any concerns which they may have through the external Whistleblowing process or by using the Fund complaints procedure.

11. Investigation

- 11.1 All suspected irregularities are investigated within the Pensions Service in the first instance and will be dealt within 2 months of identification. All probable and confirmed cases are required to be reported to Internal Audit by the Head of Pensions.

This is essential to the policy, to:

- ensure the consistent treatment of information regarding fraud and corruption;
 - facilitate a proper and thorough investigation by an experienced audit team, in accordance with the requirements of the CPIA and PACE codes of practice.
- 11.2 Internal audit carries out investigations and follows up appropriately as per the LGSS Corporate Policy. Fraud is a serious offence and is covered by the Fraud Act 2006.

12. Sanctions

- 12.1 It is highly likely that the administering authority will seek to prosecute offenders wherever appropriate.
- 12.2 Any decision to refer a matter to the police will be taken by the Head of Pensions and Audit Manager in consultation with the Council’s Section 151 Officer and the Chairman of the Pension Fund Committee.

13. Related Documents

- 13.1 The Cambridgeshire County Council Anti-Fraud Policy and Fraud Response Plan can be found –
<http://sharepoint.lgss.local/Pages/Anti-fraud-and-corruption.aspx>
- 13.2 Further details of the National Fraud Initiative can be found –
<https://www.gov.uk/government/collections/national-fraud-initiative>
- 13.3 Fighting Fraud and Corruption Locally can be found –
<http://www.cipfa.org/services/counter-fraud-centre/fighting-fraud-and-corruption-locally>
- 13.4 CPIA Code of Practice can be found –
<https://www.gov.uk/government/publications/criminal-procedure-and-investigations-act-code-of-practice>
- 13.5 The Fraud Act 2006 can be found –
<http://www.legislation.gov.uk/ukpga/2006/35/contents>

14. Contact details

- 14.1 If you require further details surrounding this policy please contact –

Mark Whitby
Head of Pensions
01604 366537

MWhitby@northamptonshire.gov.uk

Joanne Walton
Governance and Regulations Manager
01604 366537

JWalton@northamptonshire.gov.uk

CAMBRIDGESHIRE PENSION FUND



Pension Fund Board

Date: 4th October 2019

Report by: Head of Pensions

Subject:	Digital Communications Strategy
Purpose of the Report	To present the Draft 2019-20 Digital Communication Strategy for review before being presented to the Pension Fund Committee for approval in December
Recommendations	The Board are asked to consider and provide comments on the draft digital communications strategy
Enquiries to:	Name – Cory Blose Tel – 07990560829 E-mail – cblose@northamptonshire.gov.uk

1. Background

- 1.1 The Funds' communication plan was approved by the Pension Fund Committee on 13th June 2019. In this report it was stated that a digital communication strategy outlining the approach to utilising digital communications would be submitted later on in the year.
- 1.2 The draft Digital Communications Strategy is enclosed as appendix 1. This document provides a proposed strategy for how the Fund will use communications technology to enhance stakeholder experience and reduce costs, where appropriate.
- 1.3 The Pension Fund Board are asked to consider and provide any comments they might have on the proposed strategy document.

2. The Digital Communication Strategy

- 2.1 The digital communication strategy outlines how the Fund uses and/or plans to use technology to find more engaging methods of communicating with employers and members digitally.
- 2.2 It also sets out the key objectives, which are aligned to the overall communications strategy; provides details of stakeholders and outlines the confidentiality and disclosure commitments.

- 2.3 The document further shows how it is planned to implement the digital communications strategy, detailing the tools intended to be used and how they will be used. The strategy also sets out how success will be measured.
- 2.4 The strategy details how the Fund plans to increase the use of digital communications and will move to a policy of digital communications as standard. For Scheme members, this will be facilitated through the increased use of members' online pension accounts to deliver benefit calculations and other documents. Bulk email and text messaging facilities will also be used to provide information to members and notifications that documents are available online.

3. Relevant Pension Fund Objectives

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance. <i>Objective no 1</i>
Administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration. <i>Objective 10</i>
Promote the scheme as a valuable benefit. <i>Objective no 12</i>
Deliver consistent plain English communications to Stakeholders. <i>Objective no 13</i>
Provide Scheme members with up to date information about the scheme so they can make informed decisions about their benefits. <i>Objective no 14</i>

4. Finance & Resources Implications

- 4.1 There are no direct finance and resource implications of approving this strategy, however, the communication activities themselves will have costs and resource implications which will depend entirely on the final specification of each digital communication activity. The costs associated with delivering these activities have been built into the business plan.

5. Risk Management

Risk register	Risk mitigated	Residual risk
Administration and Communication (risk 5)	Information may not be provided to stakeholders as required	Green

Administration and Communication (risk 10)	Lack of understanding of employer responsibilities which could result in statutory and non-statutory deadlines being missed.	Green
Administration and Communication (risk 40)	Failure to apply and demonstrate fairness in the differentiated treatment of different fund employers by reference to their own circumstances and covenant.	Green

- 5.1 A full version of the Fund risk register can be found at the following link – <http://pensions.northamptonshire.gov.uk/governance/key-documents/cambridgeshire/>

6. Communication Implications

Direct Communications	Employers will be emailed to inform them of the that the digital communication strategy has been published on the LGSS Pensions website
Website	The approved digital communication strategy will be published on the LGSS Pensions website
Internal Communications	The approved digital communication strategy will be distributed internally to officers.

7. Legal Implications

- 7.1 Not applicable

8. Consultation with Key Advisers

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

9. Alternative Options Considered

- 9.1 Not applicable

10. Appendices

- 10.1 Appendix 1 – 2019-20 Digital Communications Strategy

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 18 th September 2019

Cambridgeshire Pension Fund

Digital Communication Strategy 2019

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1. Introduction

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

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

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

This document provides further detail on our commitment outlined in our communications strategy to using technology to enhance our service and reduce costs, where appropriate.

2. Background

The communications strategy outlines the strategic approach to communications of the Fund. The strategy includes the policies of the Fund concerning communications with the Fund's key stakeholders, including the provision of information, the communications objectives of the Fund, how success will be measured and the methods of communication that the Fund will use.

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

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

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

Digital communications offer many benefits over paper:

- environmentally friendly by being paper-free with no printing or physical distribution needed
- quicker, more reliable, more secure and less costly than postal communication

- information is easily available to stakeholders whenever they need it
- documents are stored digitally in one place and available at all times eliminating the need to print and store documents
- easier to engage in bulk communications with stakeholders
- increases engagement by mirroring the way that people communicate at home

Industry analyst CACI Limited predict **72% of the UK adult population will bank via a phone app by 2023**. It's also becoming more common for members of the public to receive financial statements and documents electronically. A recent report by Hootsuite, a market leader in social media and marketing management, also found that:

- 95% of the UK population are internet users
- 90% are using the internet for personal use every day
- the average daily time spent using the internet on any device was 5 hours 46 minutes
- 92% of the UK adult population has a mobile phone
- 80% of the total population use the internet on their mobile
- 51% of internet users use mobile banking

3. Digital communication strategy

Regulatory Framework

The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 came into force on 6th April 2014. Before ceasing postal communications, Funds are required to write to members by post on multiple occasions informing them of their intention to move to digital communications as standard and offering them the option of opting out of receiving digital communications.

Key objectives

The digital communications of Cambridgeshire Pension Fund will be used to deliver the following objectives outlined in our business plan:

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

Measurements are in place to determine if these objectives are being met – see 'Implementation of digital communication key objectives'.

Our digital communications strategy also helps to meet the following objectives in our business plan:

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

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

Stakeholders of the Fund

There are several categories of stakeholder as detailed below:

- Active scheme members
- Prospective scheme members
- Deferred scheme members
- Retired and dependant scheme members
- Scheme employers
- Fund staff
- Pension Fund committee
- Cambridgeshire tax payers
- Members of the public
- External bodies:
 - Trades Unions
 - Her Majesty's Revenue & Customs (HMRC)
 - Department for Communities and Local Government (DCLG)
 - The Pensions Regulator
 - National Fraud Initiative
 - Audit Commission
 - HM Treasury
 - Department of Work and Pensions (DWP)

Confidentiality

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

Disclosure

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

- pensions.cambridgeshire.gov.uk

by clicking on **Governance and then Key Documents**.

Equality and Accessibility

We are committed to ensuring our digital communications are accessible to everyone. We give all members the option to opt out of electronic communications or to receive them in the best format for them eg braille, audio CD, alternative languages or other reasonable adjustments. We

also make sure that our communications are easy to understand through use of Plain English accreditation and readability scores.

In addition; for web based communications:

- Our website navigation works in a consistent way throughout our website.
- We use a standard web font to make it easy to read.
- Any images we use also include a text description to explain what they are, unless they're only descriptive.
- We never use colour as the only way to convey information.
- We write our links so that they make sense when screen readers analyse them.

Implementation of digital communication key objectives

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

Objective	Digital implementation	Measures of success
Promote the scheme as a valuable benefit	<ul style="list-style-type: none"> • Emails (through 3rd party bulk notification systems) • Texts (through 3rd party bulk notification systems) • Electronic newsletters • Self-service portals • Digital materials provided to employers for publication via: <ul style="list-style-type: none"> ○ Intranet communications ○ Website content ○ Video walls (where available) ○ Meeting room pads (where available) ○ Blogs 	<ul style="list-style-type: none"> • Click-throughs • Google analytics results • Reduction in number of members opting out of the scheme • Positive feedback measured through electronic surveys • Readability scores • Bulk email engagement ratings (% opened & clicked links) • Text notification delivery stats • Plain English accreditation
Provide scheme members with up to date information about the scheme so they can make informed decisions about their benefits	<ul style="list-style-type: none"> • Emails (through 3rd party bulk notification systems) • Texts (through 3rd party bulk notification systems) • Electronic newsletters • Website content • Self-service portals 	<ul style="list-style-type: none"> • Bulk email engagement ratings (% opened & clicked links) • Text notification delivery stats • Surveys & polls on websites / focus groups • Google analytics results • Monitor incoming calls and email volumes
Deliver consistent plain English	<ul style="list-style-type: none"> • Emails (through 3rd party bulk notification systems) 	<ul style="list-style-type: none"> • Positive feedback measured through electronic surveys

communications to stakeholders	<ul style="list-style-type: none"> • Texts (through 3rd party bulk notification systems) • Electronic newsletters • Self-service portals • Digital materials provided to employers for publication via: <ul style="list-style-type: none"> ○ Intranet communications ○ Website content ○ Video walls (where available) ○ Meeting room pads (where available) ○ Blogs 	<ul style="list-style-type: none"> • Readability scores • Bulk email engagement ratings (% opened & clicked links) • Plain English accreditation
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Methods of communication

The Fund aims to increase the use of electronic communication tools to achieve its communication objectives. The following are some of the ways that we currently use and/or wish to use in the future in order to do so.

Self-service

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

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

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

Employers also have access to a self-service facility to view and update member records and carry out certain benefit calculations themselves.

Electronic notifications

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

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

employers that documents and other communications are available through their online pension accounts.

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

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

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

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

Skype

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

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

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

Secure web portals

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

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

4. Further information

If you have any queries in relation to this digital communications strategy please get in touch:

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One Angel Square
Angel Street
Northampton
NN1 1ED

01604 366537

pensions@northamptonshire.gov.uk

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

CAMBRIDGESHIRE PENSION FUND



Pension Fund Board

4th October 2019

Report by: Head of Pensions

Subject:	Pension Fund Annual Report and Statement of Accounts 2018-19.
Purpose of the Report	To present the Final Annual Report and Statement of Accounts of the Pension Fund for the 2018-19 financial year.
Recommendations	That the Board notes the report.
Enquiries to:	Ben Barlow, Investment and Fund Accounting Manager Tel – 01604 360679 Email: BBarlow@northamptonshire.gov.uk

1. Background

- 1.1 The Pension Fund's Statement of Accounts (SOA) form part of the County Council's Statement of Accounts. These are audited by the County Council's external auditor Ernst and Young (EY). The auditor confirms whether, in their opinion, the SOA reflect a true and fair view of the financial position of the authority (and the fund within it) and that the SOA is free from material misstatement.
- 1.2 The Fund's Annual Report and SOA have been subject to audit fieldwork by the County Council's external auditor. Whilst EY perform a full audit of the SOA, their work on the Annual Report is limited to a review to ensure compliance with guidance and consistency with the SOA. EY's findings are noted in paragraph 1.3 below.
- 1.3 The annual accounts are a true and view of the financial transactions of the Fund and the amount and disposition of the Funds assets and liabilities for the financial year 1 April 2018 to 31 March 2019. The Fund's audit was officially signed off on 31 July 2019.
- 1.4 They are based on transactions accounted for within the Fund's financial ledger, information received from Fund Managers and the Fund's Custodian, and assumptions and estimations utilising the professional judgement of officers and Fund professional advisers in order to give a true and fair statement of the Fund's financial position.
- 1.5 The structure and content of the Annual Report is governed by guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) in compliance with Regulation 57 of The Local Government Pension Scheme Regulations 2013 (as amended).
- 1.6 CIPFA has issued the Code of Practice on Local Authority Accounting in the United Kingdom 2018-19 (the Code), which governs the preparation of the financial statements for Local Government Pension Scheme funds.

- 1.7 For 2018-19 the main changes to the Code applicable to the Pension Fund are:
- 1.7.1 Deletion of analysis of debtor and creditors across public sector bodies in line with paragraphs 5.2.6.3 and 8.1.6.2 of the Code.
 - 1.7.2 Separate analysis of any gains and losses arising from the de-recognition of assets held at amortised cost, paragraph 7.3.2.14 of the Code.
 - 1.7.3 Creation of a long term debtor to reflect reimbursement arrangements put in place at many local authority pension funds for the lifetime tax allowance introduced in 2016.
- 1.8 The CIPFA template has been used as a framework for the Pension Fund Accounts to ensure that the reporting meets the requirements of the Code and is compliant with International Financial Reporting Standards (IFRS).
- 1.9 The publication of the Accounts is an essential feature of public accountability and stewardship as it provides information on how the Fund has used the members' funds for which it is responsible.
- 2. Annual Report**
- 2.1. The Annual Report has been compiled in line with CIPFA guidance on Preparing the Annual Report (2019 edition). The guidance aims to promote consistency across all Local Government Pension Funds (LGPS) annual reports, promoting awareness of the scheme and providing members and stakeholders with relevant information in an accessible and consistent manner.
- 2.2. The guidance assists practitioners to meet the current regulatory framework which additionally supports the LGPS Advisory Board to produce a scheme wide annual report for England and Wales.
- 2.3. The Annual Report and Statement of Accounts, attached at Appendix A has been refreshed applying best practice from other Funds and new ideas from the team to improve the layout and content and has been set out over eight sections:-
- 2.3.1 Preface
 - 2.3.2 Scheme Administration
 - 2.3.3 Management and Financial Performance
 - 2.3.4 Investment Policy and Performance
 - 2.3.5 Actuarial Information
 - 2.3.6 Audit Opinion
 - 2.3.7 Pension Fund Accounts
 - 2.3.8 Glossary
- 2.4. The preface provides an introduction to the Annual Report framing the arrangements for the management of the Fund, a statement of responsibilities and listing key third parties.
- 2.5. The Scheme Administration section describes the scheme framework, how the Fund is administered, the Administering Authority's role, membership movements and Pension Committee and Local Pension Board membership. In addition it sets out the key policies and strategies of the Fund and key policy changes through the financial year.
- 2.6. Management and Financial Performance describes the management of the Fund and sets out how decisions are made, the structure of the Pensions Service and sections on risk management and performance of the service. In addition this section lists employer establishments, their contributions and status.

- 2.7. Investment Policy and Performance describes the legislation under which investment of Fund assets is undertaken, the Fund's investment strategy and performance including commentary on asset pooling. The Fund's investment consultant reviews the 2018-19 economic market background and the future outlook.
- 2.8. Actuarial Information describes how the Fund has complied with the Local Government Pension Scheme Regulations 2013 and the Fund's key funding principles adopted in the Funding Strategy Statement. This section describes the most recent triennial valuation and the key assumptions applied.
- 2.9. The section referring to Audit Opinion is currently blank pending the conclusion of the annual audit of the Administering Authority's Statement of Accounts.
- 2.10. The final major section of the document is the accounting statements and notes to the accounts and is approved as a section within the Administering Authority's SOA.

3. Summary of Statement of Accounts

- 3.1. The Fund Account and the Net Asset Statement provide a summary of the financial activity with the notes to the accounts providing further information. A copy of the Annual Report and SOA can be found at Appendix A.
- 3.2. The financial information of the Pension Fund combine the Fund ("members") and Investment activities. The 2018-19 financial year shows a surplus on member activity of £12m, which when combined with returns on investment activity of £228m, offset by Management Expenses of £16.9m, results in a "net increase in the net assets available for benefits during the year" of £223m, with the Fund's net assets rising to £3,193m.
- 3.3. Contribution receipts decreased slightly by £4m reflecting a reduction in deficit payments in 2018-19 due to employers paying in advance in previous years, Note 7 to the SOA sets out the detail of contributions receivable.
- 3.4. Benefit payments in 2018-19 of £106m show an increase of £7m over 2017-18, being a combination of increased pension payments of £5.4m and commutation and lump sum retirement benefits of £1.6m. Note 9 to the SOA provides this detail. The increase in pension payments reflects the growth in the number of pensioners from 18,054 in 2017-18 to 18,775 in 2018-19 and the pension cost of living increase of 2.4%.
- 3.5. The one year investment return as at 31st March 2019 was a net market return of £228m. The investment return for the Fund over the financial year was 7.1% compared to the Fund's weighted benchmark return of 8.9%. Equity managers with the exception of J O Hambro underperformed the benchmark over the year in addition to non-government bonds. The Fund outperformed the average Local Authority Pension Fund return of 6.6% and significantly outperformed the UK Average Weekly Earnings Index and the Consumer Price Index. Investment performance is discussed further within the Annual Report. (Pages 30-40 in the Annual Report).
- 3.6. Investment Income increased from £38.1m in 2017-18 to £45.5m in 2018-19 mainly from equities and pooled investments. The Fund also saw profit and losses on disposal of investments and changes in the market value of investments of £182.7m reflecting strong global equity market performance over the financial year.
- 3.7. The Fund occasionally receives foreign income on investments net of withholding tax. Where tax agreements exist, the Fund is able to reclaim this tax and a debtor is recorded in Investment Income Due (Note 14). Where the Fund is unable to reclaim the tax

deducted, this is recorded as an expense to the Fund. In 2018-19, the Fund incurred withholding tax of £85k.

- 3.8. The number of active employers increased by 48 to 254 at 31st March 2018. Multiple academy trusts are counted as a single employer to reflect the contractual relationship between the Fund and the Trust.
- 3.9. Membership activity shows an increase of 1,479 active members from 27,497 in 2017-18 to 28,976 in 2018-19, an increase of 721 pensioners from 18,054 in 2017-18 to 18,775 in 2018-19 and a reduction of 107 deferred members from 35,265 in 2017-18 to 35,158 in 2018-19.

4. Relevant Pension Fund Objectives

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.
Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers.
Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment.
Continually monitor and measure clearly articulated objectives through business planning. Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.
Provide scheme members with up to date information about the scheme in order that they can make informed decisions about their benefits.
Seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund.

5. Risk Management

- 5.1. The Local Pension Board have a responsibility to monitor activity of the Annual Report and Statement of Accounts and highlight any areas of concerns before the document is signed off as being correct.
- 5.2. The risks associated with failing to effectively monitor and highlight relevant concerns have been captured in the Fund's risk register as detailed below.

Risk No.	Risk mitigated	Residual risk
3	Contributions to the Fund are not received on the correct date and/or for the correct amount	Amber
4	Fund assets are not sufficient to meet obligations and liabilities.	Amber
5	Information may not be provided to stakeholders as required	Green
7	Those charged with governance are unable to fulfil their responsibilities effectively	Green
11	Custody arrangements may not be sufficient to safeguard Pension Fund assets.	Green
13	Failure to administer the scheme in line with regulations and guidance.	Green
17	Pension Fund investments may not be accurately valued.	Green

- 5.3. The full version of the Fund risk register can be found –

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

6. Finance & Resources Implications

- 6.1. None – this report is to note.

7. Communication Implications

- 7.1. The Regulations determine that the accounts and other related documents have to be made available for public inspection. They have been available for public inspection between 12 June and 23 July 2019 inclusive.
- 7.2. The statutory date for publication of the final set of Accounts is the end of July, and in accordance with recognised practice, the Council considers its Statement of Accounts to be published from the date that a final certified copy is made available via the Council's website.
- 7.3. The Statutory date for publication of the Pension Funds Annual Report is 1st December.

8. Legal Implications

- 8.1. None – this report is to note.

9. Consultation with Key Advisors

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

10. Alternative Options Considered

- 10.1. The Pension Fund Accounts are a statutory requirement with a prescribed structure, which has been complied with.

11. Background Papers

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

12. Appendices

- 12.1. Appendix A – Annual Report and Statement of Accounts 2018-19 (final).

Checklist of Key Approvals	
Has this report been cleared by the Head of Pensions?	Mark Whitby – 19 th September 2019

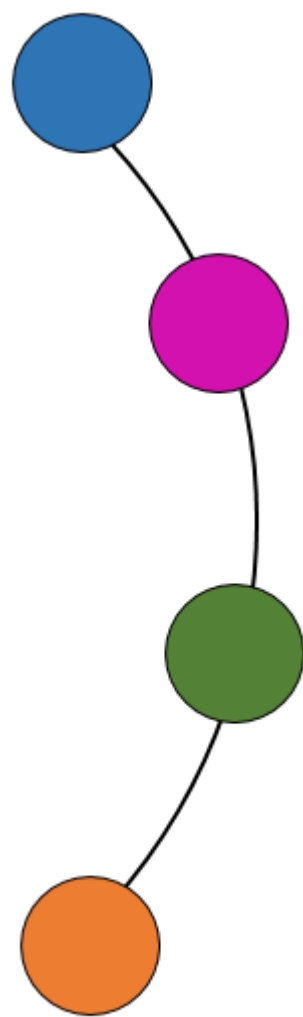


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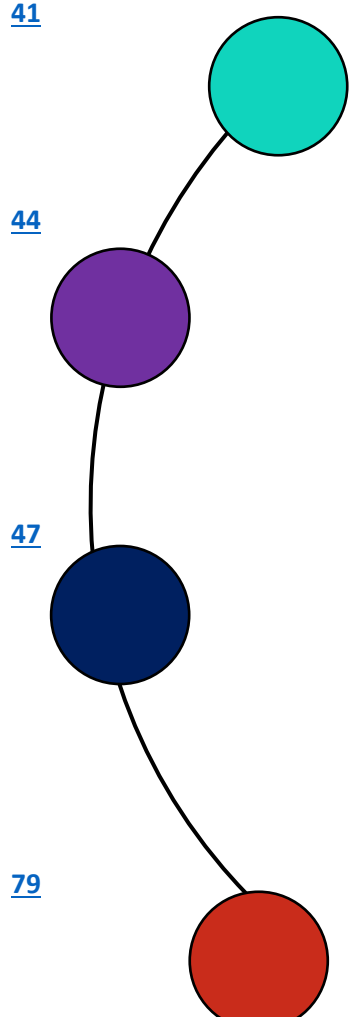
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Chairman's Foreword

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

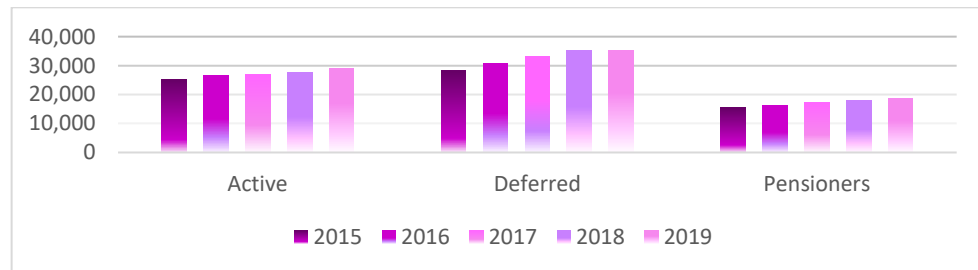
Cambridgeshire County Council is responsible for administering the Cambridgeshire Pension Fund, which is available to employees of the County Council, organisations with a statutory right to be in the scheme (scheduled bodies) and organisations, such as charities, which the County Council has admitted 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 1 – Immediate payment with service enhanced to Normal Pension Age
	Tier 2 – Immediate payment with 25% service enhancement to Normal Pension Age (65)	Tier 2 – Immediate payment with 25% service enhancement to Normal Pension Age
	Tier 3 – Temporary payment of pension for up to 3 years	Tier 3 – Temporary payment of pension for up to 3 years
Indexation of Pension in Payment	CPI (RPI for pre-2011 increases)	CPI
Vesting Period	3 months	2 years

Scheme Administration (continued)

Pension Committee and Board membership.

The following table shows the attendance of Committee and Board members at applicable Pension Fund Committee, Investment Sub-Committee and Local Pension Board meetings during 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 Contributi- ons £	Employers Contributi- ons £	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 Contributi- ons £	Employers Contributi- ons £	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
Hinchingsbrooke 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 (PCAE)	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)

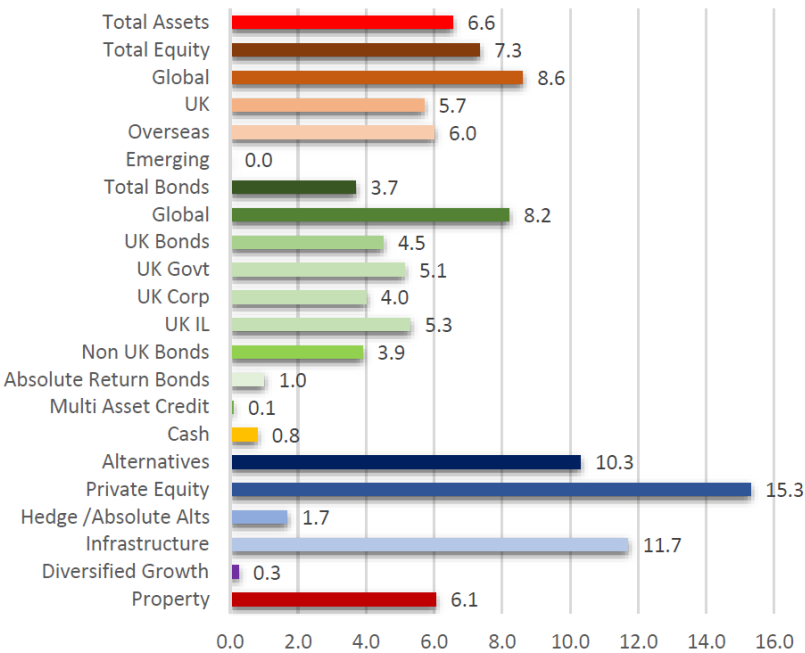
Investment Allocation and Performance

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

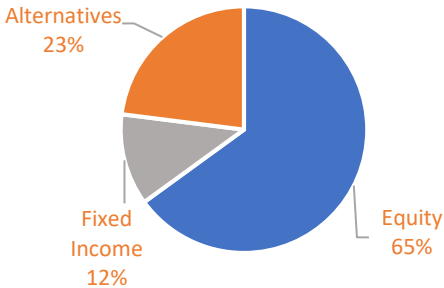
The revised strategy approved by the Pension Fund Committee in March 2019 has the objective of reducing the Fund’s reliance upon, and the associated risks, of a large allocation to equities whilst retaining sufficient exposure to growth assets. The revised strategy, which will be implemented during 2019-20, 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.

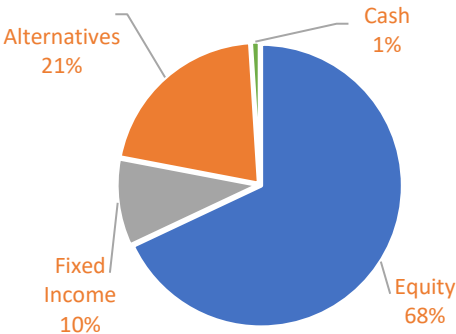


The charts below show the Strategic Asset Allocation at the start and close of the financial year compared to the actual allocation of assets at 31 March 2019 and the revised Strategic Asset Allocation targeted for 2019-20.

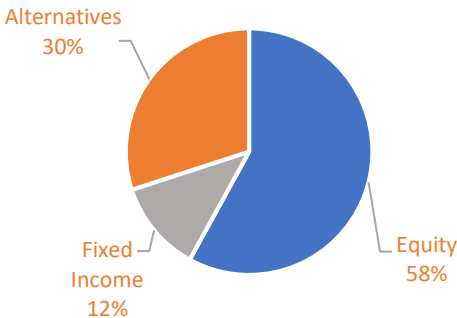
Strategic Allocation at 31 March 2018 and 31 March 2019



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

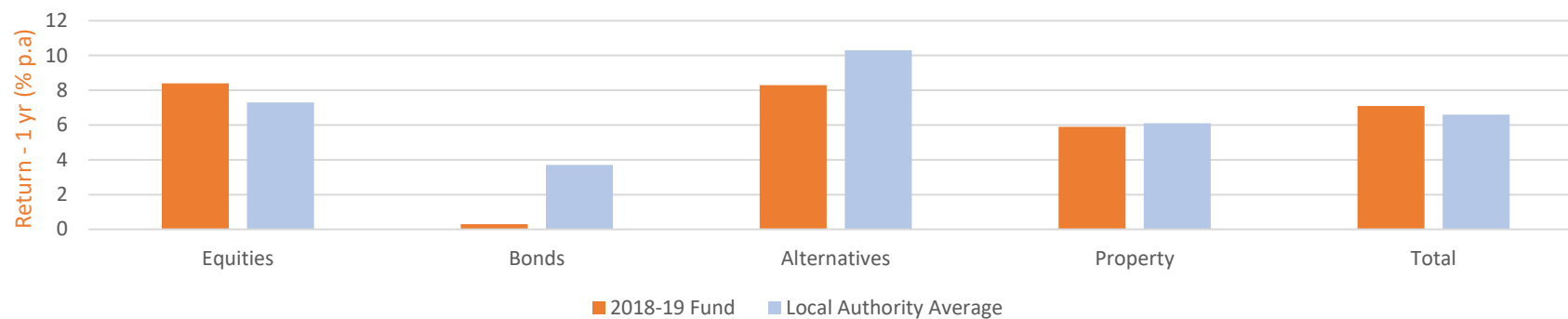
Investment Policy and Performance (continued)

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.

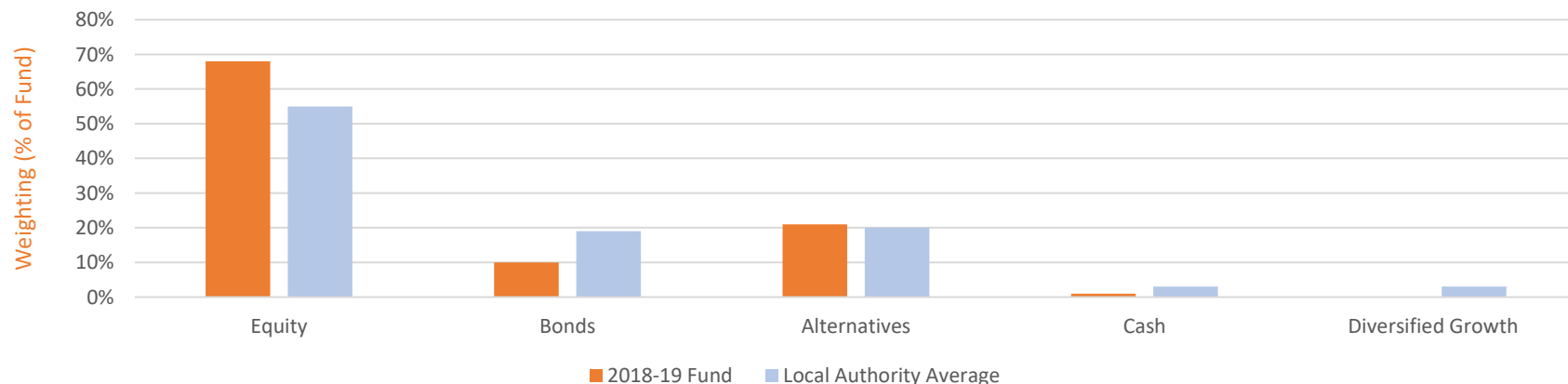
In 2018-19 the Fund's performance of 7.1% over the financial year was ranked 31st percentile out of the 64 Funds participating in the Universe. The investment return achieved was influenced by the Fund's holding of a higher proportion of Equities, when compared to the Local Authority Universe.

Investment Return compared to Local Authority Universe

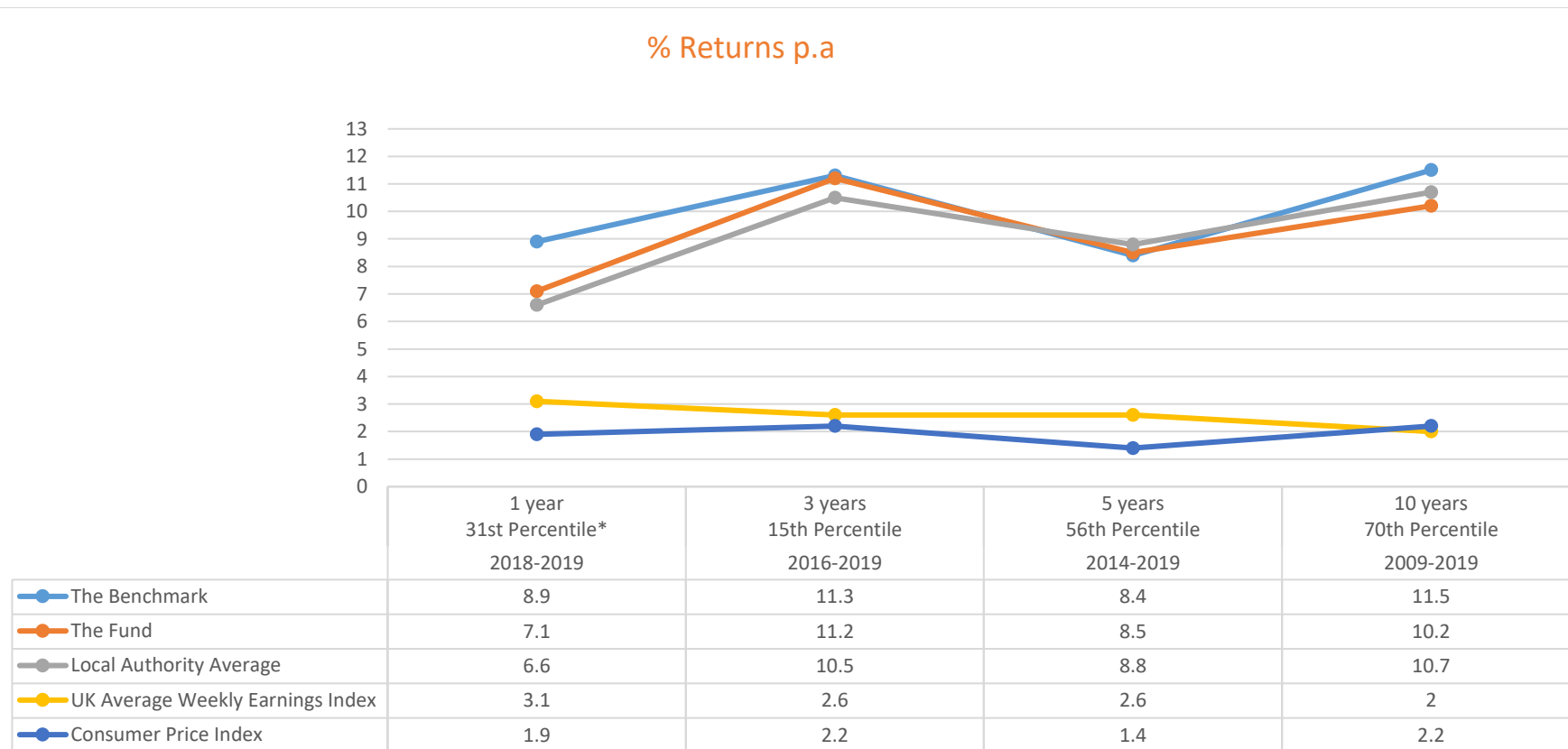


The Fund's current strategy has a higher allocation to Equities and a lower allocation to Alternatives when compared to the Local Authority Universe, however the revised investment strategy, being implemented during 2019-20, will change the profile of the Fund's assets resulting in an increased allocation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

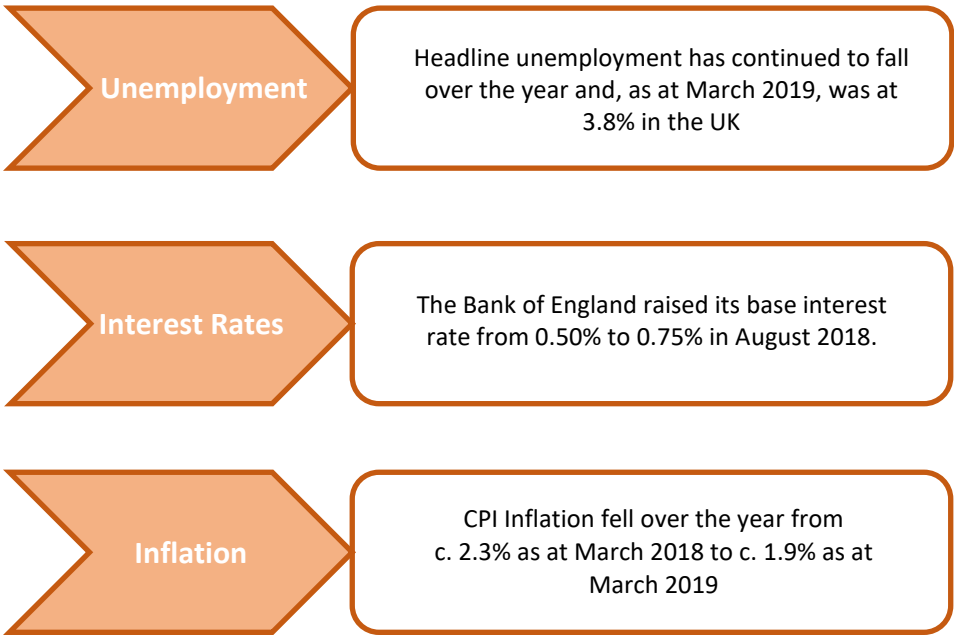
The second and third quarters of 2018 saw strong global equity market performance on the back of a continued broad global economic expansion. During the fourth quarter of the year, the outlook for global growth started to soften, which combined with investor concerns over monetary tightening by the Federal 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:

- Retirements in ill health** - Allowance has been made for ill-health retirements before Normal Pension Age.
- Withdrawals** - Allowance has been made for withdrawals from service.
- 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.
- 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.
- 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.

**CAMBRIDGESHIRE
PENSION FUND**



Pension Fund Board

4th October 2019

Report by: Head of Pensions

Subject:	ACCESS Asset Pooling Update
Purpose of the Report	To update the Pension Fund Board on asset pooling.
Recommendations	<p>The Pension Fund Board:</p> <ol style="list-style-type: none"> 1 Note the asset pooling update; 2 Note the attached minutes from the ACCESS Joint Committee meeting of the 21st June 2019;
Enquiries to:	<p>Name – Paul Tysoe, Investment and Fund Accounting Manager Tel – 07867902436 E-mail – phtysoe@northamptonshire.gov.uk</p>

1. Background

- 1.1 The Northamptonshire Pension Fund has been working collaboratively with ten other Funds in the ACCESS pool to jointly meet the Government's published criteria on asset pooling.
- 1.2 This report updates the Pension Fund Board on the Access Joint Committee (AJC) meeting of the 9th September 2019.
- 1.3 Appendix A of this report contains the approved minutes of the 11th June 2019 AJC meeting.

2. ACCESS Joint Committee of 9th September 2019.

- 2.1 The agenda for the AJC of the 9th September 2019, attached at appendix B is summarised in the table below.

ACCESS Joint Committee Agenda – 9 th September 2019	
Part I items	Part II items
Election of Chairman	Risk Register
ACCESS Support Unit (ASU) update	MHCLG meeting update
Scheme Member Representation	ACS Implementation update
Governance Update	Contract Management update
2019/2020 Business Plan and Budget update	Link Presentation
	Items for information or advice

3. Part I items.

- 3.1 Councillor Andrew Reid (Suffolk) the incumbent Chairman was unanimously re-elected as Chairman of the joint Committee for a period of two years.
- 3.2 The ASU update confirmed the appointment of the Interim ASU Director on 1st August 2019 and noted that the Host Authority (Essex) had appointed a new s151 Officer on the same date.
- 3.3 A report considered Scheme member representation following correspondence from UNISON and pressure from Local Pension Boards, which set out:-
 - 3.3.1 the relevant background;
 - 3.3.2 UNISON's correspondence;
 - 3.3.3 the current local governance and transparency arrangements at each ACCESS Fund;
 - 3.3.4 the guidance and draft guidance from tPR, SAB, MHCLG and CIPFA (section 6); and
 - 3.3.5 the s151 Officers':
 - 3.3.5.1.1 consideration of ACCESS's objective to enable Authorities *"to execute their fiduciary responsibilities to LGPS stakeholder including scheme members and employers..."*;
 - 3.3.5.1.2 their conclusions that existing Authority representation on the AJC (via Elected Members) is appropriate and that scheme member & employer involvement in Authorities' discharging their fiduciary duty (including asset pooling) is a matter for each Authority to determine locally; and
 - 3.3.5.1.3 their recommendation that no change be made to the current arrangements.
- 3.4 The report was considered by the Committee, and following discussion, a vote on the above recommendation was taken and the recommendation (*no change to current arrangements*) was agreed.
- 3.5 The Governance update reported on the progress on the review of the Inter Authority Agreement which is being led by respective Funds' Monitoring Officers. Currently, the feedback from a consultation exercise across all Monitoring Officers is being digested with a final version expected at the end of September 2019.
- 3.6 The Business plan and Budget update the AJC on the activities undertaken since the June 2019 meeting and associated spend. The revised budget forecast was noted.

4. Part II items.

- 4.1 The Committee noted the risk register and where appropriate, agreed the proposed changes to the ratings of the risks specified.
- 4.2 Representatives of ACCESS met with civil servants from the Ministry of Housing, Communities and Local Government on the 4th July 2019, to review the progress of the ACCESS asset pool against the original objectives of the asset pooling initiative. ACCESS representatives presented a progress update which was well received with positive feedback concluding that progress was “comfortably in line with other pools”. The recently issued MHCLG reporting template was also noted.
- 4.3 In respect of the informal consultation response from ACCESS, civil servants thanked the representatives for a well-reasoned and constructive response. Civil servants informed that a revised “formal” consultation on asset pooling was still pending and would not be drawn on the content.
- 4.4 The ACS implementation update fed back on the progress in regard to launching the liquid active sub funds and the options for the investment pooling of the illiquid asset classes. Progress is positive with the majority of the expected sub funds being materially in place by the end of this/next financial year. The AJC approved an additional Global Equity sub fund focussed on value style investments. The AJC were updated on the progress to appoint an adviser to assist in determining the best option for asset pooling the illiquid investment asset classes. Finally the details of the asset pools first investor day where a number of equity managers that have been appointed to the asset pool will meet with representatives of all partner funds, including both Pension Committee and Local Pension board members.
- 4.5 The contract management update provided an update on the Operator contract. This included details of current issues upon which the ASU and colleagues on the Officer Working Group are engaging with Link. Details of contract and supplier relationship management arrangements and activity was also included.
- 4.6 Link representatives gave a presentation highlighting positive progress in regard to onboarding sub funds to date and plans for future launches along with the forthcoming inaugural investor day. The process and timescales for the procurement of investment consultancy for the means and process for pooling illiquid assets were noted.
- 4.7 The meeting closed following informal discussions on items for information or advice.

5. Recommendations

- 5.1 Note the asset pooling update;
- 5.2 Note the attached minutes from the ACCESS Joint Committee meeting of the 11th June 2019;

6. Relevant Pension Fund Objectives

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

Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment. Objective 3
Continually monitor and measure clearly articulated objectives through business planning. Objective 4
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. Objective 5
Ensure the long-term solvency of the Fund, taking a prudent long term view, so that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment. Objective 17
Put in place a Strategic Asset Allocation ensuring it is appropriately maintained taking into account the Funding Strategy. Objective 18
Maximise investment returns over the long term within agreed risk tolerances. Objective 19

7. Finance & Resources Implications

- 7.1 The 2019/2020 ACCESS Business Plan and Budget update is included in section 3.6.of this report.

6. Risk Management

- 6.1 The Pension Fund Committee and Pension Fund Board has a responsibility to ensure the ACCESS pool meets the Government's published criteria on asset pooling with in the Local Government Pension Scheme universe.
- 6.2 The risks associated with this report have been captured in the Fund's risk register as detailed below.

Risk No	Risk	Residual risk rating
16	Failure to provide relevant information to the Pension Fund Committee/Pension Board to enable informed decision making	Green

- 6.3 The risk register covers other risks that are directly associated to Northamptonshire Pension Fund's investments.
- 6.4 The full version of the Fund risk register can be found – <https://pensions.northamptonshire.gov.uk/governance/key-documents/cambridgeshire/>

7. Communication Implications

- 7.1 N/A

8. Legal Implications

- 8.1 Not applicable.

9. Consultation with Key Advisers

9.1 Not applicable.

10. Alternative Options Considered

10.1 Not applicable.

11. Background Papers

11.1 Not applicable.

12. Appendices

14.1 Appendix A – minutes of the AJC meeting of 11th June 2019.

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 19 th September 2019



ACCESS JOINT COMMITTEE

MINUTES of a meeting of the ACCESS Joint Committee held at Islington Town Hall on Tuesday, 11th June, 2019.

PRESENT: Cllr Andrew Reid - Chairman (Suffolk CC), Cllr Susan Barker (Essex CC), Cllr Paul Bartlett – substitute (Kent CC), Cllr Vanessa Churchman – substitute (Isle of Wight), Cllr Jonathan Ekins (Northamptonshire CC), Cllr Gerrard Fox (East Sussex CC), Cllr Mark Kemp-Gee (Hampshire CC), Cllr Judy Oliver (Norfolk), Cllr Terry Rogers (Cambridgeshire CC), Cllr Ralph Sangster (Hertfordshire CC) and Dr James Walsh - substitute (West Sussex)

ALSO PRESENT: Dawn Butler (ASU), Clifford Sims (Squire Patton Boggs), John Wright (Hymans Robertson)

OFFICERS: Andrew Boutflower (Hampshire), Nicola Mark (Norfolk), Kevin McDonald (Essex), Alison Mings (Kent), Ola Owolabi (East Sussex), Matthew Nendick (Hertfordshire), Paul Finbow (Suffolk), Sharon Tan (Suffolk) Jo Thistlewood (Isle of Wight), Mark Whitby (Northamptonshire), Rachel Wood (West Sussex), Glenn Cossey (Norfolk) and Joel Cook (Kent - Clerk)

UNRESTRICTED ITEMS

133. Membership.

(Item. 2)

1. The Committee was advised of the following changes:
2.
 - Cllr Jonathan Ekins has replaced Cllr Graham Lawman as the Northamptonshire County Council representative.
 - Cllr Gerard Fox has replaced Cllr Richard Stogdon as the East Sussex County Council representative.
2. The Chairman requested that previous Joint Committee Members Cllr Stogdon and Cllr Lawman be formally thanked for their hard work and commitment.

RESOLVED that the changes to the membership be noted and that Cllrs Lawman and Stogdon be thanked for their contribution to the work of ACCESS.

134. Election of Vice-Chair.

(Item. 3)

1. Cllr Bartlett nominated Cllr Kemp-Gee, seconded by Dr Walsh. No other nominations were made.

RESOLVED that Cllr Kemp-Gee be elected Vice-Chairman.

135. Declaration of interests in items on the agenda.

(Item. 4)

No declarations were made.

136. Minutes of the meeting held on 18 March 2019.

(Item. 5)

1. The committee was advised that, in line with requests made at the previous meeting s151 Officer attendance would take place at future meetings. It was noted that on this occasion, Jo Thistlewood (Isle of Wight) had been asked to attend on behalf of the s151 Officers as none were available.

RESOLVED that the minutes of the meeting on 18 March 2019 be signed as a true and accurate record.

137. Host Authority arrangements [11:10 - 11:15].

(Item. 6)

1. Kevin McDonald (Essex) provided an update on the provision of Secretariat services to the Joint Committee.
2. He explained that, whilst the ultimate goal was for the Secretariat function to be included within the ASU, it was proposed that it remain with Kent for a further 12 months.
3. The proposal recognised that the ASU establishment was not yet complete and it would be beneficial to continue with the clerking support provided by Kent due to the comprehensive knowledge built up by colleagues there.
4. Officers confirmed that there would be no additional budgetary implications.

RESOLVED that:

- The content of the report be noted;
- the current Clerking / Secretariat service provided by Kent be extended for 12 months.

138. ACCESS Annual Report [11:15 - 11:30].

(Item. 7)

1. Sharon Tan (Suffolk) introduced the draft format for the ACCESS Annual Report to the Joint Committee.
2. Members requested the following:
 - a. Passive Investments be mentioned in the Report;
 - b. the final Report be available by 15 July and that it be published on the ACCESS website;
 - c. the addition of an executive summary which highlighted the successes of the Fund.

RESOLVED that:

- the format and approach to ACCESS annual report be approved (subject to the inclusion of the above requests);

- approval and publication of final version be delegated to Sharon Tan (Suffolk) in consultation with the Chair & Vice-Chair.

Page 4

139. 2018/19 Out-turn & 2019/20 Business Plan Update [11:30 - 11:45].

(Item. 8)

1. Alison Mings (Kent) provided an update on the activities undertaken since the last Joint Committee and associated spend.
2. The 2018/19 outturn had a total spend of £1.427m, and arrangements were in place to collect each Authority's share (£113.4k).
3. There had only been minor changes to the ACCESS Strategic Business Plan since the last Joint Committee meeting.
4. In response to questions from Members, Alison Mings confirmed that the Strategic Business Plan would be updated to show that work on joint policies was underway and that the Communications Strategy would be included in the Business Plan as it was already underway.
5. Members asked for clarity around the significant reduction in the 2019/20 budget for "strategic and technical costs" (from £395k to £189k). It was confirmed that the fees were lower due to the ASU taking over some of the work previously provided by Hymans. In addition, officers were able to provide a more realistic forecast due to their increasing knowledge of the ACCESS costs.
6. Responding to questions regarding the increased budget for "advice re new structures" (from £92k to £175k), Officers explained that this change reflected the need for additional commissioned services to review and plan future illiquid options, as per previous Joint Committee resolutions.
7. To provide further clarity on these points, it was agreed that future budget and outturn updates would include more explanatory notes.
8. Alison Mings (Kent) presented the risk register and explained there were no substantial changes since the last update. A Member raised a technical question about one of the sub-funds and following a brief discussion, Andrew Boutflower (Hampshire) assured Members the on-going issue was being addressed.

RESOLVED that the 2018/19 outturn position and updated Business Plan be noted.

140. Motion to Exclude the Press and Public.

(Item. 9)

RESOLVED that under Section 100A of the Local Government Act 1972 the press and public be excluded from the meeting for the following business on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 3 & 5 of part 1 of Schedule 12A of the Act.

141. MHCLG Consultation update [11:45 - 12:00].

(Item. 10)

1. Kevin McDonald (Essex) updated the Joint Committee on the submission of the consultation response.
2. Nicola Mark (Norfolk) advised the Joint Committee that a meeting with the Minister, Rishi Sunak MP, had been requested. A meeting with the civil servant Theresa Clay had been offered, and this was under negotiation.
3. Members restated their desire for an elected representative from the Joint Committee to be present at the meeting.
4. Members noted their disappointment that no formal written response had been received to confirm that the points made by ACCESS were being considered.

RESOLVED that Elected Members and OWG Officers should meet with Theresa Clay – dates to be confirmed.

142. ACS Implementation update [12:00 - 12:20].

(Item. 11)

1. Andrew Bouflower (Hampshire) update the Joint Committee on the progress of launching the ACS, the sub-funds that will be created within it and the options for pooling illiquid investments.

RESOLVED that

- The progress in launching the ACS investment sub-funds be noted;
- The progress in identifying options for pooling illiquid investments be noted.

143. Contract Management update [12:20 - 12:40].

(Item. 12)

1. Kevin McDonald (Essex) provided an update on the ACS Operator contract on behalf of Mark Paget (ASU).
2. The Joint Committee discussed the Key Performance Indicators (KPIs) used to measure Link's performance. Members asked to see those KPIs and that they be reviewed to ensure they were still fit for purpose.
3. The Chairman requested that Link be invited to the next meeting to discuss performance.

RESOLVED that the report be noted.

144. Access Support Unit update [12:40 - 13:00].

(Item. 13)

1. Jo Thistlewood (Isle of Wight) provided an update to the Joint Committee on the development of the ACCESS Support Unit (ASU).
2. Following the update from the previous meeting, Members were notified that the appointment to the post of Director (following the commissioning of a specialist recruiter) had not been successful.
3. Following careful evaluation of the available options, the Officer Working Group had developed a recommendation to the Joint Committee that an ASU Director to be appointed on a secondment or permanent basis, from within the pool of officers already participating in the ACCESS funds.
4. Members were presented with a revised timetable for the recruitment of the Director post, though cautioned that it was subject to review and change.

RESOLVED that;

- ASU Director post to be recruited / sought from ACCESS Pool officers (secondment or permanent) on a full-time basis;
- updated timeline supported with intention of allowing for a decision by Essex appointment committee on 24 July;
- candidates not be interviewed by any representative of their own authority.

145. Governance arrangements [13:30 - 13:50].

(Item. 14)

1. Nicola Mark (Norfolk) updated the Joint Committee on the progress of the Phase 3 Governance work, previously outlined at the meeting on 13 March 2019. She highlighted the progress that had been made over the past two years, despite confronting a number of challenges, and the view from the Auditors that the Governance Manual had been extremely useful to them.
2. The Chairman highlighted to good work of Nicola Mark in leading the Governance work.
3. Clifford Sims (Squire Patton Boggs) updated the Joint Committee on the amendments that had been made to the Inter Authority Agreement (IAA).
4. Engagement with Monitoring Officers (MOs) via webinar was scheduled for 12 June.
5. Members queried the status and planning for the training that would be provided around ACCESS's governance arrangements. Sharon Tan (Suffolk) affirmed that she would be bringing a paper on this to the next meeting as part of a wider training update.

RESOLVED that

- The Governance manual be approved for adoption and ongoing management by the ASU; and that

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- The IAA be endorsed for referral to MOs for further consideration and progression through the Administering Authorities' relevant governance processes.

146. Items for information or advice from the committee [13:50 - 14:00].

(Item. 15)

1. Updates on the following were discussed briefly:

- Scheme Member representation (to be considered at future meeting)
- Plans for informal meetings to be held for ACCESS Members
- Woodford investment fund
- MHCLG meeting

CAMBRIDGESHIRE PENSION FUND



Pension Fund Board

Date: 4th October 2019

Report by: Democratic Services Officer

Subject:	REVIEW OF BOARD SIZE
Purpose of the Report	To address the request to review how Scheme Member representatives are appointed to the Board and whether the Board should be increased in size.
Recommendations	The Pension Fund Board is asked to approve the approach set out in Paragraph 3.1
Enquiries to:	Name – Rob Sanderson – Democratic Services Officer E-mail – rob.sanderson@cambridgeshire.gov.uk

1. BACKGROUND

- 1.1 Appointments to this Board are for a period of four years. When setting up the original Board in 2015, the Scheme Member representatives were selected after placing advertisements on the Council's website and Pension Fund website pages. Following interviews by a panel, including the Monitoring Officer, Barry O'Sullivan and John Stokes were appointed until July 2019, and David Brooks was appointed until October 2019. At the May 2019 Board meeting, it was agreed that the three employee representatives who had all indicated that they were content to serve for another four years were recommended to be re-appointed until 2023. This was subsequently endorsed by the Council's Monitoring Officer.
- 1.2 At the May Board meeting, it was suggested that officers needed to consider future succession arrangements as there could not be an expectation the three current Scheme Members would wish to serve for a further four year term. Arrangements therefore needed to be undertaken in good time to ensure full membership was achieved in the future. It was suggested officers might wish to consider whether it was possible to appoint by thirds. As a result there was an action for Democratic Services to consider this further.
- 1.3 At the July meeting, it was noted that maintaining the level of expertise on Local Pension Boards was raised as an issue at a recent conference that a number of members had attended, where Board members from across the Country had expressed similar concerns about succession arrangements. "Ghost" members had been discussed, but Democratic Services had responded that given that it was difficult to find six committed Board members, this was unlikely to be a viable solution. The other suggestion raised at the conference was having an increased membership e.g. four rather than three member scheme representatives, so that meetings were still quorate when someone was absent. It was noted that membership of more than six overall members on the Board was permissible, if proportionality was maintained. Page 24 of 258

have different lengths terms of office, or staggered terms of office, to ensure continuity. It was agreed that options could be reviewed as part of the review of Terms of Reference, along with ideas on recruitment. It was pointed out that meetings were open to the public and members interested in joining the Board could attend meetings to get a better understanding of how the Local Pension Board worked.

2. REPORT DETAIL

- 2.1 The original recruitment exercise was undertaken in 2015 attracting limited interest. The Local Government Pension Scheme guidance on the creation and operation of Local Pensions Boards is set out as appendix 1 to this report. While the size of the Board could be increased (the minimum size for a Board is 4 with this Board currently having six members - three scheme representatives representing employees and three employer representatives). It should also be noted that the quorum requirements would also increase (one third of membership). Any increase of Scheme representatives would require the same increase in Employer representatives. Democratic Services is not confident that there would be sufficient interest to justify an increase at the current time. Any change in the size of the Board would require reports to go through the Council's Constitution and Ethics Committee and full Council.
- 2.2 Whilst it would be possible to carry out a rolling programme of appointments, as all three Scheme Member representatives have been re-appointed to 2023, it would not be appropriate to now ask any of them to step down early. The priority has to be to maintain the level of expertise currently available to the Board. This has been obtained as a result of an extensive training programme and attendance at relevant seminars and conferences, in order to obtain the background knowledge regarding Pensions' regulations and Pension Fund investments. This training has a cost to the Pension Fund that would increase if the Board was enlarged, especially as any new members would require extensive training to get them up to speed.
- 2.3. There was a suggestion that ghost members could be appointed, but again from past experience, there is likely to be very limited, if any interest, especially if the people recruited were not able to start almost immediately.

3. PROPOSALS

- 3.1 For the reasons set out above, it is proposed to ask the current members a year before their current term of office comes to an end to indicate if they wish to continue. Based on this, an advance recruitment exercise could be undertaken with a timescale that could be as follows:
- eight months before the end of the term of office undertaking a recruitment exercise utilising both a targeted advertisement and the pensions member mailshot email distribution with a timescale of seeking nominations in a two month window.
 - a further two months to undertake the relevant interviews and other issues relating to recruitment.
 - an offer to advance training four months before existing members are due to step down.
 - Offering interested candidates the opportunity to sit in on one or more board meetings as an observer to enable them to get a feel of the Board's business without the pressure of being a member.

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

5. Finance & Resources Implications

5.1 Not applicable.

6. Risk Implications

6.1 Not applicable.

7. Communication Implications

7.1 Not applicable.

8. Legal Implications

8.1 Not applicable

9. Consultation with Key Advisers

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

10. Alternative Options Considered

10.1 Not applicable

11. Background Papers

a) Agenda and Minutes of Local Pension Fund Board meetings May and July 2019.

https://cambridgeshire.cmis.uk.com/ccclive/Committees/tabid/62/ctl/ViewCMIS_CommitteeDetails/mid/381/id/18/Default.aspx

b) The Local Government Pension Scheme Guidance on the creation and operation of Local Pensions Boards in England and Wales (Copy kept in Democratic Services Room 117 Shire Hall, Cambridge)

12. Appendices

12.1 Appendix 1 Extract from Pension Fund Regulations

Checklist of Key Approvals	
Is this decision included in the Business Plan?	Not applicable
Will further decisions be required? If so, please outline the timetable here	Not applicable
Is this report proposing an amendment to the budget and/or policy framework?	No
Has this report been cleared by Chief Finance Officer/Section 151 Officer?	Not applicable

Has this Report been checked by the Monitoring Officer	Not applicable
Has this report been cleared by Head of Pensions?	Not applicable
Has this report been cleared by Democratic Services Manager?	Yes

The regulations that apply to the Board membership are as follows:

Local pension boards: membership

107.—(1) Subject to this regulation each administering authority shall determine—

- (a) the membership of the local pension board;
- (b) the manner in which members of the local pension board may be appointed and removed;
- (c) the terms of appointment of members of the local pension board.

(2) An administering authority must appoint to the local pension board an equal number, which is no less than 4 in total, of employer representatives and member representatives and for these purposes the administering authority must be satisfied that—

- (a) a person to be appointed to the local pension board as an employer representative has the capacity to represent employers; and
- (b) a person to be appointed to the local pension board as a member representative has the capacity to represent members.

(3) Except where a local pension board is a committee approved under regulation 106(2) (committee that is a Scheme manager is also local pension board)—

- (a) no officer or elected member of an administering authority who is responsible for the discharge of any function under these Regulations (apart from any function relating to local pension boards or the Local Government Pension Scheme Advisory Board) may be a member of the local pension board of that authority; and
- (b) any elected member of the administering authority who is a member of the local pension board must be appointed as either an employer representative or a member representative.

(4) Where a local pension board is a committee approved under regulation 106(2) (committee that is a Scheme manager is also local pension board) the administering authority must designate an equal number which is no less than 4 in total of the members of that committee as employer representatives and member representatives and for these purposes the administering authority must be satisfied that—

- (a) a person to be designated as an employer representative has the capacity to represent employers; and
- (b) a person to be designated as a member representative has the capacity to represent members.

CAMBRIDGESHIRE PENSION FUND BOARD AGENDA PLAN	Updated 23 rd September.	Agenda Item: 16
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Meeting date	Agenda item	Lead officer	Deadline for draft reports	Agenda despatch date
04/10/2019	Minutes 05/07/19 and Action Log	R Sanderson/J Walton	23/09/2019	
	Administration Report [standing item]	M Oakensen		
	Data Improvement Plan Update [standing item]	J Walton		
	Business Plan Update [standing item]	J Walton		
	Governance and Compliance Report [standing item]	J Walton		
	Risk Monitoring [standing item]	M Oakensen		
	Valuation Update / Actuarial Valuation Report [current standing item]	C Blose		
	Asset Pooling [current standing item]	P Tysoe		
	Digital Communication Policy [pre scrutiny]	C Blose		
	Annual Report and Statement of Accounts [post scrutiny]	P Tysoe		
	Anti-Fraud and Corruption Policy [pre scrutiny]	M Oakensen		
	Board Size	R Sanderson		
	Pension Committee Minutes 25/7/19	R Sanderson/ J Walton		
24/1/2020	Minutes 04/10/19 and Action Log	R Sanderson/J Walton	13/1/2020	

Meeting date	Agenda item	Lead officer	Deadline for draft reports	Agenda despatch date
	Administration Report [standing item]	M Oakensen		
	Data Improvement Plan Update [standing item]	J Walton		
	Business Plan Update [standing item]	J Walton		
	Governance and Compliance Report [standing item]	J Walton		
	Risk Monitoring [standing item]	M Oakensen		
	Dormancy Policy [pre scrutiny]	M Oakensen		
	Terms of Reference review [approval]	M Oakensen		
	The Pensions Regulator Survey Results [to note]	J Walton		
	Valuation Update [current standing item]	C Blose		
	Asset Pooling [current standing item]	P Tysoe		
	Admitted bodies, Scheme Employers and Bulk Transfer Policy [post scrutiny]	C Blose		
	Administration Strategy [pre scrutiny]	C Blose		
	Communication Strategy [pre scrutiny]	C Blose		
	Pension Committee Minutes 10/10/19 & 12/12/19	R Sanderson/ J Walton		
24/4/2020	Minutes 24/1/20 and Action Log	R Sanderson/J Walton	14/4/2020	
	Administration Report [standing item]	M Oakensen		
	Data Improvement Plan Update [standing item]	J Walton		
	Business Plan Update [standing item]	J Walton		

Meeting date	Agenda item	Lead officer	Deadline for draft reports	Agenda despatch date
	Governance and Compliance Report [standing item]	J Walton		
	Risk Monitoring [standing item]	M Oakensen		
	Valuation Update [current standing item]	C Blose		
	Asset Pooling [current standing item]	P Tysoe		
	Governance Policy and Compliance Statement [pre scrutiny] – if applicable	J Walton		
	Payment of Employee and Employer Contributions Policy [pre scrutiny] – if applicable	M Oakensen		
	Business Plan and Medium Term Strategy [post scrutiny]	J Walton		
	Policy Review Report [to note]	M Oakensen		
	Progress report on Aon's action plan following effectiveness review [to note]	M Oakensen		
	Pension Committee Minutes 19/3/20	R Sanderson/ J Walton		

