



# **Cambridgeshire County Council Pension Fund Annual Report and Statement of Accounts Year Ended 31 March 2022**

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## Appendix A – ACCESS Annual Report

# Chair's Foreword

Awaiting comment

# 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 2021-22.

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, [2019 Valuation Report](#)

## The Council's Responsibilities in respect of the Pension Fund

The Cambridgeshire County Council is required to:

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

## The Chief Finance Officer's Responsibilities

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

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

- Selected suitable accounting policies and then applied them consistently;
- 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 2022 and of its income and expenditure for the year 2021-22, and authorise the accounts for issue.

## Mr T Kelly

Chief Finance Officer  
(Section 151 Officer)  
Dated: XXXXXXXXXXXX

# Scheme Management, Advisors and Partners

Partners		Asset Managers (Continued)	
	ACCESS (Pension Pool)		Dodge & Cox Funds*
	AON (Consultants)		Equitix Ltd
	Ernst & Young (Auditors)		Foresight Group
	Eversheds Sutherland (Legal Advisor)		Harbour Vest Partners (UK)
	Hymans Robertson (Actuary)		IFM Investors
	Mercer (Investment Consultants)		JO Hambro *
	NatWest (Bank)		JP Morgan
	Northern Trust (Custodian)		Link Fund Solutions (ACCESS)
	Pathfinder (Legal Advisor)		Longview Partners*
	Sam Gervaise-Jones (Ind. Advisor)		M&G Investments*
	Squire Patton Boggs (Legal Advisors)		Partners Group
Asset Managers			Schroders
	Adams Street Partners		USB Asset Management
	Allianz Global Investors	AVC Providers	
	Ares Asset Management		Prudential
	Blue Bay Asset Management		Utmost Life & Pensions

\*Sub-funds managed by link fund solutions in the ACCESS pool (page 31)

# Scheme Management & Key Officers

## The Key Officers of the Fund during the year were:

Mark Whitby – Head of Pensions

Ben Barlow – Investments and Fund Accounting Manager

Richard Sultana – Systems and Projects Manager

Akhtar Pepper – Operations Manager

Cory Blose – Employer and Communications Manager

Joanne Kent – Governance and Compliance Manager

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

### **Ben Barlow**

Investments and Fund Accounting Manager,  
Pension Services

Email: [Ben.Barlow@westnorthants.gov.uk](mailto:Ben.Barlow@westnorthants.gov.uk)

Telephone: 07831 123167



Enquiries relating to management and administration should be directed to:

### **Mark Whitby**

Head of Pensions, Pension Services

Email: [Mark.Whitby@westnorthants.gov.uk](mailto:Mark.Whitby@westnorthants.gov.uk)

Telephone: 07990 556197



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). As well as organisations that can admit their employees to the LGPS by passing their resolution (nominate employees for access to the LGPS).

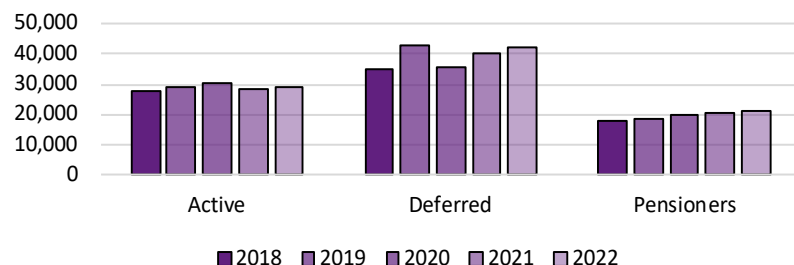
The Fund is a qualifying scheme under the automatic enrolment regulations and can be used by employers to automatically enrol eligible employees, and every three years re-enrol anyone who opts out of the scheme.

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

## Membership

Membership of the Fund grew by 3.6% from the previous year.

On 31 March 2022 there were 28,911 active, 42,384 deferred and 21,340 pensioner members in the Fund. The deferred figure is inclusive of 11,011 open cases that may change status (undecided leavers).



## Pension Fund Administration

There are 77 staff members (73.56 full time equivalent) within the Pensions Team, providing all aspects of service to both the Cambridgeshire and Northamptonshire Funds, with an average staff to member ratio of 1:2,299 (total members for Northamptonshire and Cambridgeshire Pension Funds divided by full time equivalent staff members).

Internal audit perform risk based audit procedures to assess the effectiveness and efficiency of administration services, and the Pensions 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 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 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 2019. The results of the valuation were a funding level of 100% and an average primary employer contribution rate of 18.4% (31 March 2016: 18.1%). The primary rate includes an allowance of 0.6% (31 March 2016: 0.6%) of the pensionable pay for the Fund's expenses. The average employee contribution rate is 6.3% (31 March 2016: 6.3%) of pensionable pay.

On 1 April 2014, the new Local Government Pension Scheme 2014 came into effect, allowing more flexibility around paying into the scheme and drawing benefits in comparison to the 2008 scheme. Normal pension age is linked to the state pension age but benefits can be drawn earlier or later, between age 55 and 75. The normal retirement age is the age a member can access their pension in full; if it is accessed before that date benefits will usually be reduced and if accessed after normal retirement age benefits may increase. All service built up to 31 March 2014 in the LGPS is fully protected and will continue to be based on a member's final year annual pay when the individual leaves the LGPS (2008 scheme).

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

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

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

The Government sought permission to appeal to the Supreme Court and it was announced on 27 June 2019 that the application had been refused.

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

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

While there was a MHCLG (now DLUHC) consultation in 2020 on proposed amendments to the LGPS Regulations necessary to remedy the specific unlawful age discrimination in the LGPS, no actual amendments have been made as yet. A fresh DLUHC consultation, which will include draft LGPS amendment regulations, is expected to take place in Summer 2022. The intention is that these amendment Regulations will come into effect on 1 October 2023, retrospective to 1 April 2014 (i.e. when the reformed LGPS, and therefore the transitional protection, was introduced).

# Scheme Administration (continued).

The below table compares the 2008 and the 2014 schemes.

	LGPS 2008	LGPS 2014
<b>Basis of Pension</b>	Final Salary	Career Average Revaluated Earnings (CARE)
<b>Accrual Rate</b>	1/60 <sup>th</sup>	1/49 <sup>th</sup>
<b>Revaluation Rate</b>	Based on Final Salary	Consumer Prices Index (CPI)
<b>Pensionable Pay</b>	Pay excluding non contractual overtime and non pensionable additional hours	Pay including non-contractual overtime and additional hours
<b>Employee Contribution Rates</b>	Between 5.5% and 7.5%	Between 5.5% and 12.5%
<b>Contribution Flexibility</b>	No	Option to pay 50% contributions for 50% of pension benefit
<b>Normal Pension Age</b>	65	Equal to individuals state pension age
<b>Lump Sum Trade Off</b>	Trade £1 of pension for £12 lump sum	Trade £1 of pension for £12 lump sum
<b>Death in Service Lump Sum</b>	3 x Pensionable Pay	3 x Pensionable Pay
<b>Death in Service Survivor Benefits</b>	1/160 <sup>th</sup> accrual based on Tier 1 ill health pension enhancement	1/160 <sup>th</sup> accrual based on Tier 1 ill health pension enhancement
<b>Ill Health Provision</b>	<p>Tier 1 – Immediate payment with service enhanced to Normal Pension Age (65)</p> <p>Tier 2 – Immediate payment with 25% service enhancement to Normal Pension Age (65)</p> <p>Tier 3 – Temporary payment of pension for up to 3 years</p>	<p>Tier 1 – Immediate payment with service enhanced to Normal Pension Age</p> <p>Tier 2 – Immediate payment with 25% service enhancement to Normal Pension Age</p> <p>Tier 3 – Temporary payment of pension for up to 3 years</p>
<b>Indexation of Pension in Payment</b>	CPI (RPI for pre-2011 increases)	CPI
<b>Vesting Period</b>	3 months	2 years

# Scheme Administration (continued)

## Pension Fund Committee and Local Pension Board membership

The following table shows the attendance of Committee and Board members at applicable Pension Fund Committee, Investment Sub-Committee and Local Pension Board meetings during 2021-22, training undertaken in year, including; Training days, Conferences and Strategic Workshops.

Councillor/Member Name	Committee/Board	Meetings Attended	Training Undertaken (In person and virtual)
Councillor Alison Whelan	Pension Fund Committee Investment Sub Committee	4 meetings out of 4 2 meetings out of 3	9 sessions attended
Councillor Catherine Rae	Pension Fund Committee Investment Sub Committee	4 meetings out of 4 3 meetings out of 3	9 sessions attended
Councillor Ian Gardener	Pension Fund Committee Investment Sub Committee	4 meetings out of 4 3 meetings out of 3	10 sessions attended
Councillor Alan Sharp	Pension Fund Committee Investment Sub Committee	3 meetings out of 4 2 meetings out of 3	4 sessions attended
Councillor Chris Boden	Pension Fund Committee Investment Sub Committee	1 meetings out of 4 2 meetings out of 3	2 sessions attended
Lee Phanco	Pension Fund Committee Investment Sub Committee	3 meetings out of 4 2 meetings out of 3	2 sessions attended
John Walker	Pension Fund Committee Investment Sub Committee	4 meetings out of 4 2 meetings out of 3	10 sessions attended
Councillor Josh Schumann	Pension Fund Committee	1 meetings out of 4	0 sessions attended
Councillor Edna Murphy	Pension Fund Committee	3 meetings out of 4	9 sessions and 1 external conference
Councillor Andy Coles	Pension Fund Committee	3 meetings out of 4	4 sessions attended
Matthew Pink	Pension Fund Committee	3 meetings out of 4	10 sessions attended
Councillor Philippa Slatter	Pension Fund Board	3 meetings out of 3*	10 sessions attended
Councillor Simon King	Pension Fund Board	4 meetings out of 4	9 sessions attended and 1 external webinar
Councillor Denis Payne	Pension Fund Board	4 meetings out of 4	10 sessions attended and 4 webinars and 2 external conferences
Barry O'Sullivan	Pension Fund Board	4 meetings out of 4	10 sessions attended and 3 external webinars and one external conference
Val Limb	Pension Fund Board	4 meetings out of 4	10 sessions attended and 2 external webinars and 4 external conferences
Martin Dachs	Pension Fund Board	4 meetings out of 4	8 sessions attended and 1 external webinar

\*Not in appointment for the entire period.

# Scheme Administration (continued)

## Policies and Strategy Statements

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

[Key Documents](#)

### 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 2021-2024
- Anti-Fraud and Corruption Policy
- Cambridgeshire Pension Fund Training Strategy
- Cash Management Strategy
- Communications Plan
- Communications Strategy
- Conflict of Interest Policy for Cambridgeshire Pension Fund Board
- Data Improvement Policy
- Employer Data Retention Policy
- Funding Strategy Statement
- 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 2021-22

The following strategies and policies have been reviewed and updated accordingly in 2021-22:

- Admission Bodies, Scheme Employers and Bulk Transfer Policy
- Anti-Fraud and Corruption Policy
- Communications Plan
- Training Strategies
- Investment Strategy Statement
- Payment of Employee and Employer Contributions Policy

The Fund also developed a Cyber Strategy during the year, however this is not published due to its sensitive nature.

# Management and Financial Performance

## The Team

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

- **Operations** – maintain member records, calculate benefits and pensions payable.  
Contact: [Pensions@westnorthants.gov.uk](mailto:Pensions@westnorthants.gov.uk)
- **Employers** – contact point for employers of the scheme and those wanting to join. Deliver training sessions to employers and payroll providers covering the systems available to assist them in efficiently participating in the Fund.  
Contact: [PenEmployers@westnorthants.gov.uk](mailto:PenEmployers@westnorthants.gov.uk)
- **Systems** – ensure internal systems are operating efficiently and provide support to maintaining accurate member records.  
Contact: [PenSystems@westnorthants.gov.uk](mailto:PenSystems@westnorthants.gov.uk)
- **Investments** – oversee the governance of Fund assets and support the Investment Sub-Committee.  
Contact: [PenInvestments@westnorthants.gov.uk](mailto:PenInvestments@westnorthants.gov.uk)
- **Governance** – support all Committees in governing the Fund effectively, develop and monitor policies and practices to improve data quality and ensure regulatory compliance.  
Contact: [Pensions@westnorthants.gov.uk](mailto:Pensions@westnorthants.gov.uk)
- **Accounting** – record and reconcile contributions paid into the Fund and accounts for fund expenses. Provide financial monitoring and reporting of functions such as debt management and cash requirements and investment accounting.  
Contact: [PenContributions@westnorthants.gov.uk](mailto:PenContributions@westnorthants.gov.uk)
- **Projects** – is responsible for delivering a wide range of projects that are required to be delivered across the service.  
Email: [PenProjects@westnorthants.gov.uk](mailto:PenProjects@westnorthants.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@westnorthants.gov.uk](mailto:Pensions@westnorthants.gov.uk), telephone 01604 366537, or write to: Pensions Service – 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 website](#).

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

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

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

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

Nature of dispute	Stage 1	Stage 2
Membership record issues leading to inconsistent details and delays	Upheld	In progress
Communication issues and incorrect payment of lump sum	Partially upheld	
Refusal of transfer out due to age	Partially upheld	
Delay in payment of deferred benefits on ill health grounds	Partially upheld	Partially upheld
Deduction of member pension contributions missed due to a payroll system error	Not Upheld	Partially upheld
Overstated Lump Sum with AVCs in estimate	Partially upheld	
Refusal of transfer out due to age and GMP liability	Partially upheld	
Delay in providing deferred pension award that may inhibit ability to transfer	In progress	
Pension Credit following Pension Sharing Order lower than estimated	In progress	
Transfer out reinstatement/compensation	Not Upheld (2020/2021)	In progress

# 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 Chair 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

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. Identified risks are recorded in the Risk Register, a copy of which can be found at: [Risk Register](#)

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

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

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, including Link Fund Solutions who are the Operator of the ACCESS pool (page 31), are required to provide ISAE 3402 Service Organisation Control Reports which are made available to external audit.

## Risk Assurance

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

# 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	2021-22 Forecast £000	2021-22 Actual £000
Contributions	119,000	134,643
Transfers in from other funds	23,000	11,532
<b>Total Income</b>	<b>142,000</b>	<b>146,175</b>
Benefits payable	-113,000	-118,306
Payments to and for leavers	-7,000	-8,754
<b>Total Benefits</b>	<b>-120,000</b>	<b>-127,060</b>
<b>Surplus of contributions over benefits</b>	<b>22,000</b>	<b>19,115</b>
Management Expenses		
Administrative Costs	-2,539	-2,602
Investment Management Expenses	-914	-22,130
Oversight and Governance Costs	-720	-901
<b>Total Management Expenses</b>	<b>-4,173</b>	<b>-25,633</b>
<b>Total Income less Expenses</b>	<b>17,827</b>	<b>-6,518</b>
Investment Income	34,000	30,719
Taxes on Income	0	0
Profit/(loss) on disposal and changes in market value of investments	150,000	382,996
<b>Net return on investments</b>	<b>184,000</b>	<b>413,715</b>
<b>Net increase/(decrease) in assets during the year</b>	<b>201,827</b>	<b>407,197</b>

Management expenses per active member are shown below:

	2020-21	2021-22
Active Members	28,711	28,911
	£	£
Administrative Cost	94.95	90.00
Investment Management Expenses	669.78	765.45
Oversight and Governance Costs	25.57	31.16

## Variance Analysis

- Investment Management expenses forecast is understated as this does not include pooled fees deducted from market value.
- The 2021-22 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 (page 39).

Details of non-investment assets and liabilities of the Fund can be found in the Statement of Accounts in Notes 21 to 22.

# 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	% of Cases completed within KPI target
<b>Deaths</b> – initial letter acknowledging death of member <i>KPI: 5 working days, Legal requirement: 2 months</i>	615	615	100
<b>Deaths</b> – letter notifying amount of dependant’s pension <i>KPI: 5 working days, Legal requirement: 2 months</i>	361	359	99
<b>Estimates</b> – letter notifying estimate of retirement benefits to employee <i>KPI: 10 working days, Legal requirement: 2 months</i>	577	553	96
<b>Retirements</b> – process and pay pension benefits on time <i>KPI: 5 working days, Legal requirement: 2 months</i>	588	563	96
<b>Deferment</b> – calculate and notify deferred benefits <i>KPI: 15 working days, Legal requirement: N/A</i>	1,735	1,650	95
<b>Transfers in</b> – Letter detailing transfer in (actual) <i>KPI: 10 working days, Legal requirement: 2 months</i>	424	418	99
<b>Transfers out</b> – letter detailing transfer out (quote) <i>KPI: 10 working days, Legal requirement: 3 months</i>	420	416	99

# 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 2021-22 £000	Total Paid On Time £000	% Paid On Time	Total Paid Late £000	% Paid Late
Employer	104,015	103,753	99	262	1
Employee	30,628	30,549	99	79	1
<b>Total</b>	<b>134,643</b>	<b>134,302</b>	<b>99</b>	<b>341</b>	<b>1</b>

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

## Recovery of Overpayments of Pension

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

Annual Pensioner Payroll (£) <sup>1</sup>	96,617,752
Total write off amount (£)	11,841
Write off amount as % of payroll	0.01

<sup>1</sup>Excludes additional pension awarded by the employer.

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

Year	Overpayment £	Recovered/in progress £	Written Off £
2017-18	68,606	34,448	18,498
2018-19 <sup>2</sup>	344,153	282,908	61,245
2019-20	97,143	36,137	61,006
2020-21	19,846	4,895	14,951
2021-22	40,591	28,750	11,841

<sup>2</sup>Overpayments in 2018-19 and 2019-20 appear particularly high, as in addition to usual activity, the Fund undertook a significant reconciliation project during the year in which a number of overpayments were identified.

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

# Management and Financial Performance (continued)

## Contributors to the Fund

Active Employers as at 31<sup>st</sup> March 2022

Type Of Body	Number of Active Employers
Administering (AA)	1
Scheduled (S)*	236
Admitted (Ad)	112
<b>Total</b>	<b>349</b>

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

The table, left, shows employers in the fund as at the 31<sup>st</sup> March 2022,

the breakdown of contributions by employer shown below will have different numbers of employers to the statement of accounts, as employers joined and left the fund throughout the year, an active or ceased column has been added to show this movement. Where contributions exist for ceased employers, this will be where prior year adjustments have been made within 2021-22, or contribution receipts recorded within the period.

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
(NHS) Cambridgeshire & Pboro CCG	14,456	64,671	79,128		Ad
Abbey College Academy	58,479	181,431	239,910		S
Abbotts Ripton School (CCC)	6,242	24,512	30,754		S*
ABM (Eynesbury Primary)	624	3,878	4,501		Ad
ABM (Priory Junior)	307	1,228	1,534	Y	Ad
ABM Catering (Brewster Avenue Infant School)	1,785	10,480	12,265		Ad
ABM Catering (Holywell)	992	3,970	4,962		Ad
ABM Catering (Oakdale Primary School)	944	3,808	4,752		Ad
ABM Catering (St Augustine's)	2,875	12,338	15,213		Ad
ABM Catering (Werrington)	812	3,481	4,293		Ad
ABM Catering Limited (Alderman Jacobs)	2,088	6,706	8,793		Ad
ABM Catering Limited (Bushmead Primary and Elsworth Primary)	1,062	4,061	5,123		Ad

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
ABM Catering Limited (Heltwater Primary and Marshfields Primary School)	274	1,174	1,448		Ad
ABM Catering Limited (St John's CE Primary School (Huntingdon))	1,337	5,906	7,243		Ad
ABM Catering Limited (The Beeches Primary and Hampton Hargate Primary)	1,940	8,255	10,195		Ad
ABM Catering Ltd (Great Paxton Primary School, Newton Community Primary School, Offord Primary School and Samuel Pepys School)	1,087	4,124	5,211		Ad
Active Learning Trust (HQ)	84,647	175,197	259,844		S
Advanced Cleaning Services (Burwell & Netherhall)	319	1,277	1,597		Ad
Alconbury C of E Primary (CCC)	17,011	66,583	83,595		S*
Alderman Jacobs Academy	39,652	130,250	169,902		S
Alderman Payne Primary (CCC)	7,104	28,417	35,521		S*

# Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
All Saints Inter Church Academy	15,176	68,500	83,676		S
All Saints' Primary School (PCC)	27,753	114,711	142,465		S*
Alliance in Partnership Limited	1,100	4,402	5,502		Ad
Aramark (Cambridge Regional College)	4,269	- 2,597	1,672		Ad
Arbury Primary School (CCC)	18,892	73,222	92,113		S*
Arthur Mellows VC Academy	88,484	275,549	364,033		S
Ashbeach Primary School (CCC)	10,885	42,758	53,643		S*
Aspens (Brampton Village Primary School)	385	1,540	1,925		Ad
Aspens (Hemingford Grey)	647	2,587	3,234		Ad
Aspens (The Harbour School)	855	3,418	4,273		Ad
Aspens Services Ltd (Cottenham VC)	1,587	5,119	6,706		Ad
Babraham C of E Primary Academy	4,363	18,934	23,297		S
Balfour Beatty	2,544	-	2,544		Ad
Balsham Parish Council	672	3,251	3,923		S
Bar Hill Community Primary School	16,489	62,461	78,950		S
Bar Hill Parish Council	1,465	6,085	7,551		S
Barnabas Oley C of E Primary School	8,009	31,842	39,851		S*
Barnack C of E Primary School (PCC)	10,524	43,487	54,011		S*
Barrington C of E Primary (CCC)	8,563	34,058	42,622		S*
Barton C of E (VA) Primary School	8,162	31,484	39,646		S*
Bassingbourn Primary (CCC)	21,012	83,350	104,362		S*
Bassingbourn V C Academy	21,663	70,630	92,294		S
Beaupre CP School (CCC)	14,298	54,945	69,242		S*
Bellbird School (CCC)	23,755	93,736	117,491		S*

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Benwick Primary School (CCC)	9,939	39,281	49,220		S*
Bewick Bridge C P Sch (CCC)	19,554	75,380	94,934		S*
Bishop Creighton Academy	15,054	46,713	61,767		S
Bottisham Community Primary Academy	15,630	69,724	85,354		S
Bottisham VC Academy	106,988	303,996	410,984		S
Bottisham Village College (CCC)	-	7,500	7,500	Y	S
Bourn Primary Sch-Academy	11,722	39,434	51,157		S
Brampton Village School (CCC)	31,193	122,673	153,866		S*
Braybrook Primary School Academy	14,030	58,512	72,542		S
Bretton Parish Council	3,180	10,519	13,699		S
Brewster Avenue School (PCC)	17,150	74,608	91,759		S*
Brington C of E Primary School (CCC)	7,382	29,141	36,523		S*
Brunswick Nursery School (CCC)	12,711	48,258	60,969		S*
Buckden C of E Primary Sch-Academy	28,581	94,200	122,781		S
Burnt Fen I D B	3,439	11,374	14,813		S
Burrough Green Primary (CCC)	5,877	23,251	29,128		S*
Burrowmoor Primary Academy	28,277	112,469	140,746		S
Burwell Parish Council	1,852	6,124	7,976		S
Burwell VC Primary (CCC)	17,210	79,925	97,134		S*
Bury C of E Primary Sch (MAT)	7,009	29,293	36,302		S
Bushmead Primary School (CCC)	25,198	98,797	123,995		S*
Busy Bee Cleaning Services Ltd (St Bede's Inter-Church School)	268	1,213	1,481		Ad
Caldecote Parish Council	19	73	92	Y	S
Caldecote Primary School (CCC)	10,815	41,831	52,646		S*
Cambourne Parish Council	22,873	73,752	96,625		S
Cambourne Village Coll. Acad. (MAT)	80,304	249,293	329,597		S

# Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Cambridge & Peterborough NHS Foundation Trust	14,431	69,049	83,480		Ad
Cambridge City Council	1,677,699	4,483,188	6,160,887		S
Cambridge Meridian Academy Trust (HQ staff)	150,402	404,987	555,389		S
Cambridge Regional College	536,635	2,052,151	2,588,786		S
Cambridgeshire and Peterborough Combined Authority	381,967	820,782	1,202,749		S
Cambridgeshire County Council	6,944,868	22,218,646	29,163,514		AA
Cambs & P'boro Fire Authority	406,160	1,493,630	1,899,790		S
Cambs Chief Constable	1,817,749	6,832,299	8,650,048		S
Cambs Police & Crime Commis'er	52,253	152,537	204,790		S
Care Quality Commisson	6,029	-	6,029		Ad
Castle Camps Primary (CCC)	7,175	28,440	35,614		S*
Castle School (CCC)	95,972	367,931	463,902		S*
Castor C of E Primary School (PCC)	11,795	50,229	62,024		S*
Caterlink (Active L T)	12,876	51,882	64,758		Ad
Caterlink (Anglian Learning)	1,535	6,124	7,659		Ad
CaterLink (Diamond Learning Partnership Trust)	4,994	20,715	25,708		Ad
Caterlink (Priory Park Infant School)	219	874	1,093		Ad
Caterlink (The Diamond L P)	2,539	15,602	18,141		Ad
Caterlink (Witchford VC Academy)	298	984	1,282	Y	Ad
Caterlink Ltd	345	1,302	1,647	Y	Ad
Caterlink UK Ltd (Ernulf Academy)	-	2,000	2,000		Ad
Caterlink UK Ltd (The Vine Inter-Church School)	1,287	5,022	6,308		Ad
Cavalry Primary School	37,910	141,520	179,430		S

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Caverstede Nursey School	21,612	88,858	110,471		S*
Chartwells (Netherhall School)	3,950	15,833	19,784	Y	Ad
Chatteris Town Council	3,185	11,065	14,250		S
Cherry Hinton Primary (CCC)	18,934	73,740	92,674		S*
Chesterton Community College	70,202	201,510	271,712		S
Chesterton Primary Acad. (MAT)	11,965	41,136	53,102		S
Cheveley Primary School (CCC)	5,463	21,850	27,312		S*
Churchill Contract Services	3,596	18,632	22,228		Ad
City College Peterborough (was PCAE) (PCC)	168,056	602,417	770,473		S
City Culture Peterborough Limited	33,768	97,076	130,843		Ad
City of Ely Council	25,241	82,311	107,552		S
City of Peterborough Academy (MAT)	53,659	162,298	215,957		S
Clarion Housing Association Limited	26,057	489,944	516,001		Ad
Clarkson Infants School (CCC)	19,069	73,305	92,373		S*
CMAT Educational Services Limited	-	14,611	14,611		S
Coates Primary School (CCC)	13,089	50,710	63,799		S*
Collections Trust	2,368	24,181	26,549		Ad
Colleges Nursery School (CCC)	15,132	58,396	73,528		S*
Colville Primary School (CCC)	19,797	76,453	96,250		S*
Comberton Academy Trust (HQ)	37,165	93,787	130,952		S
Comberton VC Academy	150,477	482,594	633,072		S
Compass (Anglian Learning Trust: Bassingbourne VC, Sawston VC and Netherhall)	1,252	3,870	5,122		Ad

# Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Compass (DEMAT)	25,523	97,499	123,022		Ad
Compass (Stephen Perse)	11,099	40,312	51,410	Y	Ad
Compass Contract Services	2,508	43,104	45,612		Ad
Compass Contract Services (Staploe ET)	4,394	14,697	19,091		Ad
Conservators of the River Cam	2,388	7,898	10,286	Y	Ad
Coton C of E Primary School (CCC)	8,658	34,206	42,864		S*
Cottenham Primary School (CCC)	33,510	129,893	163,403		S*
Cottenham VC Academy	58,716	137,287	196,002		S
CRCC - Cambridge Rape Crisis Centre	2,200	7,445	9,645		Ad
Cromwell Academy	11,788	45,491	57,279		S
Cromwell Comm College (Academy)	71,684	298,813	370,497		S
Cross Keys Homes Ltd	20,923	243,379	264,302		Ad
Crosshall Infants Academy	36,242	120,836	157,078		S
Crosshall Juniors Academy	33,728	111,821	145,549		S
Cucina Ltd (Arthur Mellows)	1,295	4,340	5,635		Ad
Diocese of Ely Multi Academy Trust (DEMAT) HQ Staff	29,875	102,418	132,293		S
Discovery Primary Academy	41,997	135,983	177,980		S
Ditton Lodge Primary School	13,573	50,929	64,502		S
Dogsthorpe Academy	24,765	115,670	140,435		S
Dogsthorpe Infant School	19,818	77,679	97,497		S
Downham Feoffees Primary Academy	6,602	26,005	32,607		S
Dry Drayton Primary (CCC)	5,546	21,217	26,763		S*
Duke of Bedford School (PCC)	20,457	86,975	107,432		S*

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Duxford Primary School (CCC)	16,875	66,530	83,405		S*
Earith Primary Academy	7,878	33,688	41,567		S
East Cambs District Council	369,568	1,438,842	1,808,410		S
East of England Local Government Association (EEDA/EERA)	75,110	246,982	322,092		Ad
Eastfield Inf and Nursery (CCC)	15,927	62,803	78,731		S*
Easy Clean (Arbury Primary School)	139	555	694	Y	Ad
Easy Clean (Godmanchester)	449	1,633	2,082	Y	Ad
Easy Clean (Grt Peterbor)	27	83	110	Y	Ad
Easy Clean (TDET)	10,065	46,937	57,002		Ad
Easy Clean (The Phoenix School - Phase 2 Secondary)	752	3,219	3,971		Ad
Easy Clean (Upwood Primary School)	345	1,527	1,872		Ad
Easy Clean Contractors (Milton Primary School)	281	1,160	1,441		Ad
Ecovert FM Ltd	1,412	-	1,412		Ad
Edwards & Blake Ltd (Coates Primary School)	389	1,555	1,943		Ad
Edwards and Blake (Godmanchester Community Education Trust)	456	1,660	2,116		Ad
Edwards and Blake (Stukeley Meadows)	581	2,326	2,907		Ad
Edwards and Blake Ltd (Bassingbourn Primary)	804	3,165	3,969		Ad
Elior Holdings UK (Bouygues)	2,869	20,055	22,924		Ad
Elior UK	828	-	828		Ad
Elm C of E Primary Academy	17,144	62,657	79,802		S

# Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Elm Road Primary School	13,498	52,174	65,672		S
Elsworth C of E (A) Primary School (CCC)	6,194	24,540	30,734		S*
Elton Church School (CCC)	9,475	39,922	49,397		S*
Ely (City of) College - Academy	56,988	184,575	241,563		S
Ely St John Primary (CCC)	24,253	94,483	118,736		S*
Ermine Street Church Academy	12,549	45,819	58,368		S
Ernulf Academy	41,219	127,988	169,207		S
Everyone Health Limited	7,315	21,538	28,853		Ad
Eye C of E Primary School (PCC)	36,836	147,151	183,987		S*
Eye Parish Council	554	2,054	2,608		S
Eynesbury C of E School (CCC)	13,387	52,968	66,355		S*
Eyrescroft Primary School	30,840	127,720	158,559		S
Family Psychology Mutual	12,134	35,839	47,973		Ad
Farcet C of E Primary Academy	9,007	37,043	46,050		S
Farcet Parish Council	677	3,097	3,774		S
Fawcett Primary School	33,579	128,142	161,722		S*
Fen Ditton Primary Academy	11,573	44,269	55,842		S
Fen Drayton Primary (CCC)	6,057	24,096	30,153		S*
Fenland District Council	572,820	1,524,651	2,097,471		S
Fenstanton Primary School (CCC)	14,161	54,245	68,406		S*
Fields Early Years Centre (CCC)	14,008	57,477	71,485		S*
Folksworth C of E Primary (CCC)	3,185	12,604	15,789		S*
Fordham Primary School (CCC)	16,607	65,118	81,725		S*
Fourfields Primary School (CCC)	31,059	126,950	158,009		S*
Fowlmere Primary School (CCC)	4,420	17,484	21,904		S*
Foxton Primary School (CCC)	6,034	23,689	29,723		S*

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Freedom Leisure (Fenland DC)	40,620	129,892	170,512		Ad
Friday Bridge Primary (CCC)	9,375	37,479	46,855		S*
Friends Therapeutic Community	59,987	359,451	419,438		Ad
Fulbourn Primary School (CCC)	19,544	73,804	93,348		S*
Fulbridge Academy	91,728	292,970	384,698		S
Fusion	786	2,501	3,286		Ad
Gamlingay First School Academy	27,158	114,502	141,660		S
Gamlingay Parish Council	4,486	15,614	20,100		S
Girton Glebe Primary School	9,706	37,956	47,662		S
Gladstone Primary Academy	37,837	139,725	177,562		S
Glebelands Primary Academy	25,929	103,856	129,785		S
GLL - Greenwich Leisure Ltd	6,541	32,062	38,603		Ad
Godmanchester Community & Bridge Academies	35,192	127,100	162,292		S
Gorefield Primary Academy	10,472	39,713	50,185		S
Goshen Multiservices Ltd	1,344	8,679	10,023		Ad
Granta School (CCC)	76,294	274,919	351,214		S*
Great Abington Primary (CCC)	7,465	29,405	36,871		S*
Great and LT Shelford (CCC)	15,313	61,008	76,321		S*
Great Gidding C of E Primary (CCC)	3,572	14,016	17,588		S*
Great Paxton C of E Primary (CCC)	8,952	39,272	48,223		S*
Great Staughton Academy (MAT)	5,985	26,689	32,674		S
Great Willbraham Primary (CCC)	6,146	23,252	29,398		S*
Greater Peterborough UTC	18,121	52,743	70,864		S
Guilden Morden Academy	7,822	28,671	36,493		S
Gunthorpe C P School (PCC)	2,261	9,156	11,417	Y	S*
Guyhirn C of E Primary Academy (CCC)	7,143	29,999	37,141		S

# Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Haddenham Level Drainage Commissioners	1,809	5,983	7,792		S
Haddenham Parish Council	1,839	6,248	8,087		S
Hampton College Academy	110,787	338,118	448,905		S
Hampton Gardens Academy	40,504	122,535	163,039		S
Hampton Hargate Primary (PCC)	42,137	175,100	217,237		S*
Hampton Lakes Academy	9,499	33,579	43,078		S
Hampton Vale Primary Academy	46,779	155,591	202,370		S
Hardwick Primary (CCC)	36,714	142,327	179,042		S*
Harston and Newton Primary School (CCC)	11,194	44,324	55,518		S*
Hartford Infant School	13,158	47,972	61,130		S
Hartford Junior School	17,162	62,315	79,477		S
Haslingfield Primary (CCC)	9,611	38,126	47,737		S*
Hatton Park School (MAT)	15,277	57,599	72,876		S
Hauxton Primary School (CCC)	7,460	29,572	37,032		S*
Heltwate School (PCC)	79,507	322,508	402,015		S*
Hemingford Grey Primary School	19,020	74,988	94,009		S*
Heritage Park School (PCC)	14,467	60,126	74,593		S*
Hertfordshire Catering Limited (Barrington CofE VC Primary School)	1,555	5,871	7,426		Ad
Hertfordshire Catering Limited (Harston & Newton Community Primary School)	1,133	4,284	5,418		Ad
Hertfordshire Catering Limited (Hartford Infants, Hartford Junior and Gamlingay First School Academy)	1,588	6,298	7,885		Ad

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Hertfordshire Catering Limited (Hauxton Primary School)	1,051	3,969	5,020		Ad
Hertfordshire Catering Limited (Melbourn Primary School)	2,397	9,058	11,456		Ad
Hertfordshire Catering Limited (Meldreth Primary School)	1,264	4,892	6,156		Ad
Hertfordshire Catering Limited (Petersfield C of E Aided Primary School)	537	2,074	2,610		Ad
Hertfordshire Catering Limited (Thongsley Fields Primary)	387	2,204	2,591		Ad
Highfield Ely Academy	77,562	289,073	366,635		S
Highfield Littleport Academy	46,617	149,146	195,762		S
Highlees Primary School	27,095	123,227	150,322		S
Hills Road Sixth Form College	176,438	644,126	820,564		S
Hinchingsbrooke School	117,471	354,364	471,835		S
Histon and Imp. Infants (MAT)	15,869	60,222	76,091		S
Histon and Imp. Junior (MAT)	35,494	123,856	159,349		S
Histon and Impington Parish Council	5,078	17,285	22,363		S
Histon Early Years Centre (previously known as Histon Nursery School)	19,739	83,947	103,686		S*
Holme Church of England Primary Academy	9,231	39,487	48,718		S
Holywell C of E (C) School (CCC)	10,540	41,673	52,213		S*
Home Close	-	3,000	3,000		Ad
Homerton College	208,065	582,970	791,035		Ad
Homerton Early Years Centre (Nurse School) (CCC)	19,279	75,096	94,375		S*
Horizons Education Trust	77,580	310,563	388,143		S

# Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Houghton Primary School (CCC)	16,907	66,133	83,040		S*
Huntingdon Nursey School (CCC)	20,284	77,768	98,052		S*
Huntingdon Primary School (CCC)	39,472	157,512	196,984		S*
Huntingdon Town Council	59,766	185,408	245,174		S
Huntingdonshire District Council	1,155,777	4,710,002	5,865,780		S
Icknield Primary (School (Anglian Learning Trust)	11,661	46,905	58,565		S
Impington Village College	125,540	365,377	490,917		S
Industrial Site Maintenance Ltd	2,123	11,496	13,619		Ad
Inspire Education Group	468,370	1,658,364	2,126,735		S
Isle of Ely Academy	23,242	74,804	98,046		S
Isleham Primary School (CCC)	13,869	53,494	67,363		S*
Jeavons Wood Primary Academy	32,113	108,069	140,182		S
John Clare Primary School (CCC)	717	3,020	3,737	Y	S*
Kelsey Kerridge S H	12,714	92,823	105,537		Ad
Ken Stimpson Community School (PCC)	67,375	263,801	331,176		S*
Kennett Community School (Academy)	5,370	20,610	25,980		S
Kettlefields Primary (CCC)	6,619	25,818	32,438		S*
Kimbolton Primary Acad (MAT)	6,858	23,447	30,305		S
Kimbolton School (Independent School)	31,874	179,993	211,868		Ad
Kinderley Primary School (CCC)	7,972	30,830	38,802		S*
Kings Hedges Primary (CCC)	41,954	154,586	196,540		S*
Kingsfield Primary School Academy	31,182	103,500	134,682		S
Lantern CP School Academy	23,809	95,074	118,883		S

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Leighton Primary School	21,098	85,988	107,087		S
Leverington Primary Academy	16,514	52,596	69,110		S
Lime Academy Abbotsmede	29,653	124,329	153,982		S
Lime Academy Orton	70,542	378,894	449,436		S
Lime Academy Parnwell	21,073	82,773	103,846		S
Lime Academy Watgall	30,225	110,430	140,655		S
Linton Heights Junior Academy	14,187	48,435	62,622		S
Linton Infants School (CCC)	16,217	64,290	80,507		S*
Linton Parish Council	1,685	8,074	9,759		S
Linton VC Academy	44,134	142,734	186,867		S
Lionel Walden School (CCC)	18,361	72,929	91,290		S*
Little Downham Parish Council	875	3,169	4,044		S
Little Paxton Parish Council	3,687	12,271	15,958		S
Little Paxton School (CCC)	25,673	100,321	125,994		S*
Little Thetford Primary (CCC)	8,026	30,877	38,903		S*
Littleport & East Cambridgeshire Academy	31,161	97,184	128,345		S
Littleport and Downham I D B	8,182	27,063	35,245		S
Littleport CP School (CCC)	30,794	121,342	152,136		S*
Long Road Sixth Form College	100,724	350,951	451,675		S
Longsands Academy	77,062	239,219	316,281		S
Luminus Group Limited	51,882	604,327	656,209		Ad
Lunchtime Company (CPET)	3,784	15,863	19,646		Ad
Lunchtime Company Ltd (Grove Primary)	1,739	1,934	3,673		Ad
Lunchtime UK (St Laurence's Catholic Primary School)	205	819	1,024		Ad
Lunchtime UK Ltd	103	412	515		Ad

# Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Magistrates Court Committee	-	632,000	632,000	Y	Ad
Malco Services	438	1,755	2,193		Ad
Manea Primary School (CCC)	20,608	80,563	101,172		S*
Martin Bacon Academy	29,584	122,460	152,044		S
Mayfield Primary School (CCC)	28,838	112,698	141,537		S*
Meadow Primary School	12,554	42,312	54,867		S
Meadowgate Academy (CCC)	68,981	271,463	340,444		S
Mears Ltd	41,370	-	41,370		Ad
Mears Ltd (SCDC)	9,945	-	9,945		Ad
Medeshamsted Academy (MAT)	35,460	106,302	141,762		S
Melbourn Primary School (CCC)	29,421	114,007	143,429		S*
Melbourn VC Academy	51,116	167,284	218,399		S
Meldreth Primary School (CCC)	18,639	74,100	92,739		S*
Mepal & Wicham CofE Primary Academy	7,800	27,241	35,040		S
Meridian School (CCC)	10,216	40,421	50,637		S*
Middle Fen and Mere I D B	22,406	61,799	84,205		S
Middle Level Commissioners	79,894	203,072	282,966		S
Middlefield CP School (Academy)	11,924	43,137	55,061		S
Milestone Infrastructure Ltd (M Group Services)	13,453	33,499	46,951		Ad
Millfield Primary School	26,523	102,333	128,856		S
Milton Primary Academy	17,188	70,373	87,561		S
Milton Road Primary Sch (CCC)	21,968	85,940	107,908		S*
Mitie PFI Limited	1,785	587	2,372		Ad
Monkfield Park School (CCC)	31,637	77,019	108,656		S*
Morley Memorial School (CCC)	29,250	102,798	132,048		S*

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Mountain Healthcare Ltd	1,721	7,302	9,023		Ad
Multi-Active Holiday Courses LTD	713	2,465	3,177		Ad
Murrow Primary School Academy	10,252	32,673	42,925		S
Neale Wade Academy	88,778	356,084	444,862		S
Nene Park Academy (MAT)	53,654	167,697	221,351		S
Netherhall School Academy	44,941	174,201	219,141		S
New Road Primary School (MAT)	16,509	59,385	75,894		S
Newark Hill Primary Acad (MAT)	22,769	103,100	125,870		S
Newborough & Borough Fen Parish Council	810	3,166	3,975		S
Newborough Primary (PCC)	11,772	49,873	61,645		S*
Newnham Croft Primary (CCC)	14,920	57,597	72,517		S*
Nightingale Cleaning Limited - CMAT Schools	20,056	140,899	160,956		Ad
Nightingale Cleaning Limited - CPET Schools	674	2,697	3,372		Ad
North Cambridge Acad (MAT)	23,095	70,929	94,023		S
North Level IDB	45,426	136,732	182,158		S
Northborough Primary (PCC)	761	3,152	3,913	Y	S*
Northstowe Secondary College	17,580	66,349	83,930		S
Norwood Primary School (PCC)	17,092	67,931	85,024		S*
NPS Peterborough Ltd	2,561	-	2,561		Ad
Oakington CofE Primary School Academy	7,637	33,065	40,702		S
Offord Primary School	7,428	31,571	38,999		S
Old Fletton Primary School (PCC)	32,767	135,631	168,398		S*
Olive AP Academy - Cambridge	8,511	32,228	40,739		S
Olive AP Academy - Nene Valley	8,887	29,010	37,897		S

# Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Orchard Park Comm School (CCC)	13,419	51,534	64,953		S*
Orchards C of E Primary Academy	33,827	123,019	156,846		S
Ormiston Bushfield Academy	69,425	204,160	273,586		S
Ormiston Meadows Acad (MAT)	21,534	91,380	112,915		S
Orton Waterville Parish Council	844	3,909	4,753		S
Over Primary School (CCC)	15,091	59,534	74,625		S*
OWN Academy Trust	100,632	367,786	468,418		S
Oxford Archaeology	62,460	133,625	196,085		Ad
Pabulum (Morley Memorial Primary School)	2,214	7,076	9,289		Ad
Pabulum (St Bede's Inter-Church School)	2,522	10,432	12,953		Ad
Pabulum Ltd (Hardwick & Cambourne Community Primary School)	1,664	6,832	8,495		Ad
Park Lane Primary & Nursey School	34,541	130,726	165,267		S
Park Street C of E (A) Primary (CCC)	8,006	30,971	38,977		S*
Paston Ridings Primary (PCC)	40,816	172,404	213,220		S*
Pathfinder CofE Primary School	18,297	80,046	98,343		S
Pathfinder Legal Services Ltd (CCC)	160,868	500,776	661,644		S
Peakirk Cum Glinton Primary School (PCC)	19,201	80,535	99,736		S*
Peckover Primary School	38,101	155,107	193,208		S
Pendragon CP School (CCC)	24,980	98,818	123,797		S*
Peterborough City Council	2,796,498	7,736,716	10,533,214		S
Peterborough Investment Partnership LLP	10,247	18,009	28,256		Ad

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Peterborough Keys Academies Trust (comprising of Ravensthorpe Primary, Thorpe Primary, Jack Hunt, Longthorpe Primary, Middleton Primary)	261,765	960,284	1,222,049		S
Peterborough Ltd t/a Aragon Direct Services	164,641	449,191	613,831		Ad
Peterborough Regional College	66,126	244,853	310,979	Y	S
Petersfield Primary School (CCC)	6,413	25,345	31,758		S*
Priory Junior School (CCC)	14,379	56,151	70,529		S*
Priory Park Infants School (CCC)	25,667	100,755	126,422		S*
Queen Edith School (CCC)	35,970	139,159	175,129		S*
Queen Emma Primary School (CCC)	35,883	140,045	175,929		S*
Queen Katharine Academy (Previously known as The Voyager Academy)	85,429	292,453	377,882		S
Queens Drive Infant School	22,558	93,143	115,702		S*
Rackham C of E School (CCC)	20,803	81,397	102,201		S*
Radis (Ditchburn Place)	17,349	47,381	64,730		Ad
Radis Community Care	11,313	10,778	22,091		Ad
Ramnoth Junior School	20,869	73,539	94,408		S
Ramsey Junior School	14,577	58,191	72,768		S
Ramsey Spinning Infant School	16,077	70,316	86,392		S
Richard Barnes Academy	53,654	214,159	267,812		S
Ridgefield Junior (CCC)	18,162	70,294	88,456		S*
Riverside Meadows Academy	27,457	96,287	123,744		S
Robert Arkenstall Primary (CCC)	19,321	75,986	95,308		S*

# Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Romsey Mill Trust	317	1,003	1,320		Ad
Round House C. P. Sch (MAT)	25,513	79,549	105,063		S
Sacred Heart Catholic Primary School	14,386	62,534	76,920		S
Samuel Pepys School (CCC)	53,177	204,503	257,680		S*
Sanctuary Group	69,081	702,354	771,436		Ad
Sawston Parish Council	5,459	19,353	24,812		S
Sawston VC Academy	71,462	213,420	284,882		S
Sawtry Infants School (CCC)	13,632	53,906	67,538		S*
Sawtry Junior Academy	10,809	44,441	55,250		S
Sawtry Parish Council	3,907	13,839	17,746		S
Sawtry Village Academy	33,604	108,306	141,910		S
Serco Limited (PCC)	162,392	-	162,392		Ad
Shade Primary School (MAT)	18,396	58,367	76,763		S
Shirley Community Primary School and Pre-School (CCC)	35,500	167,897	203,397		S*
Sir Harry Smith Community College (Academy)	62,537	254,111	316,648		S
Skanska	1,277	803	2,080	Y	Ad
Soham Town Council	5,327	20,055	25,382		S
Soham VC Academy	83,695	257,723	341,417		S
Soke Education Trust	95,991	398,264	494,255		S
Somersham Parish Council	1,215	5,553	6,768		S
Somersham Primary School	16,929	74,497	91,426		S
South Cambridgeshire District Council	1,283,792	4,861,203	6,144,995		S
Southfields Primary School (PCC) (Was Southfields Junior School)	50,652	207,100	257,752		S*
Spaldwick Community Primary School	8,823	35,013	43,836		S*
Spinney Primary School (CCC)	10,648	42,206	52,854		S*

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Spring Meadow Infants (CCC)	24,248	113,669	137,917		S*
St Albans RC Primary (CCC)	10,689	42,280	52,969		S*
St Andrews C of E Academy (Soham, Ely)	28,099	122,055	150,154		S
St Anne's C of E Primary (CCC)	15,340	62,052	77,392		S*
St Augustines C of E Junior School (PCC)	16,971	70,275	87,246		S*
St Bedes Inter Church School (Academy)	39,263	155,877	195,140		S
St Botolphs C of E Primary Academy	28,470	105,977	134,446		S
St Helen's Primary School (CCC)	9,060	35,678	44,737		S*
St Ives Town Council	18,532	62,185	80,717		S
St Ivo School Academy	80,606	256,524	337,130		S
St John Fisher	50,993	200,248	251,240		S*
St John's Academy (Stanground)	12,541	53,520	66,062		S
St John's C of E Primary Academy (Huntingdon)	28,417	138,198	166,615		S
St Laurence Catholic Primary School	14,823	58,345	73,168		S
St Luke's C of E Primary School Academy	7,410	33,993	41,404		S
St Mary's C of E Junior Ely	21,702	89,181	110,883		S
St Marys St Neots Academy	10,820	42,780	53,599		S
St Matthew's Primary School (CCC)	38,395	148,999	187,394		S*
St Michaels C of E Prim Sch (PCC)	36,687	150,092	186,779		S*
St Neots Town Council	46,558	110,189	156,747		S
St Pauls C of E Primary (CCC)	8,712	33,397	42,109		S*
St Peters C of E Academy (Wisbech)	21,751	94,583	116,334		S

# Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
St Peter's School HD Academy	82,279	255,124	337,403		S
St Philips C of E Primary (CCC)	22,370	86,534	108,903		S*
St Thomas More Catholic Primary School	31,736	141,352	173,088		S
Stanground Academy (MAT)	65,897	279,829	345,726		S
Stapleford Primary Academy	13,352	47,135	60,487		S
Steeple Morden C of E (CCC)	9,855	62,524	72,379		S*
Stephen Perse Foundation	5,963	53,851	59,814		Ad
Stilton Church of England Primary School	11,448	49,586	61,033		S
Stretham Primary School (CCC)	11,218	44,621	55,838		S*
Stukeley Meadows School (CCC)	28,360	110,842	139,202		S*
Sutton C of E Primary School (CCC)	15,579	61,211	76,790		S*
Sutton Parish Council	2,297	7,597	9,894		S
Swaffham Bulbeck C of E Prim Academy	5,988	23,905	29,894		S
Swaffham Internal Drainage Board	2,180	7,210	9,390		S
Swaffham Prior C of E Prim Academy	11,884	34,784	46,669		S
Swavesey Parish Council	1,471	5,451	6,921		S
Swavesey Primary School (CCC)	28,111	107,296	135,408		S*
Swavesey VC Academy (MAT)	53,982	171,118	225,100		S
Taylor Shaw (CMAT)	10,744	65,940	76,683		Ad
Taylor Shaw (Elliott Foundation AT)	6,125	36,127	42,252		Ad
Taylor Shaw Ltd (Abbey College Academy)	2,637	11,239	13,876		Ad
Teversham C of E Primary (CCC)	20,851	81,252	102,103		S*

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
The Beeches Primary School (PCC)	30,622	123,232	153,855		S*
The Cavendish School	6,654	27,502	34,155		S
The Centre School Academy	5,092	13,813	18,906		S
The Edmund Trust	1,843	44,060	45,903		Ad
The Galfrid School	13,232	57,348	70,581		S
The Grove Primary School (CCC)	24,395	96,751	121,147		S*
The Harbour Sch Academy	28,969	109,322	138,290		S
The King's (Cathedral) School	72,520	231,721	304,241		S
The Nene Infant & Nursery School	32,713	109,408	142,121		S
The Newton Community Primary School (CCC)	4,957	19,947	24,904		S*
The Pathfinder C of E Primary School	12,583	48,238	60,821	Y	S*
The Weatheralls Primary School (Academy)	30,708	130,407	161,115		S
Thomas Clarkson Academy	62,323	247,036	309,360		S
Thomas Deacon Academy	201,069	675,447	876,517		S
Thomas Eaton Primary Academy	12,640	52,239	64,879		S
Thongsley Fields Primary and Nursery School	22,169	83,656	105,826		S
Thorndown Community Pri (CCC)	40,885	160,940	201,825		S*
Thorney Parish Council	4,141	14,535	18,675		S
Thriplow C of E Primary Academy	5,676	24,417	30,093		S
TNS Catering (Linton Cluster)	1,348	5,393	6,742		Ad
TNS Catering (WASP Cluster 2)	1,068	4,272	5,340		Ad
Townley Primary School (CCC)	12,559	49,928	62,487		S*
Trumpington Meadows Primary School	15,005	57,958	72,963		S*
Trumpington Park Primary Academy	19,167	62,388	81,556		S

# Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
TSG Building Services Ltd	5,802	-	5,802		Ad
United Learning (previously CAP)	96,211	382,346	478,557		S
University of Cambridge Primary School	30,548	100,047	130,595		S
Upwood Primary Academy	9,570	42,366	51,936		S
VEROHR Ltd	1,907	6,591	8,497		Ad
VHS Cleaning (Linton VC)	1,222	4,171	5,393		Ad
VHS Cleaning (Netherhall)	314	1,318	1,631		Ad
VHS Cleaning (Stapleford Community Primary School)	307	1,115	1,422		Ad
VHS Cleaning Services (Bassingbourn VC and Sawston VC)	1,406	4,851	6,257		Ad
VHS Cleaning Services (Bewick Bridge Community Primary School)	118	471	589	Y	Ad
Vine Inter Church School (CCC)	30,675	115,189	145,864		S*
Visit Cambridge and Beyond	144	379	523		Ad
Warboys Primary Academy	20,620	91,868	112,488		S
Waterbeach CP School (CCC)	24,097	94,410	118,507		S*
Waterbeach Level Internal Drainage Board	1,964	6,497	8,461		S
Waterbeach Parish Council	2,526	8,356	10,883		S
Welbourne Primary Academy	21,040	92,110	113,149		S
Welland Primary School (MAT)	30,144	112,184	142,328		S
Werrington Primary School (PCC)	1,799	7,536	9,335	Y	S*
West Town Primary (MAT)	19,855	81,491	101,346		S
Westfield Junior School (CCC)	22,090	87,465	109,555		S*

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Westwood Primary School	68,511	235,232	303,742		S
Wheatfields Primary School (CCC)	27,516	107,089	134,604		S*
Whittlesey Internal Drainage Board	2,221	7,347	9,568		S
Whittlesey Town Council	1,835	6,069	7,903		S
Wilburton C of E Primary (CCC)	10,668	41,724	52,392		S*
William De Yaxley CofE Academy	10,023	39,795	49,817		S
William Law C of E Primary School	47,720	186,959	234,679		S
William Westley C of E (CCC)	12,973	50,884	63,856		S*
Willingham Primary School (CCC)	25,143	96,627	121,770		S*
Wimblington Parish Council	652	2,549	3,201		S
Winhills Primary School (Academy)	44,553	138,801	183,354		S
Wintringham Primary Academy	3,029	10,971	14,001		S
Wisbech and Fenland Museum	2,137	15,059	17,196		Ad
Wisbech Grammar	-	55,225	55,225		Ad
Wisbech St Marys C of E Primary Academy	17,132	67,094	84,226		S
Wisbech Town Council	4,496	15,003	19,499		S
Witcham Parish Council	324	1,265	1,588		S
Witchford Village College	48,841	149,402	198,242		S
Wyton Primary School (CCC)	16,049	61,162	77,211		S*
Yaxley Infants School (CCC)	15,828	63,039	78,867		S*
Yaxley Parish Council	9,294	32,262	41,556		S
YTKO Limited	2,910	7,698	10,608		Ad
<b>Grand Total</b>	<b>30,627,860</b>	<b>104,014,719</b>	<b>134,642,579</b>		

# Investment Policy and Performance

## Introduction

The Fund's approach to its investment arrangements is set out in its Investment Strategy Statement, (ISS) as required by Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 ("the Regulations") that requires the Fund to create and maintain an approach to investments that includes, amongst other things:

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

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

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

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

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

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

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

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

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

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

# Investment Policy and Performance (continued)

## Role of Investment Managers

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

## Active focus

The Fund with the exception of the passive Global Equity mandate and passive 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 encouraged LGPS Funds to work together to form asset pools to “pool investments to significantly reduce costs, while maintaining investment performance.” Individually, the participating funds have a strong performance history and potential for substantial benefits for a group of successful, like-minded authorities collaborating and sharing their collective expertise. **Collectively as at 31<sup>st</sup> March 2021, the ACCESS Pool has significant scale with assets of £56bn (of which 57% has been pooled) serving 3,400 employers with 1.1 million members including 300,000 pensioners.**

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

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

On 31 March 2022, the Cambridgeshire Fund had invested £1,709.7m in sub-funds of the ACCESS Authorised Contractual Scheme and £959.7m in the UBS passive arrangement resulting in £2,669.4m of assets under pool management representing 62.3% of the Fund’s assets.

During 2022-23 the Fund expects further investment in fixed income sub-funds of the ACS when they become available. The focus for ACCESS in 2022-23 is to continue work performed in 2021-22 to develop a pooled solution for Alternative asset classes. In December 2021 MJ Hudson were appointed implementation advisor for the Pool’s alternative assets.

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

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

More information about the ACCESS asset pool can be found on their website: [ACCESS Pool](#). The ACCESS Annual Report can be found at Appendix A to the Annual Report.

# 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 Oversight and Governance costs in Note 11 to the Statement of Accounts and comprises the following:

Operational Costs	2021-22	2015-16 to 2021-22
	£000	Cumulative £000
Strategic & Technical	32.6	161.6
Legal	15.0	112.0
Project Management	0.0	81.1
ACCESS Support Unit	44.9	160.5
Other	2.7	29.4
<b>Total Operational Costs</b>	<b>95.2</b>	<b>544.6</b>

## Cost Savings

The fee savings for the 2021-22 financial year resulting from the asset pooling agenda exceed £3.8m.

## Cost Transparency

The analysis below shows the investment expenses incurred during financial year 2021-22 between expenses incurred in respect of Pooled Assets held in the ACCESS Pool and those assets held outside of the pool. 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 and explicit transaction costs. Indirect costs include: implicit costs and third-party fees and charges. These are indicative estimates provided by Investment Managers as the reporting practices for the Cost of Transparency are still evolving.

## Cost Transparency - Continued

	Asset Pool			Non- Asset Pool			Fund Total
	Direct	Indirect	Total	Direct	Indirect	Total	
	£000	£000	£000	£000	£000	£000	£000
Investment Management Fee							
Performance Fee							
Broker commissions							
Other explicit costs							
Implicit/indirect transaction costs							
Administration							
Governance and Compliance							
Other							
<b>Total</b>							

# Investment Policy and Performance (continued)

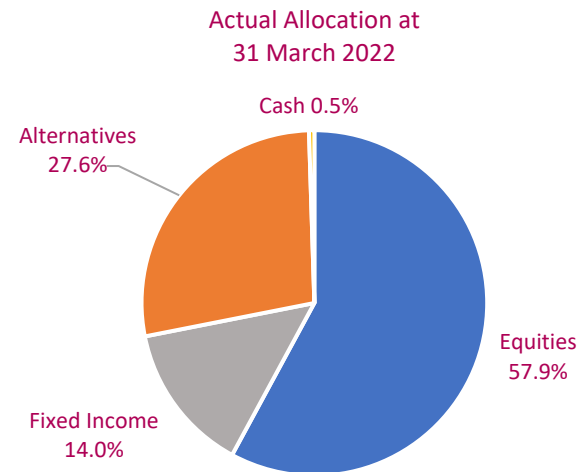
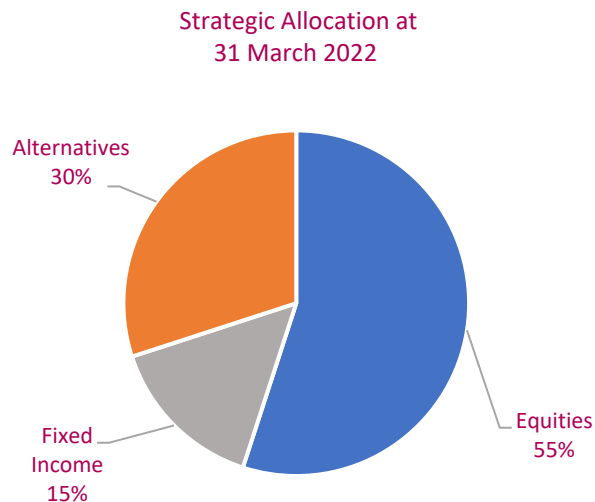
## Investment Allocation and Performance

The Pension Fund Committee is responsible for approving the Strategic Asset Allocation proposed by the Investment Sub-Committee (ISC). The ISC performed a full review of the Strategic Asset Allocation during 2018-19 in conjunction with the Fund's Investment Consultants, Mercer Ltd and independent Investment Advisor. The review assessed the appropriateness of the current strategy and any changes necessary to increase the likelihood of meeting the Fund's objectives, namely:

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

The strategy approved by the Pension Fund Committee in March 2019 aimed to reduce the Fund's reliance upon, and the associated risks, of a large allocation to equities whilst retaining sufficient exposure to growth assets. The strategy focused 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 subsequently reviewed the regional mix within the equity allocation and as a result reduced the exposure to UK Equities in conjunction with the roll-out of sub-funds offered by the ACCESS pool ACS. The Fund has a risk management strategy in place managed by Schroders (formerly known as River & Mercantile) with the objective of reducing equity risk.

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 2022.



# Investment Policy and Performance (continued)

The value of the investments held by each of the Fund's Investment Managers on 31 March 2021 and 31 March 2022 is shown in the following table.

## Value of investments at the balance sheet date

Manager	31 March 2021		31 March 2022	
	£m	% of Total	£m	% of Total
UBS Passive UK Equity	85.0	2.2	91.3	2.0
Link Fund Solutions – ACCESS Global Equity (JO Hambro)	509.5	13.2	539.4	12.6
Link Fund Solutions – ACCESS Global Stock (Dodge and Cox)	486.7	12.6	562.5	13.1
Link Fund Solutions – ACCESS Global Equity (Longview)	362.1	9.4	414.8	9.7
Schroders	-15.3	-0.4	8.8	0.2
UBS Passive Global Equity	872.0	22.6	868.4	20.3
BlueBay Asset Management	183.4	4.7	197.8	4.6
M&G Investments	182.5	4.7	0.0	0.0
Link Fund Solutions – M&G Alpha Opportunities	157.0	4.1	193.0	4.5
Schroders	0.0	0.0	210.8	4.9
Schroders Property	252.7	6.5	300.8	7.0
Adams Street	131.9	3.4	178.5	4.2
Allianz	19.7	0.5	19.2	0.4
AMP debt	45.5	1.2	41.7	1.0
Cambridge and Counties Bank	76.0	2.0	85.0	2.0
Cambridge Building Society	15.0	0.4	15.0	0.3
Foresight	15.2	0.4	28.4	0.7
Equitix	32.2	0.8	20.6	0.5
HarbourVest	123.9	3.2	159.3	3.7
IFM Infrastructure	62.8	1.6	76.1	1.8
JP Morgan	59.2	1.5	59.6	1.4
M&G	119.0	3.1	138.5	3.2
Partners Group	41.8	1.1	50.0	1.2
UBS Infrastructure	10.7	0.3	8.9	0.2
Cash	36.4	0.9	19.3	0.5
<b>TOTAL</b>	<b>3,864.9</b>	<b>100.0</b>	<b>4287.7</b>	<b>100.0</b>

# Investment Policy and Performance (continued)

## Total Fund Performance

The total investment return for the Fund over the financial year was 9.9% net of fees compared with a weighted benchmark return of 11.0%. In the previous year the total investment return was 26.5% compared with a weighted benchmark of 27.7%. The Fund's total investment return was 9.9% p.a over the three years to 31 March 2022, 7.9% p.a over the five years to 31 March 2022, and 9.5% p.a over the ten years to 31 March 2022.

## Performance of Managers

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

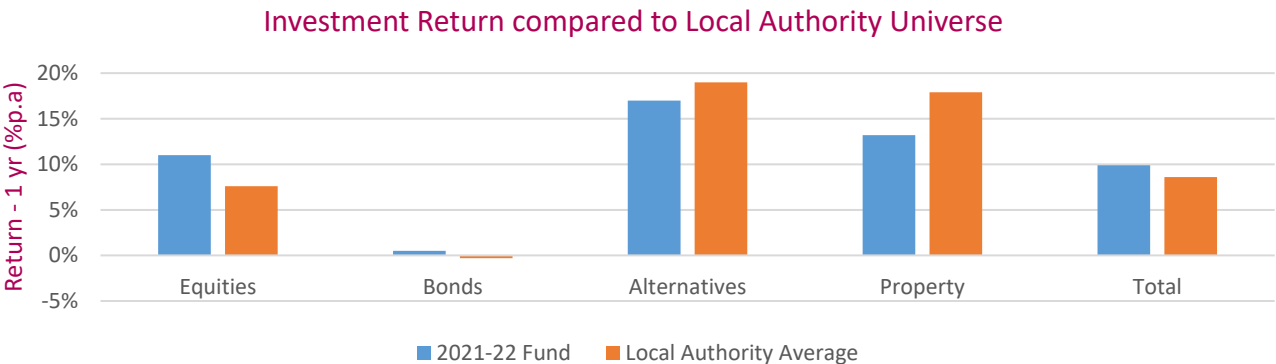
Asset Class /Manager	1 year (% p.a)			3 year (% p.a)			10 year (% p.a)		
	Return	Benchmark	Variance	Return	Benchmark	Variance	Return	Benchmark	Variance
UBS Passive	10.4	10.3	0.1	13.3	13.2	0.1	n/a	n/a	n/a
J O Hambro	5.9	12.4	-6.5	15.2	13.4	1.8	n/a	n/a	n/a
Dodge & Cox	14.7	14.8	-0.1	12.8	9.4	3.4	n/a	n/a	n/a
Longview	14.6	12.4	2.2	n/a	n/a	n/a	n/a	n/a	n/a
Schroders (formally know as River & Mercantile)	1.9	1.9	0.0	n/a	n/a	n/a	n/a	n/a	n/a
BlueBay Asset Management	-0.8	0.1	-0.9	n/a	n/a	n/a	n/a	n/a	n/a
M&G Alpha Opportunities	0.3	4.1	-3.8	n/a	n/a	n/a	n/a	n/a	n/a
Adams Street	53.4	19.8	33.6	35.5	19.8	15.7	n/a	n/a	n/a
Allianz	-6.9	4.0	-10.9	3.2	4.0	-0.8	n/a	n/a	n/a
AMP debt	11.1	10.0	1.1	5.6	10.0	-4.4	n/a	n/a	n/a
Equitix	-13.2	10.0	-23.2	2.4	10.0	-7.6	n/a	n/a	n/a
HarbourVest	70.3	19.8	50.5	33.1	19.8	13.3	n/a	n/a	n/a
Foresight	1.8	19.8	-18.0	n/a	n/a	n/a	n/a	n/a	n/a
IFM Infrastructure	21.2	10.0	11.2	n/a	n/a	n/a	n/a	n/a	n/a
JP Morgan	3.9	10.0	-6.1	n/a	n/a	n/a	n/a	n/a	n/a
M&G Residential Property	4.4	6.0	-1.6	2.4	6.0	-3.6	n/a	n/a	n/a
M&G Secured Loans	2.0	4.2	-2.2	2.9	4.5	-1.6	4.1	4.6	-0.5
M&G Shared Ownership	4.4	6.0	-1.6	n/a	n/a	n/a	n/a	n/a	n/a
Partners Group	17.9	10.0	7.9	11.8	10.0	1.8	n/a	n/a	n/a
UBS Infrastructure	-19.1	10.0	-29.1	-9.8	10.0	-19.8	n/a	n/a	n/a
Schroders Property	17.9	13.1	4.8	6.8	8.1	-1.3	7	8.1	-1.1

# Investment Policy and Performance (continued)

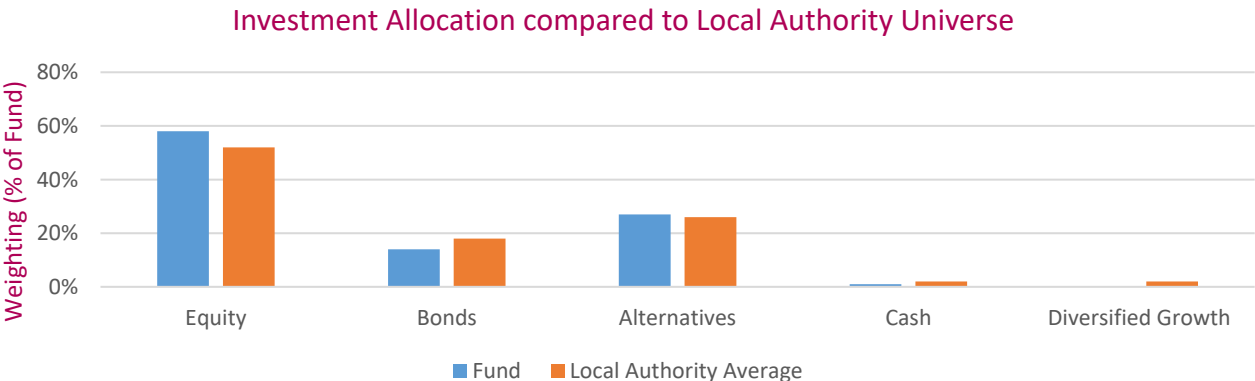
## Performance in Comparison with Local Authority Universe

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

In 2021-22 the Fund’s performance of 9.9% net of fees over the financial year was ranked 26<sup>th</sup> percentile out of the 63 Funds participating in the Universe. The investment return achieved was influenced by the Fund’s holding of a higher proportion of Global Equities.



The Fund’s current strategy has a slightly higher allocation to Equities and Alternatives and a lower allocation to Bonds when compared to the Local Authority Universe.



# Investment Policy and Performance (continued)

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# Investment Policy and Performance (continued)

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# Investment Policy and Performance (continued)

## Independent Adviser's annual review – Twelve months to 31<sup>st</sup> March 2022

Sam Gervaise-Jones, CFA

May 2022

Twelve months ago, in my first investment review after taking on the role of independent adviser to the Cambridgeshire Pension Fund, we had been wrestling with the impact of COVID-19, Brexit, a change of US President, global climate disruption and continued social upheaval.

My outlook noted plenty of positives, mainly concerning the roll out of vaccines and the prospect of a return to economic growth, but also no shortage of uncertainty, particularly around the prospect of inflation brought on by years of unprecedented stimulus.

Tragically 2021 did not see the end of COVID-19, with a continued toll across both lives and livelihoods. The emergence of new strains, together with continued divergence in different countries' approaches to managing the pandemic, has contributed to continuing uncertainty. While in some ways life appears to be getting back to normal, in others we are more restricted than ever.

A year ago the geopolitics were dominated by the rise of China and a shift of direction in the Whitehouse. Now we face war in Europe, a cost of living crisis, supply chain challenges, rising inflation, the list goes on! Political and economic uncertainty is not going away, and so resilience in the Cambridgeshire Pension Fund continues to be highly desirable.

Here I take the opportunity to provide an investment review covering the financial year 2021/22, in addition to providing some thoughts for the future.

### Market Activity

#### Equities

The year started well globally, with equity markets continuing their upward trajectory during Q2 2021: Gains in most regions were supported by ongoing Covid-19 vaccine programs and increasing economic activity as countries

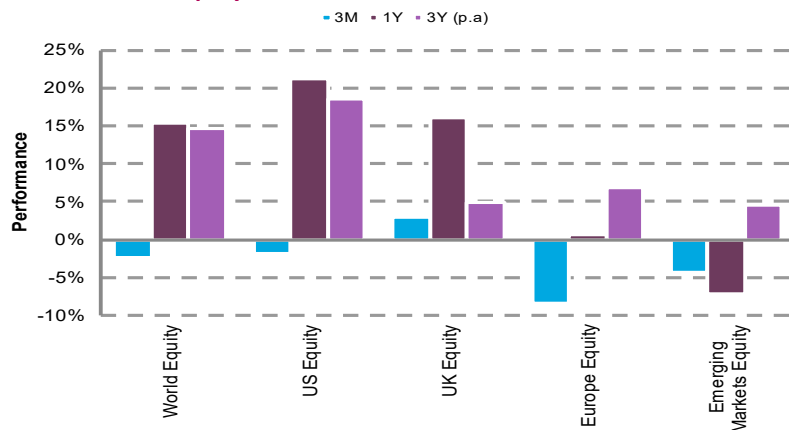
gradually reopened, which helped boost corporate earnings. US equity markets indices reached record highs. Growth in GDP, consumption, and industrial activity continued to strengthen; contributing to a significant jump in headline inflation risk as the US Consumer Price Index for All Urban Consumers rose to +5.4% year over year as of 30 June. With that risk firmly in view, investors watched markets wobble around the expected timing of interest rate increases and bond buybacks, or tapering, by the US Federal Reserve (the Fed).

European and UK equities gained although mixed economic and market results told a slightly different story at an individual country level. Supply chain disruptions, such as the semiconductor shortages that weighed on the automobile sector, affected production in a variety of industries. Emerging Markets were also varied: the MSCI EM Latin America Index rose +15.0% while emerging Asia was more muted, rising by +3.8%. Concerns over inflation, US dollar strength, and the Delta variant weighed somewhat on investor sentiment

Q3 saw developed markets equities broadly flat, as modest gains in July and August were erased in September. The threat of rising inflation, increasing global supply chain disruptions and the looming prospect of the US Federal Reserve (the Fed) tapering its bond purchases caused significant concern towards the end of the quarter. The recovery of European stocks slowed despite the significant progress made in rolling out vaccines: by the end Q3, most major European economies had fully vaccinated approximately 75% of their adult populations, enabling many restrictions to be lifted. However, worries emerged over increased inflation due to rising energy prices and supply-chain disruptions. Emerging market equities declined, losing -8.1% during Q3 amid a significant sell-off in Chinese stocks. Regulatory activity in China became a major concern during the quarter, which negatively affected the technology and property sectors and caused fears of potential contagion. Power shortages and supply-chain issues also negatively impacted the wider economy in Asia. In contrast, net energy exporters (Russia and the countries of the Gulf Cooperation Council (GCC), outperformed as energy prices continued to rise.

# Investment Policy and Performance (continued)

## Performance of Equity Markets to 31 March 2022



### Indices Used

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

Global developed equity markets gained ground in Q4 2021 ensuring that—for a third consecutive calendar year—the index reported double-digit gains, closing out the year +21.8% (in USD terms) higher than at the start. In the first half of 2021, the gradual reopening of the global economy, which was supported by loose fiscal and monetary policies, helped elevate earnings growth—particularly for cyclical sectors struggling to recover from 2020 pandemic-related lows

However, this upward trajectory was not without volatility: as the Omicron variant surged, collective fears about a potential return to rolling lockdowns triggered a sharp market decline in November. Rising inflation prompted concerns throughout the year as higher-than-expected input prices heightened pressures on central banks to normalise interest rates. The UK, which has seen resurgent inflation, surprised markets by hiking rates in December and the US Federal Reserve also hardened its stance, initiating and then accelerating its tapering program to reduce the volume of US government bond purchases.

Rising geopolitical risk pushed developed equity markets into risk-off mode in Q1 2022 and the MSCI World Index was down 5.2% (in USD terms) for the quarter. Negative sentiment drove deratings with volatility rising in January and February before interest rate hikes in developed markets helped dampen market noise in March, allowing developed equity markets to claw back some losses. Foreign sanctions levied on key commodities players in Russia led to increasingly constrained supply chains, especially in Europe, as well as a strong uplift in gas and energy prices. The Continent, with its close energy ties to Russia, was hit particularly hard as the Stoxx 50 closed down 11.4%. Higher commodities prices also contributed to a strong increase in inflation rates in the US, where inflation hit 8.5% for the 12 months ended 31 March 2022—the highest 12-month rate in more than four decades. Emerging markets fell during Q1 as the MSCI Emerging Markets returned -7.0%. Returns across constituent countries were broadly negative; in Asia, China had to contend with resurgent Covid-19 infections and fresh lockdowns. The only bright spot? Markets in Brazil performed strongly, where the MSCI Brazil Index closed Q1 up 36% on the strength of rising commodity prices and highlighting the volatile nature of some of these markets.

### Bonds

US Treasury yields declined in Q2, with further fiscal stimulus becoming less likely and the market coming around to the idea that inflation may have peaked. The 10-year Treasury fell but was still up YTD after its dramatic Q1 rise.

On the other side of the Atlantic, European government bonds underperformed US counterparts, driven by a growing optimism about recovery. US investment grade (IG) bonds posted positive performance of 3.4% in Q2—a dramatic change versus Q1—as rates rallied and earnings exceeded expectations, but remained in negative territory

Lower-rated bonds outperformed higher quality peers, with BBB-rated bonds gaining 0.44%. US high yield (HY) bonds posted a positive return of 2.8% in Q2 while yields fell to a record low in June (4.3% at end-Q2) and spreads rallied to their lowest levels since October 2018 as equities and Treasuries rallied.

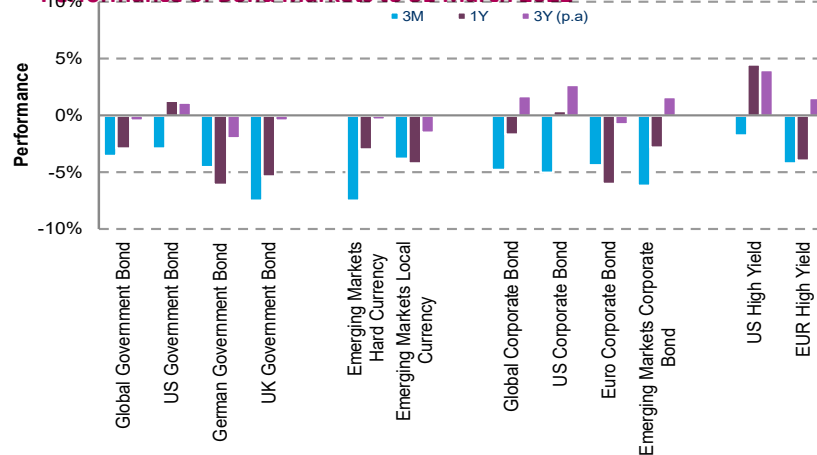
# Investment Policy and Performance (continued)

After a rough Q1 for Emerging Market Debt, Q2 saw a significant—if not complete—reversal of losses. Hard Currency bonds were up 4.1% after falling 4.5% in Q1, despite concerns about Chinese growth and a rise in Covid-19 cases in Asia; IG and HY sectors were both positive. African and Latin American countries delivered stronger results, led by Venezuela (+46.8%). EM Corporate debt gained 2.1%, bringing YTD performance to 1.3%, with further spread compression and high-yield issuers outperforming investment grade. Oil and gas (+4.3%) was the top performer.

At the beginning of Q3, US Treasury yields continued their decline: The US 10-year Treasury yield hit a nine month low in early August before rising towards the end of the quarter, propelled by renewed concerns about inflation. In Europe, government bond yields followed the same path: With yields making a circular trip during the quarter, global credit saw little change. Returns were muted across geographies.

Headwinds in hard currency Emerging Markets (EM) came from China, with partial shutdowns of ports in reaction to rising Covid-19 cases. EM corporate debt generated a modestly positive performance of 0.25% during Q3. Investment grade issuers slightly outperformed their high-yield peers. Most sectors contributed, led by Transportation, Financials (0.9%), and Infrastructure (1.0%), while Real Estate (-2.8%) lost ground on the news about the potential default risk of China's second-largest property developer, Evergrande.

**Performance of Bond Markets to 31 March 2022**



## Indices Used

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

The final quarter of 2021 brought an eventful end to a tumultuous year. The Omicron variant put pressure on the global economic recovery, policymakers turned hawkish, the US Federal Reserve began tapering bond purchases and the US Treasury yield curve flattened as short-dated yields rose almost 0.5% (while the long end of the curve declined). European interest rates remained broadly unchanged. Short-end rates increased marginally against a slight decline in long-dated yields. In December, the European Central Bank reiterated its position that supportive monetary policy was still needed to stabilise inflation at the desired 2%—even as tapering began. December also saw the Bank of England increase rates for the first time in more than three years, raising rates from 0.1% to 0.25%.

US investment grade bonds posted marginal positive returns. European investment grade strategies experienced a challenging quarter, losing -0.67%. European high yield bonds fared worse than their US counterparts,

Hard Currency EM Debt lost -0.4% in the final quarter and finished 2021 in negative territory at -1.8%. Performance in Q4 was mainly the result of spreads widening as concerns grew about the sustainability of the global economic recovery. Sovereign bonds, which account for 75% of the market, were a source of weakness while lower-quality high yield issuers underperformed their IG counterparts. Sovereign debt issued by Ukraine and Turkey performed worst among emerging markets; Mexico and Indonesia performed best.

# Investment Policy and Performance (continued)

During Q1 2022, fixed income markets were affected by two negative macroeconomic risk factors: Russia's invasion of Ukraine and rising rates across yield curves. The US Fed has grown increasingly hawkish in recent months, causing US Treasury yields to rise and the curve to flatten dramatically. Currently, markets are pricing in a high probability of an additional rate hike of 50bps in June — and more increases may follow in the months to come. In Europe, interest rates have followed a similar trajectory: the German 2-year rate (Schatz) has risen the 0% mark for the first time in seven years, while the German 10-year rate (Bund) has jumped 73bps to reach 0.55%. US investment grade corporate bonds took the worst hit amongst global credit markets in Q1. Relatively long in duration, the market took the full blow of rising rates and declined by -7.7% in Q1. Although all industry sectors posted negative returns, Leisure, Retail and Transportation benefited from the Covid-19 economic recovery and limited their losses relative to other sectors.

European investment grade corporate bonds have fared slightly better than their US peers due to lower interest rate duration—despite war erupting in the region. As the Covid-19 recovery played out in Europe, Hospitality and Airlines provided the best relative performance by industry sector.

EM debt suffered its second-worst quarterly performance on record, clearly impacted by the war in Ukraine and ensuing sanctions against Russia. Both Ukraine and Russia were prominent EM debt index constituents before the conflict and the value of their debt was significantly marked down. JPMorgan removed Russia (and Belarus) from its suite of EM debt indices on 31 March 2022.

## Fund Activity

### Responsible Investment

Having consulted with stakeholders last summer, the Pensions Committee approved and adopted a new Responsible Investment policy, along with a revised Investment Strategy Statement. Since then, we have seen continued work looking at how best to implement the commitments made in the policy, in particular how to tackle the challenging topic of defining and monitoring progress towards a net zero carbon position, with all the implications that has for the investment portfolio and resourcing the management of the fund.

With a consultation expected from government imminently concerning mandatory reporting of investment portfolio carbon intensity this work will only get more important.

As ever, requirements will continue to evolve. Thankfully, having a modern, fit for purpose policy in place should put us in a strong position to meet these challenges as they arise.

### Fund Performance

The fund continues to perform well, seeing a significant increase in its funding ratio as well as asset value in the past year.

Our equity investments are in aggregate up 11%, slightly ahead of the passive benchmark and highly beneficial as the largest single asset class in the portfolio. Fixed income investments haven't fared quite as well, trailing the benchmark somewhat, which the fund's monitoring governance is managing. The growing alternatives portfolio has shown strong performance, comfortably ahead of benchmark.

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

# Investment Policy and Performance (continued)

These alternative investments, particularly those focused on infrastructure, are designed to enhance portfolio diversification – providing a return stream meaningfully different to that provided by the equity investments and also have potentially useful inflation proofing characteristics. Some, more exposed to economic activity such as ports and transport have seen challenges but the post-covid rebound in activity will be positive for them. Irrespective, these investments take time to build up, committing to managers who then go out and source appropriate assets over an investment period that can run to several years.

Taking all this into account, together with a fall in the estimated net value of pension liabilities, a robust improvement in funding level has been seen.

## Outlook

Inflation is here. Debate has raged for some time over potential catalysts for a rise in inflation. Whether its low interest rates, quantitative easing, other forms of stimulus, supply line interruptions, energy cost rises, covid, immigration changes or anything else, developed economies are facing inflation figures they have not seen in many years. While the fund has many asset investments that should keep up with inflation, any major shift in the investment environment can pose challenges for performance.

It's also important to note that Environmental concerns have not magically disappeared. The long-term risks to the fund, its beneficiaries, and wider society remain. Indeed, they are potentially enhanced should social inequality and financial stress reduce the world's ability to address the climate situation.

More positively, the next 12 months should see a number of substantial changes for the fund that will give us tools to face these challenges. I expect the ACCESS Pool private markets propositions to start to take shape, opening a series of avenues to invest in alternative asset classes in a more efficient and effective manner. In addition, we will make progress on implementing the fund's RI policy and net-zero commitments.

We await results of the triennial valuation but expect a healthy funding position that leaves us in a good place, with strong governance and a resilient portfolio, to face the future with confidence.

# Actuarial Information

## Cambridgeshire Pension Fund (“the Fund”) Actuarial Statement for 2021-22

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 2020. 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 have a sufficiently high likelihood of achieving the funding target over 20 years.

Asset-liability modelling has been carried out which demonstrate that if these contribution rates are paid and future contribution changes are constrained as set out in the FSS, there is at least a 70% likelihood that the Fund will achieve the funding target over 20 years.

### Funding Position as at the last formal funding valuation

The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was as at 31 March 2019. This valuation revealed that the Fund’s assets, which at 31 March 2019 were valued at £3,193 million, were sufficient to meet 100% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting deficit at the 2019 valuation was £11 million.

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 2020 to 31 March 2023 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 2019 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 2019 valuation were as follows:

Financial Assumptions	31 March 2019
Discount Rate	4.1%
Salary increase assumption	2.8%
Benefit increase assumption(CPI)	2.3%

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's Vita Curves with improvements in line with the CMI 2018 model, an allowance for smoothing of recent mortality experience and a 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	22.0 years	24.0 years
Future Pensioners*	22.7 years	25.5 years

\*Aged 45 at the 2019 Valuation.

Copies of the 2019 valuation report and Funding Strategy Statement are available on request from the Administering Authority to the Fund.

## Experience over the period since 31 March 2019

Markets were severely disrupted by COVID 19 in March 2020, but over most of 2020-21 and 2021-22 they recovered strongly. However, due to the war in Ukraine, March 2022 markets were particularly volatile, which affects values as at the accounting date. All other things being equal, the funding level of the Fund as at 31 March 2022 is likely to be better than that reported at previous formal valuation as at 31 March 2019.

It is important to note that the formal triennial funding valuation exercise is as at 31 March 2022 and this may show a different picture when the finalised position is disclosed in next year's annual report. In particular, changes in Fund membership, changes in anticipated real investment returns, and changes in demographic assumptions will affect the valuation results. The Funding Strategy Statement will also be reviewed as part of the triennial funding valuation exercise.

Douglas Green FFA  
19 April 2022  
For and on behalf of Hymans Robertson LLP

# 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 2019. The results are presented in this report and are briefly summarized below.

### Funding Position

The table below summarizes the financial position of the Fund at 31 March 2019 in respect of benefits earned by members up to this date (along with a comparison at the last formal valuation at 31 March 2016).

Valuation Date	31 March 2016 (£m)	31 March 2019 (£m)
Past Service Liabilities	2,902	3,204
Market Value of Assets	2,277	3,193
Surplus/(Deficit)	(625)	(11)
Funding Level	78%	100%

The improvement in funding position between 2016 and 2019 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 expected.

### Contribution Rates

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

Primary Rate (% of pay)		Secondary Rate (£)	
1 April 20 – 31 March 23	2020-21	2021-22	2022-23
18.4%	£19,425,000	£19,061,000	£19,082,000

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.

The minimum contributions to be paid by each employer from 1 April 2020 to 31 March 2023 are shown in the Rates and Adjustment Certificate.

Douglas Green FFA

Robert McInroy FFA

15 March 2020

For and on behalf of Hymans Robertson LLP

# Audit Opinion

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# Audit Opinion (continued)

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# Audit Opinion (continued)

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# Fund Account

31-Mar-21 £000	Notes	31-Mar-22 £000
<b>Dealings with members, employers and others directly involved in the fund:</b>		
154,534 Contributions	Note 7	134,643
22,232 Transfers in from other pension funds	Note 8	11,532
<b>176,766</b>		<b>146,175</b>
-109,596 Benefits	Note 9	-118,306
-11,632 Payments to and on account of leavers	Note 10	-8,754
<b>-121,228</b>		<b>-127,060</b>
<b>55,538</b> Net additions/(withdrawals) from dealing with members		<b>19,115</b>
-22,690 Management expenses	Note 11	-25,633
<b>32,848</b> Net additions/(withdrawals) including fund management expenses		<b>-6,518</b>
<b>Returns on investments:</b>		
31,406 Investment income	Note 13	30,719
0 Taxes on income		0
836,312 Profit and (losses) on disposal of investments and changes in the value of investments	Notes 14a and 17b	382,996
<b>867,718</b> Net return on investments		<b>413,715</b>
<b>900,566</b> Net increase/(decrease) in the net assets available for benefits during the year		<b>407,197</b>
2,997,669 Opening net assets of the scheme		3,898,235
<b>3,898,235</b> Closing net assets of the scheme		<b>4,305,432</b>

Notes on pages 52 to 82 form part of the financial statements.

# Net Asset Statement

31-Mar-21 £000		Notes	31-Mar-22 £000
3,913,043	Investment assets		4,290,145
-48,160	Investment liabilities		-2,445
<b>3,864,883</b>	<b>Total net investments</b>	Note 14	<b>4,287,700</b>
39,679	Current assets	Note 21	23,805
-6,327	Current liabilities	Note 22	-6,073
<b>33,352</b>	<b>Net Current Assets</b>		<b>17,732</b>
<b>3,898,235</b>	<b>Closing net assets of the scheme</b>	Note 17a	<b>4,305,432</b>

Notes on pages 52 to 82 form part of the financial statements.

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

# Notes to the Pension Fund Accounts

## 1. DESCRIPTION OF THE FUND

The Cambridgeshire County Council Fund is part of the Local Government Pension Scheme (LGPS) and is administered by Cambridgeshire County Council. The County Council is the reporting entity for this Pension Fund. The following description of the Fund is a summary only. For more detail, reference should be made to the Annual Report 2021-22 on pages 1 to 46 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 Firefighters are not included as they come within other national pension schemes. The Fund is overseen by the Cambridgeshire Pension Fund Committee, which is a committee of Cambridgeshire County Council.

### Membership

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

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

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

As at 31 March 2022 there was 213 ( 2021: 217) active employers within the Cambridgeshire Pension Fund, including the County Council itself.

	31-Mar-21	31-Mar-22
Number of employers with active members	217	213

The Fund has over 92,000 individual members, as detailed below:

Number of employees in scheme:	31-Mar-21	31-Mar-22
County council	9,483	9,362
Other employers	19,228	19,549
<b>Total</b>	<b>28,711</b>	<b>28,911</b>

Number of Pensioners:		
County council	8,861	9,185
Other employers	11,519	12,155
<b>Total</b>	<b>20,380</b>	<b>21,340</b>

Deferred pensioners:		
County council	13,793	13,859
Other employers	17,112	17,514
<b>Total</b>	<b>30,905</b>	<b>31,373</b>

Undecided Leavers:		
County council	4,072	4,627
Other employers	5,339	6,384
<b>Total</b>	<b>9,411</b>	<b>11,011</b>

<b>Total members</b>	<b>89,407</b>	<b>92,635</b>
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# Notes to the Pension Fund Accounts (continued)

## Funding

Benefits are funded by contributions and investment earnings. Currently the level of contribution income is sufficient to fund regular benefit payments. Contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ended 31 March 2020. Employers' contributions are set as part of the triennial actuarial funding valuation. The last such valuation was at 31 March 2019. Employers' contributions comprise a percentage rate on active payroll between 5.7% and 31.7% 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
<b>Pension</b>	Each year worked is worth 1/80 x final pensionable salary.	Each year worked is worth 1/60 x final pensionable salary.
<b>Lump Sum</b>	Automatic lump sum of 3 x pension. In addition, part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

## Career Average Revalued Earnings (CARE)

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

the 50/50 option and pay proportionately lower contributions.

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

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

## 2. BASIS OF PREPARATION

The statement of accounts summarises the Fund's transactions for the 2021-22 financial year and its financial position at 31 March 2022. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on a going concern basis.

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

# Notes to the Pension Fund Accounts (continued)

## Going Concern

The Funding Level as per the recent triennial valuation exercise (March 2019) was 99.7%. The Funding Level at year ending March 2022 was 114%.

There are 499 individual active employers as at March 2022. All employers are paying their contributions as per the rates and adjustment certificate. No employer has deferred their payments. Benefits paid for the year were approximately £118m, with contributions of approximately £134m, showing a net cash inflow.

The actual annual investment return for March 2022 was 9.9% and the Fund value had increased to £4.305 billion (subject to audit), meaning the fund has increase by £407.2 million during the year. At 31 March 2022 the Pension Fund has 58% of its investments allocated to equities and 14% allocated to Bonds, with £27.8 million in cash, which are all assets that could be liquidated quickly to pay benefits should the need arise.

The Pension Fund is satisfied that it is sufficiently liquid to conclude that it is a going concern, since the value of pension fund assets that can be liquidated at short notice if needed is £3.1 billion which significantly exceeds the annual expenditure of the fund.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Fund Account – Revenue Recognition

#### Contribution Income

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

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

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

## Transfers to and from Other Schemes

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

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

Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on an accruals basis and are included in Transfers In (see Note 8). Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

## Investment Income

### i) Interest income

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

### ii) Dividend income

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

### iii) Distributions from pooled funds

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

# Notes to the Pension Fund Accounts (continued)

## Investment Income (continued)

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

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

## Fund Account – Expense Items

### Benefits Payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the Net Assets Statement as current liabilities and paid in the following month.

### Taxation

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

### Management Expenses

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

### Administrative Expenses

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

## Oversight and Governance Costs

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

## Investment Management Expenses

Investment Management expenses are accounted for on an accruals basis.

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

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 2021-22, £234k of fees are based upon such estimates (2020-21: £226K). In addition, manager fees deducted from pooled funds of £21.9m (2020-21: £16.8m) are estimated based upon information received from fund managers.

# Notes to the Pension Fund Accounts (continued)

## Net Assets Statement

### Financial Assets

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

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

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

### Foreign Currency Transactions

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

### Derivatives

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

## Cash and Cash Equivalents

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

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

### Financial Liabilities

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

### Actuarial Present Value of Promised Retirement Benefits

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

### Additional Voluntary Contributions

The Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from those of the Pension Fund. The Fund's AVC providers are Prudential and Utmost Life. AVCs are deducted from the individual member's pay and paid to the AVC provider by employers and are specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year.

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

# Notes to the Pension Fund Accounts (continued)

## Contingent Assets and Liabilities

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

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

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

## Accounting Standards Issued, not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2021-22 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 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

- **Actuarial Present Value of Promised Retirement Benefits Uncertainties:**

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rates at which salaries and pensions are projected to increase, changes in retirement ages, mortality rates and expected returns on Pension Fund assets. An independent firm of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied.

### Effect if Actual Results Differ from Assumptions:

The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £115m. A 0.1% increase in assumed earnings inflation would increase the value of liabilities by approximately £8m, and a 1 year increase in assumed life expectancy would increase the liability by approximately 4%. 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 £85.0m. There is a risk that this investment may be under or overstated in the accounts. As set out in the independent, professional valuation report, the valuation of the Cambridge and Counties Bank is in the range of £81.3m to £88.6m. 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 £714.7m. There is a risk that this investment may be under or overstated in the accounts. Note 18 gives a price sensitivity of Alternative investments of 23.7%, which indicates that Other private equity and infrastructure values may range from £545.3m to £884.1m.

## 6. EVENTS AFTER THE BALANCE SHEET DATE

There have been no events since 31 March 2022, and up to the date when these accounts were authorised that require any adjustments to these accounts.

## 7. CONTRIBUTIONS RECEIVABLE

### By Category:

31-Mar-21		31-Mar-22
£000		£000
29,081	Employees' contributions	30,628
	<b>Employers' contributions:</b>	
89,914	Normal contributions	93,644
35,539	Deficit recovery contributions	10,371
125,453	<b>Total employers' contributions</b>	<b>104,015</b>
<b>154,534</b>		<b>134,643</b>

### By Authority:

31-Mar-21		31-Mar-22
£000		£000
28,127	Administering authority	29,164
120,606	Scheduled bodies	99,693
5,801	Admitted bodies	5,786
<b>154,534</b>		<b>134,643</b>

## 8. TRANSFERS IN FROM OTHER PENSION FUNDS

31-Mar-21		31-Mar-22
£000		£000
6,750	Individual transfers	10,865
15,482	Group transfers	667
<b>22,232</b>		<b>11,532</b>

# Notes to the Pension Fund Accounts (continued)

## 9. BENEFITS PAYABLE

### By category:

31-Mar-21	31-Mar-22
£000	£000
92,311 Pensions	96,636
14,081 Commutation and lump sum retirement benefits	19,444
3,204 Lump sum death benefits	2,226
<b>109,596</b>	<b>118,306</b>

### By authority:

31-Mar-21	31-Mar-22
£000	£000
35,867 Administering authority	36,422
64,819 Scheduled bodies	71,853
8,910 Admitted bodies	10,031
<b>109,596</b>	<b>118,306</b>

## 10. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

31-Mar-21	31-Mar-22
£000	£000
998 Refunds to members leaving service	793
5,113 Group transfers	0
5,521 Individual transfers	7,961
<b>11,632</b>	<b>8,754</b>

## 11. MANAGEMENT EXPENSES

31-Mar-21	31-Mar-22
£000	£000
2,726 Administrative costs	2,602
19,230 Investment management expenses	22,130
734 Oversight and governance costs*	901
<b>22,690</b>	<b>25,633</b>

\*Fees payable to External Auditors, included within Oversight and Governance costs were £17k during the year (2020-21 £17k).

# Notes to the Pension Fund Accounts (continued)

## 12. INVESTMENT MANAGEMENT EXPENSES

	Management fees	Performance related fees	Transaction costs	Other costs	Total
	£000	£000	£000	£000	£000
2021/22					
Bonds	257	0	0	0	257
Pooled investments	9,441	0	0	421	9,862
Pooled property investments	431	0	435	170	1,036
Private Equity/Infrastructure	5,748	4,137	187	883	10,955
Custody Fees	0	0	0	20	20
<b>Total</b>	<b>15,877</b>	<b>4,137</b>	<b>622</b>	<b>1,494</b>	<b>22,130</b>

	Management fees	Performance related fees	Transaction costs	Other costs	Total
	£000	£000	£000	£000	£000
2020/21					
Bonds	175	0	0	0	175
Pooled Investments	7,930	0	16	338	8,284
Pooled property investments	632	0	261	3	896
Private Equity/Infrastructure	5,021	3,092	0	1,762	9,875
Custody fees	0	0	0	0	0
<b>Total</b>	<b>13,758</b>	<b>3,092</b>	<b>277</b>	<b>2,103</b>	<b>19,230</b>

## 13. INVESTMENT INCOME

31-Mar-21	31-Mar-22
£000	£000
526 Income from bonds	780
3 Income from equities	0
11,975 Pooled investments – unit trusts and other managed funds	8,597
7,859 Pooled Property Investments	8,487
10,524 Private equity/infrastructure income	12,826
519 Interest on cash deposits	29
0 Other – securities lending income	0
<b>31,406</b>	<b>30,719</b>

# Notes to the Pension Fund Accounts (continued)

## 14. INVESTMENTS

31-Mar-21		31-Mar-22
£000		£000
<b>Investment assets</b>		
156,972	Bonds	210,791
2,761,795	Pooled investments	2,945,943
237,190	Pooled property investments	301,637
688,334	Private equity/infrastructure	799,689
66,353	Cash deposits	19,850
2,152	Derivatives contracts: Options	11,100
247	Investment income due	286
0	Amounts receivable for sales	849
<b>3,913,043</b>	<b>Total investment assets</b>	<b>4,290,145</b>
<b>Investment liabilities</b>		
-48,160	Derivatives contracts: Options	-2,410
0	Amounts payable for purchases	-35
<b>-48,160</b>	<b>Total investment liabilities</b>	<b>-2,445</b>
<b>3,864,883</b>	<b>Net investment assets</b>	<b>4,287,700</b>

# Notes to the Pension Fund Accounts (continued)

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

	Market value 01-Apr-21	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-22
	£000	£000	£000	£000	£000
Bonds	156,972	132,231	-81,155	2,743	210,791
Pooled investments	2,761,795	40,086	-112,164	256,226	2,945,943
Pooled property investments	237,190	45,014	-21,426	40,859	301,637
Private equity/infrastructure	688,334	75,093	-87,909	124,171	799,689
	<b>3,844,291</b>	<b>292,424</b>	<b>-302,654</b>	<b>423,999</b>	<b>4,258,060</b>
<b>Derivative contracts:</b>					
• Purchased/written options	-46,008	149,776	-53,073	-42,005	8,690
	<b>3,798,283</b>	<b>442,200</b>	<b>-355,727</b>	<b>381,994</b>	<b>4,266,750</b>
<b>Other investment balances:</b>					
· Cash deposits	66,353				19,850
· Investment income due	247				286
· Amount receivable for sales	0				849
· Amounts payable for purchases of investments	0				-35
<b>Net investment assets</b>	<b>3,864,883</b>				<b>4,287,700</b>

# Notes to the Pension Fund Accounts (continued)

## 14(a) Reconciliation of movements in investments and derivatives

	Market value 01-Apr-20	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-21
	£000	£000	£000	£000	£000
Bonds	155,686	0	0	1,286	156,972
Equities	1	0	-1	0	0
Pooled investments	2,029,182	420,916	-499,538	811,235	2,761,795
Pooled property investments	225,063	15,821	-4,215	521	237,190
Private equity/infrastructure	500,810	137,005	-55,395	105,914	688,334
	<b>2,910,742</b>	<b>573,742</b>	<b>-559,149</b>	<b>918,956</b>	<b>3,844,291</b>
<b>Derivative contracts:</b>					
• Purchased/written options	36,582	0	0	-82,590	-46,008
	<b>2,947,324</b>	<b>573,742</b>	<b>-559,149</b>	<b>836,366</b>	<b>3,798,283</b>
<b>Other investment balances:*</b>					
· Cash deposits	31,585				66,353
· Investment income due	722				247
<b>Net investment assets*</b>	<b>2,979,631</b>				<b>3,864,883</b>

# Notes to the Pension Fund Accounts (continued)

## 14(b). Investments analysed by fund manager

Market value 31-Mar-21		Market value 31-Mar-22	
£000	% of net investment assets	£000	% of net investment assets
<b>Investments managed under Pool Governance:</b>			
1,358,174	35.1 Link Fund Solutions	1,709,669	39.9
957,079	24.8 UBS Global Asset Management	959,654	22.4
<b>2,315,253</b>	<b>59.9 Total Investments managed under Pool Governance</b>	<b>2,669,323</b>	<b>62.3</b>
<b>Investments managed outside Pool Governance:</b>			
131,898	3.4 Adams Street Partners	178,519	4.2
19,736	0.5 Allianz Global Investors	19,190	0.4
45,488	1.2 Ares Management	41,671	1.0
183,388	4.7 BlueBay Asset Management	197,832	4.6
76,000	2.0 Cambridge and Counties Bank	85,000	2.0
15,000	0.4 Cambridge Building Society	15,000	0.3
32,176	0.8 Equitix Investment Management	28,356	0.7
15,225	0.4 Foresight Group	20,565	0.5
123,900	3.2 HarbourVest Partners (UK)	159,331	3.7
62,786	1.6 IFM Infrastructure	76,081	1.8
59,218	1.5 JP Morgan	59,578	1.4
247,048	6.4 M&G Investments	81,036	1.9
54,400	1.5 M&G Real Estate	57,452	1.3
41,798	1.1 Partners Group (UK)	50,001	1.1
141,770	3.7 River and Mercantile Group	0	0.0
252,654	6.5 Schroders Investment Management	520,488	12.1
10,710	0.3 UBS Infrastructure	8,946	0.2
36,435	0.9 Cash with custodian	19,331	0.5
<b>1,549,630</b>	<b>40.1 Total Investments managed outside Pool Governance</b>	<b>1,618,377</b>	<b>37.7</b>
<b>3,864,883</b>	<b>100.0 Net investment assets</b>	<b>4,287,700</b>	<b>100.0</b>

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	31-Mar-21	% of total fund	31-Mar-22	% of total fund
	£000	%	£000	%
LF ACCESS Global Stock - Dodge and Cox	486,668	12.5	486,668	11.3
LF ACCESS Global Equity - J O Hambro	509,482	13.1	509,482	11.8
LF ACCESS Global Equity - Longview	362,023	9.3	362,023	8.4
UBS Asset Management Life USA Equity Tracker Hedged	209,901	5.4		
	<b>1,568,074</b>		<b>1,358,173</b>	

## 15. ANALYSIS OF DERIVATIVES

### Objectives and policies for holding derivatives

Most of the holding in derivatives is to hedge liabilities or hedge exposures to reduce risk in the Fund. Derivatives may be used to gain exposure to an asset more efficiently than holding the underlying asset. The use of derivatives is managed in line with the investment management agreement agreed between the Fund and the various investment managers.

#### • Futures

There were no outstanding exchange traded future contracts at 31 March 2022 or 31 March 2021.

#### • Forward foreign currency

The Fund's Investment Managers may enter into forward foreign currency contracts to secure current exchange rates in order to reduce the volatility associated with fluctuating currency rates.

There were no open forward currency contracts at 31 March 2022 or 31 March 2021. There is no specified requirement to use currency hedging within the Fund's Investment Management Agreements. Instead, the Fund managers use their discretion as to whether or not any currency hedging should be used to mitigate any potential risk.

# Notes to the Pension Fund Accounts (continued)

## •Options

In order to minimise the risk of loss of value through adverse equity price movements, equity option contracts can protect the Fund from falls in value in its main investment markets, principally the UK, USA and Europe.

Investment underlying option contract	Expires	Put/Call	Notional Holdings	31-Mar-21	Notional Holdings	31-Mar-22
Assets				£000		£000
Overseas equity purchased	One to three months	Put	158,099	2,152	132,999	11,100
<b>Total assets</b>				<b>2,152</b>		<b>11,100</b>
Liabilities						
Overseas equity written	One to three months	Put	-203,057	-285	-170,996	-1,485
Overseas equity written	One to three months	Call	-154,327	-47,875	-132,999	-925
<b>Total liabilities</b>				<b>-48,160</b>		<b>-2,410</b>
<b>Net purchased/written options</b>				<b>-46,008</b>		<b>8,690</b>

# Notes to the Pension Fund Accounts (continued)

## 16. FAIR VALUE

### Valuation of Financial Instruments Carried At Fair Value

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

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

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

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

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

The values of the investment in private equity are based on valuations provided by the general partners to the private equity funds in which the Cambridgeshire Fund has invested. These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines 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.

### 16a. Fair value hierarchy

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

Value at March 2022	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	£000	£000	£000	£000
Bonds	210,791	0	0	210,791
Equities	0	0	0	0
Pooled Investments	13,089	2,932,854	0	2,945,943
Pooled Property Investments	0	0	301,637	301,637
Private Equity/Infrastructure	0	0	799,689	799,689
Derivatives	0	11,100	0	11,100
<b>Net Investment Assets</b>	<b>223,880</b>	<b>2,943,954</b>	<b>1,101,326</b>	<b>4,269,160</b>

Value at March 2021	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	£000	£000	£000	£000
Bonds	156,972	0	0	156,972
Equities	0	0	0	0
Pooled Investments	16,106	2,745,689	0	2,761,795
Pooled Property Investments	0	0	237,190	237,190
Private Equity/Infrastructure	0	0	688,334	688,334
Derivatives	0	2,152	0	2,152
<b>Net Investment Assets</b>	<b>173,078</b>	<b>2,747,841</b>	<b>925,524</b>	<b>3,846,443</b>

# 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
<b>Cash and cash equivalents</b>	Level 1	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required
<b>Pooled investments – not exchange traded open ended funds</b>	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
<b>Unquoted bonds and unit trusts</b>	Level 2	Average of broker prices	Evaluated price feeds.	Not required
<b>Pooled Property</b>	Level 3	Valued by investment managers on a fair value basis each year using PRAG guidance	NAV-based pricing set on a forward pricing basis	
<b>Private equity and infrastructure- equity</b>	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.
<b>Private equity and infrastructure - other</b>	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 advisers, the Fund has determined that the valuation methods described above are likely to be accurate within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2022.

Asset Type	Market Value as at 31-Mar-22	Assessed valuation range (+/-)	Value on Increase	Value on Decrease
	£000		£000	£000
Private Equity	799,689	23.7	989,215	610,163
Property	301,637	15.0	346,883	256,391
<b>Total Assets</b>	<b>1,101,326</b>		<b>1,336,098</b>	<b>866,554</b>

## 16(b) Reconciliation of fair value measurements within Level 3

Period 2021-22	Market value 01- Apr-21	Transfers in/out of Level 3	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Unrealised gains/(losses)	Realised gains/(losses)	Market value 31- Mar-22
	£000	£000	£000	£000	£000	£000	£000
Pooled property investments	237,190	0	45,014	-21,426	44,918	-4,059	301,637
Private equity and infrastructure - equity	76,000	0	0	0	9,000	0	85,000
Private equity and infrastructure - other	612,334	0	75,093	-87,909	75,309	39,862	714,689
<b>Total</b>	<b>925,524</b>	<b>0</b>	<b>120,107</b>	<b>-109,335</b>	<b>129,227</b>	<b>35,803</b>	<b>1,101,326</b>

# Notes to the Pension Fund Accounts (continued)

## 17. FINANCIAL INSTRUMENTS

### 17a. Classification of financial instruments

The following table analyses the carrying amounts of financial assets and liabilities by category and net assets statement heading. No financial assets were reclassified during the year.

31-Mar-21			31-Mar-22		
Fair value through profit and loss	Loans and receivables	Financial Liabilities	Fair value through profit and loss	Loans and receivables	Financial Liabilities
£000	£000	£000	£000	£000	£000
<b>Financial assets</b>					
156,972	0	0	210,791	0	0
2,761,795	0	0	2,945,943	0	0
237,190	0	0	301,637	0	0
688,334	0	0	799,689	0	0
2,152	0	0	11,100	0	0
0	90,818	0	0	27,877	0
0	247	0	0	1,135	0
0	15,214	0	0	15,778	0
<b>3,846,443</b>	<b>106,279</b>	<b>0</b>	<b>4,269,160</b>	<b>44,790</b>	<b>0</b>
<b>Financial liabilities</b>					
0	0	-48,160	0	0	-2,410
0	0	0	0	0	-35
0	0	-6,327	0	0	-6,073
<b>0</b>	<b>0</b>	<b>-54,487</b>	<b>0</b>	<b>0</b>	<b>-8,518</b>
<b>3,846,443</b>	<b>106,279</b>	<b>-54,487</b>	<b>4,269,160</b>	<b>44,790</b>	<b>-8,518</b>
<b>3,898,235 Total</b>			<b>4,305,432</b>		

# Notes to the Pension Fund Accounts (continued)

## 17b. Net Gains and Losses on Financial Instruments

31-Mar-21		31-Mar-22
£000		£000
<b>Financial assets:</b>		
918,956	Fair value through profit and loss	423,999
5	Loans and receivables	1,360
0	Financial liabilities measured at amortised cost	
<b>Financial liabilities:</b>		
-82,590	Fair value through profit and loss	-42,005
-59	Loans and receivables	-358
0	Financial liabilities measured at amortised cost	
<b>836,312</b>	<b>Total gains/(losses)</b>	<b>382,996</b>

## 18. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

### Risk and risk management

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

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

### a) Market risk

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

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

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

The Fund manages these risks in two ways:

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

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

# Notes to the Pension Fund Accounts (continued)

## Other price risk

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

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

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

## Other price risk – sensitivity analysis

Following analysis of historical data and expected investment return movement during the financial year, in consultation with the Fund's investment advisers, the Council has determined that the following movements in market price risk would have reasonably been possible for the 2020-21 reporting period.

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

Asset Type	Potential Market Movement +/- (%p.a.)
UK equities	19.9
Global equities	20.1
Index linked bonds	9.2
Pooled fixed interest bonds	8.1
Multi asset credit	7.4
Property	15.0
Alternatives	23.7
Cash and other investment balances	3.0

# 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:

<b>31-Mar-22</b>	<b>Value as at</b>	<b>% (rounded)</b>	<b>Value on</b>	<b>Value on</b>
<b>Asset Type</b>	<b>31-Mar-22</b>	<b>Change</b>	<b>Increase</b>	<b>Decrease</b>
	<b>£000</b>		<b>£000</b>	<b>£000</b>
UK equities	91,264	19.9	109,426	73,102
Global equities	2,385,060	20.1	2,864,457	1,905,663
Index linked bonds	210,791	9.2	230,184	191,398
Pooled fixed interest bonds	65,700	8.1	71,022	60,378
Multi asset credit	390,830	7.4	419,751	361,909
Property	301,637	15.0	346,883	256,391
Alternatives	799,689	23.7	989,215	610,163
Cash and other investment balances	42,729	3.0	44,011	41,447
<b>Total Assets</b>	<b>4,287,700</b>		<b>5,074,949</b>	<b>3,500,451</b>

<b>31-Mar-21</b>	<b>Value as at</b>	<b>% (rounded)</b>	<b>Value on</b>	<b>Value on</b>
<b>Asset Type</b>	<b>31-Mar-21</b>	<b>Change</b>	<b>Increase</b>	<b>Decrease</b>
	<b>£000</b>		<b>£000</b>	<b>£000</b>
UK equities	85,032	16.7	99,232	70,832
Overseas equities	2,230,221	17.4	2,618,279	1,842,163
Global pooled equities	156,972	7.5	168,745	145,199
Index linked bonds	64,500	8.0	69,660	59,340
Pooled fixed interest bonds	365,936	6.2	388,624	343,248
Property	237,190	14.2	270,871	203,509
Alternatives	688,334	23.5	850,092	526,576
Cash and Other investment balances	36,698	3.0	36,808	36,588
<b>Total Assets</b>	<b>3,864,883</b>		<b>4,502,311</b>	<b>3,227,455</b>

# 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 2022 and 31 March 2021 is set out to the right. These disclosures present interest rate risk based on the underlying financial assets at fair value.

## Interest rate risk sensitivity analysis

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

31-Mar-21	Asset Type	31-Mar-22
£000		£000
66,353	Cash and cash equivalents	19,850
24,465	Cash balances	8,027
156,972	Index-linked securities	210,791
430,436	Fixed interest securities	456,530
<b>678,226</b>	<b>Total</b>	<b>695,198</b>

Exposure to interest rate risk	Asset values 31-Mar-22 £000	Impact of 1% decrease £000	Impact of 1% increase £000
Cash and cash equivalents	19,850	19,850	19,850
Cash balances	8,027	8,027	8,027
Index-linked securities	210,791	212,899	208,683
Fixed interest securities	456,530	461,095	451,965
<b>Total change in assets available</b>	<b>695,198</b>	<b>701,871</b>	<b>688,525</b>

Exposure to interest rate risk	Asset values 31-Mar-21 £000	Impact of 1% decrease £000	Impact of 1% increase £000
Cash and cash equivalents	66,353	66,353	66,353
Cash balances	24,465	24,465	24,465
Index-linked securities	156,972	158,542	155,402
Fixed interest securities	430,436	434,740	426,132
<b>Total change in assets available</b>	<b>678,226</b>	<b>684,100</b>	<b>672,352</b>

# Notes to the Pension Fund Accounts (continued)

Exposure to interest rate risk	Interest receivable	Value on 1% increase	Value on 1% decrease
	2021-22		
	£000	£000	£000
Cash deposits, cash and cash equivalents	29	29	29
Index-linked securities	780	788	772
Fixed interest securities	1,950	1,970	1,931
<b>Total</b>	<b>2,759</b>	<b>2,787</b>	<b>2,732</b>

Exposure to interest rate risk	Interest receivable	Value on 1% increase	Value on 1% decrease
	2020-21		
	£000	£000	£000
Cash deposits, cash and cash equivalents	519	524	514
Index-linked securities	526	531	521
Fixed interest securities	1,989	2,009	1,969
<b>Total</b>	<b>3,034</b>	<b>3,064</b>	<b>3,004</b>

This analysis demonstrates that a 1% increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value, and vice versa. Changes in interest rates do not impact on the value of cash and cash equivalent balances but they will affect the interest income received on those balances. Changes to both the fair value of the assets and the income received from investments impact on the net assets available to pay benefits.

## Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the Fund (GBP). The Fund holds both monetary and non-monetary assets denominated in currencies other than GBP.

The Fund's currency rate risk is routinely monitored by the Investment Sub Committee and its investment advisers in accordance with the Fund's risk management strategy, including monitoring the range of exposure to currency fluctuations.

The Fund partially hedges its currency exposures on equity investments by transferring into currency hedged share classes of its passive equity funds.

# Notes to the Pension Fund Accounts (continued)

## Currency risk – sensitivity analysis

Following analysis of historical data with the Fund's advisers, the Council considers the likely volatility associated with foreign exchange rate movements to be 9.5% (the 1 year expected standard deviation). A 9.5% (31 March 2021: 9.8%) fluctuation in the currency is considered reasonable based on the Fund adviser's analysis of long-term historical movements in the month-end exchange rates over a rolling 36 month period. This analysis assumes that all other variables, in particular interest rates, remain constant. A 9.8% strengthening/weakening of the pound against the various currencies in which the fund holds investments would decrease/increase the net assets available to pay benefits as follows.

Assets exposed to currency risk	Value at	Potential market movement	Value on increase	Value on decrease
	31-Mar-22			
	£000	£000	£000	£000
Overseas equities - Hedged	536,846	0	536,846	536,846
Overseas equities - Unhedged	1,848,214	175,580	2,023,794	1,672,634
Overseas fixed income	456,530	43,370	499,900	413,160
Overseas cash fund	23	2	25	21
<b>Total</b>	<b>2,841,613</b>	<b>218,952</b>	<b>3,060,565</b>	<b>2,622,661</b>

Assets exposed to currency risk	Value at	Potential market movement	Value on increase	Value on decrease
	31-Mar-21			
	£000	£000	£000	£000
Overseas equities - Hedged	548,469	0	548,469	548,469
Overseas equities - Unhedged	1,681,752	164,812	1,846,564	1,516,940
Overseas fixed income	430,436	42,183	472,619	388,253
Overseas cash fund	1,046	103	1,149	943
<b>Total</b>	<b>2,661,703</b>	<b>207,098</b>	<b>2,868,801</b>	<b>2,454,605</b>

## 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 2022 was £27.8m (31 March 2021: £90.8m). This was held with the following institutions:-

	Rating	31-Mar-21 £000	31-Mar-22 £000
<b>Money market funds</b>			
Northern Trust Global Investors Global Cash Fund	AAAm	23,878	1,249
<b>Bank deposit account</b>			
Barclays Bank	A	421	34
NatWest Bank	A	24,044	7,993
<b>Bank current accounts</b>			
Northern Trust custody accounts	A-1+	42,475	18,601
<b>Total</b>		<b>90,818</b>	<b>27,877</b>

## 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 2022 the value of illiquid assets was £1,101m, which represented 225.6% of the total Fund assets (31 March 2021: £925.5m, which represented 23.9% 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 2022 are due within one year.

## d) Refinancing risk

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

# Notes to the Pension Fund Accounts (continued)

## 19. FUNDING ARRANGEMENTS

In line with the Local Government Pension Scheme Regulations 2013, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2019. The next valuation will take place as at 31 March 2022 and will be published in 2023.

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 2019 actuarial valuation, the Fund was assessed as 100% funded (78.4% at the March 2016 valuation). This corresponded to a deficit of £11m (2016 valuation: £625m) 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 2019 triennial valuation. These rates are the payroll weighted average of the underlying individual employer primary and secondary rates, calculated in accordance with the Regulations and CIPFA guidance.

Primary Rate %	Secondary Rate		
1 April 2020 to 31 March 2023	2020-2021	2021-2022	2022-2023
18.4%	£19,425,000	£19,061,000	£19,082,000

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 2019 actuarial valuation report and the funding strategy statement on the Fund's website.

# Notes to the Pension Fund Accounts (continued)

## Basis of valuation

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

## Financial assumptions

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

Assumption	31-Mar-16	31-Mar-19
Price Inflation (CPI)/ Pension increases	2.1%	2.3%
Pay increases	2.4%*	2.8%**

\*CPI plus 0.3%

\*\*2% until March 2020 followed by CPI plus 0.5%

## 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
2016 valuation	24.0	26.3	22.4	24.4
2019 valuation	22.7	25.5	22.0	24.0

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

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

## Other demographic valuation assumptions:

**a) Retirements in ill health** - Allowance has been made for ill-health retirements before Normal Pension Age.

**b) Withdrawals** - Allowance has been made for withdrawals from service.

**c) Retirements in normal health** - We have adopted the retirement age pattern assumption as used for the purpose of the 2016 LGPS cost cap valuation.

**d) Death in Service** - Allowance has been made for death in service.

**e) Promotional salary increases** - Allowance has been made for promotional salary increases.

**f) Family details** - A varying proportion of members are assumed to have a dependant at retirement or on earlier death. For example, at age 60 this is assumed to be 90% for males and 85% for females. The dependant of a male member is assumed to be 3 years younger than the member and the dependant of a female member is assumed to be 3 years older than the member.

**g) Commutation** - 25% of future retirements elect to exchange pension for additional tax free cash up to HMRC limits for service to 1 April 2008 (equivalent 64% for service from 1 April 2008).

**h) 50:50 option** - 1.0% of members (uniformly distributed across the age, service and salary range) will choose the 50:50 option.

# Notes to the Pension Fund Accounts (continued)

## 20. ACTUARIAL PRESENT VALUE OF PROMISED RETIREMENT BENEFITS

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

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

31-Mar-21 £m		31-Mar-21 £m
-5,774	Present value of promised retirement benefits	-5,591
3,898	Fair value of scheme assets (bid value)	4,305
<b>-1,876</b>	<b>Net liability</b>	<b>-1,286</b>

As noted above, the liabilities are calculated on an IAS 19 basis and therefore will differ from the results of the 2019 triennial funding valuation (see Note 19) because IAS 19 stipulates a discount rate rather than a rate which reflects market rates.

### Assumptions used

31-Mar-21 % p.a.	Assumption	31-Mar-22 % p.a.
2.85%	Inflation/pension increase rate assumption	3.20%
3.35%	Salary increase rate	3.70%
2.00%	Discount rate	2.70%

# Notes to the Pension Fund Accounts (continued)

## 21. CURRENT ASSETS

31-Mar-21	31-Mar-22
£000	£000
<b>Debtors:</b>	
2,326 Contributions Due – Members	2,602
6,079 Contributions Due – Employers	8,081
6,809 Sundry Receivables	5,095
<b>15,214</b>	<b>15,778</b>
24,465 Cash Balances	8,027
<b>39,679</b>	<b>23,805</b>

## 22. CURRENT LIABILITIES

31-Mar-21	31-Mar-22
£000	£000
4,823 Sundry Payables	5,146
1,504 Benefits Payable	927
<b>6,327</b>	<b>6,073</b>

## 23. ADDITIONAL VOLUNTARY CONTRIBUTIONS

31-Mar-21	31-Mar-22
£000	£000
8,173 Prudential	
403 Utmost	320
<b>8,576</b>	<b>320</b>

## 24. AGENCY

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

31-Mar-21	31-Mar-22
£000	£000
3,539 Unfunded pensions	3,418
<b>3,539</b>	<b>3,418</b>

# Notes to the Pension Fund Accounts (continued)

## 25. RELATED PARTY TRANSACTIONS

### Cambridgeshire County Council

The Cambridgeshire County Council Pension Fund is administered by Cambridgeshire County Council. Consequently there is a strong relationship between the Council and the Fund. The Council incurred costs of £2.5m (2020-21: £2.0m) 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 £29.1m, excluding Local Education Authority schools, to the Fund in 2021-22 (2020-21: £21.5m). At 31 March 2022 there was £4.7m (31 March 2021: £5.1m) 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:-

- XXXX

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. Each shareholder is entitled to appoint one shareholder Non Executive Director to the Board of CCB. The Fund is represented by an Officer of the Pension Fund, for which CCB paid £57,417 during the year (2021-22 £52,250) to the Pension Fund.

## 25(a) KEY MANAGEMENT PERSONNEL

The administration of the Fund is provided by West Northamptonshire Council in partnership with Cambridgeshire County Council. The Head of Pensions reports directly to Assistant Director of Finance at West Northamptonshire Council, whose costs are reported in the West Northamptonshire Council statement of accounts. Other key personnel include the Section 151 Officer, who is Treasurer to the Fund, and the Head of HR. The Assistant Director of Finance, 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 the proportion of costs relating to these services to the Fund.

## 26. CONTINGENT LIABILITIES AND CONTRACTUAL COMMITMENTS

Outstanding contractual commitments at 31 March 2022 totalled £305.8m (31 March 2021: £303.3m).

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.

## 27. CONTINGENT ASSETS

Eleven 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** 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.

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

**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.

**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.

**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. Additionally, the Fund is in deficit when the liabilities are larger than assets.

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

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

**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.

**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.

# Glossary (continued)

**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.

**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.

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

**LPB** Local Pension Board.

**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.

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

**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.

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

**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. Additionally, the Fund is in surplus when the assets are larger than liabilities.

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

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

**UNFUNDED** Pension benefits not funded by the Pension Fund. Benefits are fully reclaimed from the employer bodies.

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

**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.