

PENSION FUND COMMITTEE



Thursday, 22 July 2021

Democratic and Members' Services

Fiona McMillan

Monitoring Officer

10:00

Shire Hall

Castle Hill

Cambridge

CB3 0AP

Bluntisham Village Hall, Mill Lane, Bluntisham PE28 3LR
[Venue Address]

AGENDA

Open to Public and Press by appointment only

- 1. Notification of Chair and Vice-Chair**
- 2. Apologies for absence and declarations of interest**
Guidance on declaring interests is available at
<http://tinyurl.com/ccc-conduct-code>
- 3. Minutes of the Pension Fund Committee meeting held 25th March 2021 and Action Log** **3 - 16**
- 4. Petitions and Public Questions**
- 5. Internal Audit Report 2020-2021** **17 - 32**
- 6. Introduction to the Pension Fund Annual Report and Statement of Accounts 2020-21** **33 - 160**
- 7. Governance and Compliance** **161 - 168**

8. **2021-22 Cambridgeshire Pension Fund Communications Plan** **169 - 176**
9. **Employer Admissions and Cessations Report** **177 - 188**
10. **Exclusion of Press and Public**
To resolve that the press and public be excluded from the meeting on the grounds that the agenda contains exempt information under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, and that it would not be in the public interest for this information to be disclosed - information relating to the financial or business affairs of any particular person (including the authority holding that information)
11. **Pension Fund Annual Business Plan Update report 2021-22**
- Information relating to the financial or business affairs of any particular person (including the authority holding that information);
12. **Annual Investment Review**
- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

The Pension Fund Committee comprises the following members:

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

COVID-19

The legal provision for virtual meetings no longer exists and meetings of the Council therefore take place physically and are open to the public. Public access to meetings is managed in accordance with current COVID-19 regulations and therefore if you wish to attend a meeting of the Council, please contact the Committee Clerk who will be able to advise you further.

Councillor Alison Whelan (Chair) Councillor Catherine Rae (Vice-Chair) Councillor Chris Boden Councillor Andy Coles Mr Lee Phanco Mr Matthew Pink and Mr John Walker Councillor Ian Gardener Councillor Edna Murphy Councillor Josh Schumann Councillor Alan Sharp

Clerk Name:	Dawn Cave
Clerk Telephone:	01223 699178
Clerk Email:	dawn.cave@cambridgeshire.gov.uk

Public minutes of the Pension Fund Committee

Date: Thursday 25th March 2021

Time: 10:00am – 12:45pm

Venue: Virtual Meeting

Present: County Councillors P Downes, I Gardener (Vice-Chairman), A Hay, T Rogers (Chairman) and M Shellens; Cambridge City Councillor R Robertson; Peterborough City Councillor D Seaton; Lee Phanco, Matthew Pink and John Walker

Officers: C Blose, D Cave, E Reyman, J Walton and M Whitby

Advisors: P Gent (Mercer)

Apologies: Sarah Heywood

233. Declarations of Interest

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

John Walker and Councillor Downes both declared interests as retired members of the pension scheme.

Matthew Pink declared an interest as an active member of the pension scheme.

Lee Phanco declared an interest as Chairman of Trustees of the Sports Hall Cambridge Trust.

Councillor Gardener declared an interest as a Governor of Kimbolton School.

234. Public minutes of the Pension Fund Committee meeting held 8th December 2020

The minutes of the Pension Fund Committee meeting held on 8th December 2020 were approved as a correct record.

The Action Log was noted.

235. Public Question

A Question had been received from Mr Richard Potter. Mr Potter was invited by the Chairman to present his question:

“Divesting from fossil fuel companies: On behalf of Cambridge Green Party. At the meeting on 18th June 2020 we urged action so that the Cambridgeshire Pension Fund joins other Local Authorities in divesting from fossil fuel companies. What action has been taken?”

At the invitation of the Chairman, Mark Whitby, Head of Pensions, responded:

Since June 2020 Fund Officers and professional advisors have surveyed the responsible investment beliefs of the Pensions Committee and Local Pension Board Members and from this developed a significantly enhanced Responsible Investment Policy. This draft policy has been approved by the Investment Sub-Committee and would be presented to the Pensions Committee for their consideration later during the exempt part of the meeting.

It would be reasonable to expect the policy to contain a statement around support for the Paris Agreement, support for a “just transition”, recognition of the threats and opportunities presented by the green transition, as well as a significantly enhanced monitoring and reporting regime with regards to climate risk, such as through carbon reporting and scenario analysis.

The revised Policy would be subject to a consultation with stakeholders, including scheme members, once approved, and will be a document that is regularly updated over time.

The Fund’s position on divestment recognised the fiduciary responsibility of the Members of this Committee. The Pension Committee Members have a duty to act in the best interests of the pension scheme beneficiaries at all times, with a duty to act prudently, conscientiously and with good faith in their decision making, not taking undue risks and ultimately ensuring pensions can be paid when they fall due.

The Committee required all of its investment managers to integrate both financial and non-financial factors, including environmental, social and governance issues, in their decision making. This would include climate risks and, for example, the risk of fossil fuel companies being left with stranded assets.

The revised Responsible Investment Policy had been drafted on the basis of a general policy of engagement over divestment, whilst divestment of individual stocks clearly remains an option of last resort.

In terms of divestment from fossil fuels specifically, three substantive points were highlighted that had fed into the long-term development of the responsible investment policy:

- 1) The Minister for Pensions, Guy Opperman, concurred with a long held belief of the Committee that you achieve nothing in passing assets from responsible asset owners to owners without the same environmental concerns: On 9th March 2021 he

stated "I oppose totally...blanket divestment and it seems to me that the way ahead is proper stewardship" and "how you hold stocks that are influencing [climate change] is utterly key". It should also be remembered that the majority of the world's oil supply is under the control of state owned companies which cannot be influenced in the same manner as public companies.

- 2) There is going to be a prolonged sunset for fossil fuels even when achieving net zero by 2050. Whilst there will be, according to Lord Adair Turner, Chair of the Energy Transition Commission, a 95% reduction in thermal coal, and an 80% reduction in oil, natural gas usage will reduce by just 50% as it plays a significant role as part of the transition to a net zero economy. Immediate divestment from companies playing a key role in reaching net zero commitments may be self-defeating.
- 3) Divestment may be at odds with the Committee's belief in a "just transition" to a low carbon economy that ensures fair treatment for employees and communities that would otherwise bear the brunt of industrial change.

Mr Whitby also highlighted the commitment to undertake annual monitoring of the Fund's equity portfolio to calculate the carbon intensity of the holdings, as well as the potential emissions (i.e. existing fossil fuel reserves). The first iteration of this monitoring took place in 2020 and will form a key starting point on which future decarbonisation plans will be based and climate risks will be quantitatively managed.

The Committee welcomed Mr Potter's response to the consultation once published and officers and would notify him once the consultation was live.

The Chairman thanked Mr Potter and advised that he would receive a written response within the next ten working days.

236. Administration Performance Report

The Committee considered a report which set out a number of key areas of administration performance in the period 1st November 2020 to 31st January 2021.

Members' attention was drawn to the following areas:

- In terms of Employer contributions, all Employers had paid on time;
- A number of non-material breaches of the law resulting from the legislation which was due to be amended;
- The outcome of an Internal dispute resolution procedure from an individual seeking reinstatement after having transferred out of the scheme in 2015. The claim, managed by a Claims Management Company, had originally been received in 2019, but had taken time to process due to the information required. Claims made via

Claims Management Companies was a new area of work for LGPS Pension funds, and this was the first such complaint received by the Cambridgeshire Fund, other authorities had received more. Following legal advice, the decision had been reached that this claim would not be upheld, but the claimant had the option to progress to the second stage of the Internal Dispute Resolution Procedure, and a number of claims at other authorities had been progressed to the Pensions Ombudsman.

A Member asked if the types of claims alluded to were in the Risk Log. Officers advised that scams were in the Risk Log, but they would review the Risk Log and update if appropriate, and circulate a note to the Committee.

It was resolved unanimously to:

Note the Administration Performance Report

237. Pension Fund Annual Business Plan Update report 2020- 21

The Committee considered an update to the Business Plan for the period 1st November 2020 to 31st January 2021.

There had been further work on the section about Cybercrime, following concerns raised by a Member at the last meeting. The Pensions team had undertaken training with Aon, who had been commissioned to do some work for Q1 on data flows and data held by third parties.

A Member queried the volume of queries coming from HMRC with regard to contracted out status. It was confirmed that this related to every scheme member who was contracted out of SERPS in the period from 1978 to 1997, and required a check to compare the Fund's records to HMRC's. Officers were confident that the new timetable would be achieved.

A Member queried key milestones around the HMRC reconciliation, specifically whether the data had been received from ITM Ltd in November 2020. Officers confirmed that they had received the data, but the resources had not been available in the previous 3-4 months to work on this due to staff absences, so this action still had an amber status.

The Chairman requested that where there were tables of figures (e.g. Appendix 2) in future reports, that officer use annotations so that they were easier to read.

A Member if the figures presented for unprocessed leavers was a net figure? Officers advised that this was the gross figure and that there would always be unprocessed leavers, which meant that numbers would increase. A distinction should be drawn between the backlog (greater than 6 months) and 'business as usual' (less than six months). The numbers had not reduced as the third party work carried out by Aon had to stop for several months. In tandem with this process, all employers were being migrated to monthly

submission of information through the iConnect portal, and officers outlined how this was increasing the apparent backlog in activity. Whilst the Head of Pensions was pleased with progress in most areas during the pandemic, this was an area which had not progressed as well as anticipated, but Members were reassured that there was a dedicated team working on backlogs, and the main focus was on genuine leavers

A Member queried what comprised Governance expenditure. It was noted that this did not just cover the governance team but also consultancy costs, so was demand led and therefore difficult to estimate accurately. The Member requested a breakdown of that budget, and it was agreed that it would be circulated to the Committee. **Action required.**

A Member commented that the issue of non-availability of staff for specific projects had previously been reported to Committee as an issue. He suggested that it would be helpful going forward to provide a line in the report showing average availability of staff against budget, e.g. for the previous three months. **Action required.** Officers advised that they would always highlight any staffing issues, and that currently the team was at full capacity, with just one person on long term sick leave. The Pandemic had helped the team retain staff.

It was resolved unanimously to:

Note the Business Plan Update to 31st January 2021.

238. Pension Fund Annual Business Plan and Medium-Term Strategy 2021/22-2023/24

The Committee considered the Annual Business Plan and Medium Term Strategy which detailed the Fund's key areas of activity for the period 2021/22 to 2023/24. The main focus of the Plan was for the coming year (2021/22) but the Plan also identified a number of issues coming forward in future years.

The first part of the Plan was in a similar format to the previous year, setting out objectives and the usual business of the team. The Structure of the service would be slightly different to that set out in the Plan, enabling the team to better deal with projects, but that was dependent on completion of the service review programme being finalised following the unitary process in Northamptonshire. Expenditure would be reported to Committee through normal business plan update process.

Members noted the following points:

- The investment consultancy advisor procurement was being finalised, as was the global custodian procurement. Longer term issues included reprocurement of actuarial services and the software platform;

- With regard to the Business continuity plan, a complete review had taken place at the beginning of the pandemic, but needed to be reviewed in light of the unitary arrangements;
- The timeline of the Pensions Administration Standards Association (PASA) accreditation had been reprofiled, but this remained an aspiration for the team;
- In 2021/22 the team would be getting data in from employers for McCloud, with rectification will take place in subsequent years;
- The valuation date was March 2023, but there was a lot of work on run up to that process;
- The liability reduction exercise flowed over from previous year, but was less of a priority in light of higher profile activities that needed to be undertaken;
- Hymans were working on the modelling as agreed by Committee on Multiple Investment Strategies. This would be considered at the next Committee meeting;
- Detailed analysis was being taken with regard to Employer Covenanting, and that work would go in tandem with valuation;
- The asset pool was still the major investment activity, with work on pooled illiquid investments to be undertaken in the coming year;
- The Responsible Investment policy should be going out to consultation following the meeting;
- The Property strategy was a priority as the pooled solution was somewhere down the line.

One Member queried the significant variance in income. It was noted that the estimate had been based on the actuary's growth assumption, and this was updated during the year if there was information that it would be materially different. Investment income was extremely difficult to predict.

A Member noted that the planned activities listed in the Business Plan were on top of "business as usual". Given that there would be significant changes in the Committee, the Member commented it would be helpful to summarise what "business as usual" entailed, as the Pensions teams dealt with huge volumes of work across two Pension Funds. It was agreed that this would be factored in to the training plan. Officers briefly outlined the training arrangements for Committee Members in the first six months following the elections. It was noted that core areas of work would be undertaken in-house, and there was a preference for virtual training events.

There was a discussion regarding the many offers of external training events which Committee Members received. It was noted that the Pensions Team could always be contacted to see if events were worthwhile, as some may not be appropriate.

It was resolved unanimously to approve the Pension Fund Annual Business Plan and Medium-Term Strategy.

239. GOVERNANCE AND COMPLIANCE REPORT

Members received a report on governance issues concerning the Local Government Pension Scheme (LGPS) on a national and local basis, and also details of forthcoming training events.

With regard to the Public Sector Exit Cap, Members noted that this had been brought into force on 4th November 2020, but had subsequently been revoked on 25th February 2021. The reason for the revocation was that the Exit Cap had resulted in unintended consequences. Fortunately, the Fund had not processed any relevant benefits in that period. The Treasury had advised that there would be a new version of the exit cap in form of a consultation, which the team would respond to.

The Pensions Regulator had launched a campaign to stop pension scams, which the Fund was in the process of signing up to. This involved a number of activities around ensuring robust processes, regular communications to scheme members and signposting to the Financial Conduct Authority's ScamSmart website and reference materials. Officers, Committee and Board members were also encouraged to undertake the scams module within the Pension Regulator's trustee toolkit.

The outcome of the public service pensions governance and administration survey for 2019, undertaken by the Pensions Regulator, had been published in November 2020. This was an anonymous survey which the Fund had responded to, focusing on six key processes. It was noted that there had been a reduction in the number of respondents who had a process for documenting and managing risks, but it was suggested that this may be due to a change in how the question was framed.

A consultation on TPR's singular code of practice was expected to be launched in March 2021. The new Code combined many differing codes of practice and was quite a cumbersome document, being very difficult to read and understand.

Work had been ongoing with regard to the Scheme Advisory Board's Good Governance Review. The report built upon the recommendations agreed in 2019 with further input from a range of scheme stakeholders. A full set of recommendations had been presented to MHCLG to consider.

A refreshed CIPFA Skills and Knowledge Framework is due to be released in April, and this would be embedded within the Fund's Training Strategy.

Attention was drawn to the list of seminars and training events appended to the report, which was continually updated with recommendations on the most appropriate events to attend. There would be a new training strategy in the new financial year. It was noted that

the credits available for each course would be reviewed in the new financial year, and the current credit system may not necessarily be the best approach.

It was resolved unanimously to:

Note the content of the report.

240. Update to Funding Strategy Statement

The Committee considered a report which presented a number of amendments to the Funding Strategy Statement, for consultation with scheme employers. The various changes to LGPS Regulations and their impact on the management of the Fund were noted. Essentially, these formalised a number of flexibilities in the LGPS scheme around employer exits, changes to contribution rates and Deferred Debt Arrangements (DDA).

A Member asked if these changes were being applied universally across LGPS funds. Officers advised that the team had consulted with the Fund actuary, and the changes were being dealt with fairly uniformly across the LGPS scheme, but individual Funding Strategy Statements would reflect each Fund's individual approach, and it was noted that some funds may not be as flexible.

A Member observed that Fund employers included a large number of small organisations, other than Councils and Academies. Officers confirmed that the changes applied to all employers. Councils and Academies were the least likely to require these arrangements, and they were most likely to apply to admitted bodies. However, the Fund had asked the actuary to extend the cover to all employers.

In response to a Member question, it was confirmed that the recommendation was for consultation with employers, and the final policy would be reported back to June Committee for approval.

A Member asked what happened if a Scheme employer/former employer could not afford the exit payments, and if there was any quantification of this risk i.e. what would happen if an employer went bankrupt. Officers advised that they could not quantify this risk, but this issue had been reviewed around five years previously, and the level of risk exposure was determined to be immaterial. Security from all new employers was requested to cover the event of bankruptcy, and any outstanding contributions would be prioritised in the event of bankruptcy.

In response to a question on whether the changes to the Funding Strategy Statement had any implications for employees in what were previously local authority maintained schools, officers confirmed that there would be no impact on any employees, as their pensions were guaranteed by the Regulations. The changes to the Funding Strategy Statement only related to employers.

A Member asked if there was a more fundamental risk, given the financial stability of the administering authority, the County Council, could be seen to have been undermined, especially over the last twelve months. Officers advised that if an administering authority failed, an alternative administering authority would be set up by government, as was the case in Northamptonshire.

It was resolved unanimously to:

Approve the amendments to the Funding Strategy Statement for consultation with employers.

241. Review of the effectiveness of the Pension Fund-Committee

A report was considered on Members' views of the adequacy of current arrangements for the Committee and its operation. A survey had been carried out, for which there was a 60% return rate. The full analysis of responses was attached as Appendix 1 to the report.

Two particular areas of concern were virtual meetings and the lack of paper copies. Differing views were expressed on the effectiveness of virtual meetings, and whether they should continue once physical meetings were permitted. Strong support was also expressed for paper copies of the agendas. Members were reminded that the County Council's Group Leaders had agreed in 2020 that no paper agendas would be produced for Members. A number of Members commented that it was difficult to interpret and follow reports electronically, and that paper agendas should be reinstated. Others commented that paper agendas and physical meetings were against the whole direction the Committee was taking in terms of minimising the Fund's impact on the environment. There was general agreement that virtual training saved a great deal of time and expense and should be the default option going forward.

It was resolved unanimously to:

Note the feedback and approve the plan of action to improve the effectiveness of the Pension Fund Committee in the areas identified.

242. Employer Admissions and Cessations Report

The Committee received a report on the admission of three admission bodies, one designating body, and the cessation of seven bodies. None of the admission bodies were discretionary.

It was noted that one of the bodies had owed backdated contributions when it had joined the scheme, and these contributions had since been paid in full.

Attention was drawn to ADEC, which had a funding surplus. As ADEC was an unattached employer, the surplus had been paid to that body as required by the legislation.

A Member suggested that reports could include annually whether there had been a net increase or decrease in the number of employers.

A Member asked what happened to employees or former employees of the bodies which cease. Officers outlined the different possibilities depending on the individual circumstances – in most cases, employees were TUPE'd to new contractors; in some cases, they became deferred members.

It was resolved unanimously to:

1. Note the admission of the following admitted bodies to the Cambridgeshire Pension Fund and approves the sealing of the admission agreements:
 - ABM Catering Limited
 - Stevenage Leisure Limited
 - YTKO Limited
2. Note the admission of the following designating body to the Cambridgeshire Pension Fund:
 - CMAT Educational Services Limited
3. Note the cessation of the following bodies from the Cambridgeshire Pension Fund:
 - Carers Trust (Caring Together Charity)
 - Kingdom Services Group
 - Lunchtime UK Limited x 3
 - Chartwells Catering
 - Easy Clean Contractor Limited
 - Adec (Arts Development in East Cambridgeshire)

243. Exclusion of Press and Public

It was resolved unanimously that the press and public be excluded from the meeting on the grounds that the following items contain exempt information under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, and that it would not be in the public interest for this information to be disclosed information relating to the financial or business affairs of any particular person (including the authority holding that information).

244. Investment Strategy Statement

The Committee considered a report which presented the revised Investment Strategy incorporating the Fund's draft Responsible Investment Policy, as recommended by the Investment Sub Committee.

It was resolved by a majority to:

1. Note the report and draft Investment Strategy Statement;
2. Approve the draft Investment Strategy Statement for consultation with stakeholders and the timetable for finalisation and publication of the Investment Strategy Statement.

245. ACCESS Asset Pooling Update

The Committee considered a report on ACCESS Asset Pooling. The reports for the most recent ACCESS meetings had been circulated to the Committee.

It was resolved to:

Note the attached minutes from the ACCESS Joint Committee meeting of 12 November 2020;

Note the asset pooling update following the JC meeting of 13 January 2021.

As it was his last meeting of the Committee, the Chairman thanked Members, including those stepping down at the forthcoming elections, and all officers involved in the Committee for their support over the years, commenting that a lot of work went into producing the reports for Committee. Committee Members thanked the Chairman for all his hard work, calm and knowledgeable chairing, and ability to include all Members. The Head of Pensions thanked the Chairman and commented that his support to officers had been extraordinary.

This log captures the actions from the Pension Fund Committee of the 25 March 2021 together with any carried forward items from previous meetings and updates members on the progress on compliance in delivering the necessary actions. This is the updated action log as at 13/07/2021.

Outstanding actions from 25 March 2021 meeting of the Pension Fund Committee

Item No.	Item	Action to be taken by	Issue	Action/Status
237.	Pension Fund Annual Business Plan Update report 2020- 21	Mark Whitby	Officers advised that they would always highlight any staffing issues, and that currently the team was at full capacity, with just one person on long term sick leave. The Pandemic had helped the team retain staff.	No current staffing issues to report.
237.	Pension Fund Annual Business Plan Update report 2020- 21	Mark Whitby	A Member queried what comprised Governance expenditure. It was noted that this did not just cover the governance team but also consultancy costs, so was demand led and therefore difficult to estimate accurately. The Member requested a breakdown of that budget, and it was agreed that it would be circulated to the Committee	Completed. Sent 24/6/2021
240.	Update to the Funding Strategy Statement	Cory Blose	The Committee resolved to approve the amendments to the Funding Strategy Statement for consultation with employers.	Following the meeting and before the consultation could be launched officers discovered an unintended discrepancy between the wording of the Exit Credit policy in the Funding Strategy Statement and the Administering Authorities Discretion policy. The consultation was therefore put on hold and the Committee is now asked to approve a further change to the Funding Strategy Statement to align the wording with the wording of the Discretions policy.

244.	Investment Strategy Statement	Paul Tysoe	Members requested copies of the Mercer presentation to be circulated.	Completed. Sent 24/6/2021
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Cambridgeshire Pension Fund

Pension Fund Committee

Date: 22nd July 2021

Report by: Chief Internal Auditor

Subject: Internal Audit Report 2020-2021

Purpose of the report: To present the finding of Internal Audit work during 2020-21.

Recommendations: The Committee is asked to note the Internal Audit work during 2020-21.

Enquiries to: Stephen Mangan, Audit and Risk Manager, Internal Audit
Email: Stephen.mangan@westnorthants.gov.uk

1. Background

- 1.1 Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- 1.2 The work of Internal Audit complements and supports the work of external auditors in forming their opinion on the financial accounts. Internal audit work is coordinated with the external auditors and they place reliance on the work of internal audit to reduce the level of testing they undertake themselves. This reduces overall costs by avoiding unnecessary duplication of effort and supports delivery of an efficient and effective service.

2. Report Content

- 2.1 During 2020-21, Internal Audit work focused on the annual audit of the administration of the Cambridgeshire Pension Fund.
- 2.2 The audit assessed the adequacy of design and implementation of controls for the administration of the pension fund. Based on the completion of our fieldwork and the testing carried out, we gave **substantial** assurance the control environment in place and for **good** assurance for compliance. The full report is included as Appendix A.

3. Relevant Fund Objectives

- 3.1 The audit work undertaken was designed to support the Pension Service in achieving its objectives through the effective management of risk. The work therefore supports all of the objectives of the Pension Service.

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

Continually monitor and measure clearly articulated objectives through business planning. *Objective 4*

Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. *Objective 5*

4. Risk Management

- 4.1 Good governance ensures that the Pension Fund is appropriately managed and has oversight by audit to ensure transparency.
- 4.2 The risks associated with failing to independently assess the Pension Fund has been captured in the Fund's risk register as detailed below.

Risk Mitigated	Residual Risk
Contributions to the Fund are not received on the correct date and/or for the correct amount	Amber
Risk of fraud and error	Green
Failure to understand and monitor risk and compliance	Green
Failure to administer the scheme in line with regulations and guidance.	Green
Incorrect/poor quality data held on the Pension Administration and Payroll platforms leading to incorrect information being provided to members and stakeholders.	Green

- 4.3 Please see full details of the [Cambridgeshire Pension Fund Risk Register hyperlink](#)

5. Finance & Resources Implications

- 5.1 There are no finance or resource implications associated with this report.

6. Communication Implications

Direct Communications: The work of auditors is transparent and reported to the Pension Committee.

Website: The report will also be published on internet.

7. Legal Implications

- 7.1 The requirement for an Internal Audit function derives from section 151 of the Local Government Act 1972. All principal local authorities and other relevant bodies subject to the Accounts and Audit Regulations 2015 in England should make provision for Internal Audit in accordance with the Code.

8. Consultation with Key Advisers

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

9. Alternative Options Considered

- 9.1 Not applicable

10. Background Papers

- 10.1 Not applicable

11. Appendices

- 11.1 Appendix 1 – Internal Audit Report: Administration of the Cambridgeshire Pension Fund 2020-21

Checklist of Key Approvals

Is this decision included in the Business Plan? No

Will further decisions be required? No

Is this report proposing an amendment to the budget and/or policy framework? No

Has this report been cleared by Section 151 Officer? Sarah Heywood – 8/7/2021

Has this report been cleared by Head of Pensions? Mark Whitby – 25/6/2021

Has the Chairman of the Pension Fund Committee been consulted? Councillor Whelan – 8/7/2021

Has this report been cleared by Legal Services? Fiona McMillan – 28/6/2021

Internal Audit Final Report

Administration of the Cambridgeshire Pension Fund

Governance Opinion

Adequacy of System	Substantial
Compliance	Good
Organisational Impact of findings	Minor

Report Issued	30/4/2021
Follow up Date	January 2022

Executive Summary

1. Background

- 1.1. Pensions administers the Local Government Pension Scheme on behalf of Northamptonshire County Council and Cambridgeshire County Council. There are 156,000 members of the Northamptonshire and Cambridgeshire Pensions Funds and circa 563 scheme employers, the service holds a portfolio of assets in excess of £5.4 billion.
- 1.2. The administration of the scheme is subject to an annual audit and provides assurance around arrangements to the employer organisations, the Pensions Committee and also the Pension Fund's External Auditors.

2. Scope of Audit and Approach

- 2.1. The objectives of the review were to ensure that:

- New members are set up accurately (including transfers in) and on a timely basis.
- The correct contributions are received from employer organisations on a timely basis.
- Appropriate action is taken upon notification that a member has left the scheme.
- Pension payments are made accurately and in accordance with LGPS regulations and in line with relevant administering authority and employing authority discretions.
- Reconciliations related to Pensions are completed on a timely basis, with prompt action taken to clear unreconciled items.

The review also followed up actions agreed in the 2019/2020 review.

2.2. Approach

The audit process involved:

- Undertaking interviews with relevant officers, to ascertain the procedures in place.
- Evaluating whether the procedures in place provided for an adequate and effective level of control.
- Testing, where appropriate, that the controls identified were operating in practice.
- Reviewing procedures for efficiency and, where appropriate, identify opportunities to make improvements to processes.

2.3. Acknowledgements

We would like to thank all the members of staff consulted, for their assistance and co-operation during the course of this review.

3. Internal Audit Opinion and Main Conclusions

- 3.1.** The assurance given to the system design is **Substantial**. The assurance level reflects our view that effective and embedded procedures are in place to support pensions and that the audit identified minor control weaknesses in how key activity as defined in section 2.1 of the report was being administered.
- 3.2.** The assurance given for compliance is **Good**. Overall, the review found high levels of compliance with agreed procedures although the review did identify that independent checks were not always undertaken.
- 3.3.** The organisational impact of the findings is **Minor**. This reflects the fact that whilst a small number of improvements have been identified, these are considered to have a limited impact on the Cambridgeshire Pension Fund.
- 3.4.** Main recommendations
- For each of the issues identified, we have agreed actions in the action plan. When implemented these will positively improve the control environment. Detailed agreed actions are listed within the Management Action Plan (MAP) at pages 7 and 8 of this report.

Detailed Findings

4. Control Objective (1) – Appropriate systems are in place to ensure notification of new members (including transfers in) are recorded on the pensions systems accurately and on a timely basis.

4.1. Employers are responsible for notifying Pensions Fund of any employees who wish to join the pension scheme. This information is currently received by Pensions through two mechanisms:

- Electronic data submissions via I-connect, which is a bespoke system which interfaces with the pensions system.
- Manual forms from employees and employers these are very rare.

4.2. Irrespective of the mechanism, checks are undertaken to ensure that only correct and complete records are uploaded into the pensions system (Altair), which are then used to create the member record. This includes:

- Independent checks on manual information input onto the pensions system by Pension Officers, and
- Checks to ensure that electronic data received is accurately transferred to the pensions system. This includes ensuring that all submissions received from employers have been processed and that any rejected data is investigated and resolved.

4.3. A log is maintained to monitor receipt of the monthly employers returns and this also details outstanding information and queries resulting from returns. As at 12th April 2021 five returns are overdue and there is a process in place to follow these up.

4.4. At the year end, a validation check is undertaken to ensure all data is correct. At the time of reporting, 284 queries relating to 2019-20 had not yet been resolved. It has been acknowledged that resources have been prioritised on other work which has contributed to the work not yet being completed.

(See MAP 1)

4.5. New members who wish to transfer in from another pension scheme are able to do so providing they complete the appropriate forms and meet defined criteria. Ten transfers into the Cambridgeshire Pension Fund (CPF) were tested and controls were found to be working in that:

- A transfer in request form was on file signed by the member.
- The pension certificate has been provided by the previous pension provider.
- The payment had been received from the previous pension provider.
- The member's pension record on Altair had been updated accurately.

In reviewing oversight of this activity, whilst procedures detail that the calculation of the transfer value should be subject to an independent check by a senior administrator, we found that:

- In three instances, no evidence of independent review was found. We were advised that working practice is that where an experienced administrator undertakes this task, no independent check is required for cases up to £10,000. From an audit perspective, we would expect independent checks on all calculations and that if a decision is made to change the process, this should be formally reflected in procedures agreed by the Head of Pensions in conjunction with the Pensions Committee.

(See Map 2)

- In two instances, an independent check was undertaken although this was by a Pensions Officer and not a Team Leader.

(See MAP 3)

5. Control Objective (2) - Mechanisms exists to ensure the correct contributions are received from employer organisations in line with agreed deadlines on a timely basis.

- 5.1.** A clearly defined process is in place to oversee the monthly payment of employer contributions to the CPF. Employers submit details of their contributions each month on a PEN18 electronic return. The PEN18s system checks that employer contributions received agree to actuary percentage rate for pensionable pay for employer's contributions. This system is automated so that when the data is fed into the system it calculates the amount due based on pensionable pay, this is then compared to the amount received. A check is also completed at the same time to monies received. Where variances occur the employer is contacted and they either adjust the next payment or invoice the employer.
- 5.2.** Records are maintained for employers and their contributions. For a limited sample, evidence was found that contributions reflected in the PEN18 returns (which provide details of summary total employer and employee contributions) were agreed as accurate. Payments were received from employers in line with agreed deadlines and traced to the Pension Fund bank account.
- 5.3.** In addition to the monthly process, an annual reconciliation of employer and member contributions to monies received takes place. A review of the 2019-20 reconciliation identified four queries which have been investigated and resolved.

6. Control Objective (3) - Appropriate action is taken upon notification that a member has left the scheme.

- 6.1.** Employers notify the Pensions Team when an employee leaves and the member's pension is then "deferred" until payments are due. Action is taken if a request or event takes place. These are considered below.
- 6.2.** Ten transfers out of the pension scheme were reviewed and testing highlighted that:
- A transfer out request form was on file signed by the member.
 - Confirmation from the employer / Payroll was on file to confirm the member had left their pensionable employment.

- A calculation of the transfer out value was on file which had been subject to review and authorisation. Four of the sample was approved by a Pension Officer rather than a Team Leader. (See section 4.5).
- The payment had been made to the appropriate Pension Fund.

(See MAP 3)

6.3 Notification of five pensioner deaths were reviewed and testing highlighted that:

- A death certificate was on file in all cases.
- The pension was stopped on a timely basis.
- A reconciliation had been completed to confirm if over / under payments had occurred and appropriate action was taken based on the findings. In two instances the calculation was checked by Pension Officer rather than a Team Leader. This practice is not in line with documented process.

(See MAP 3)

7. Control Objective (4) - Pension payments are made accurately and in accordance with regulations and agreed procedures.

- 7.1.** Pension payments can be set up for both new and dependent pensioners. For a new pensioner, the Pensions Team will initially seek confirmation that the member has left their pensionable employment. This information can either be provided by the employer or through Payroll. The Pensions Team then seek to validate key information including the member's date of birth, length of service and pay details. This information is then used to calculate the pension payment and then the payment is set up on the pension payroll. Both the calculation and setting up on the pension payroll are subject to independent checks for accuracy. Testing of five new pensioners highlighted that all cases a calculation was checked by a Pensions Officer rather than a Team Leader.

(See MAP 3)

- 7.2.** For dependent pensioners, similar checks are undertaken as outlined above apart the initial focus is on seeking official notification that the member has died, and confirming the status of the dependent, and for death in service / pensioner deaths, a calculation of potential death grants was also completed. Testing of five new dependent pensioners found pensions being paid all relevant confirmation and documents were received from the respective parties. However, testing found four instances where the calculation was checked by a Pension Officer rather than a Team Leader.

(See MAP 3)

- 7.3.** For all pensioners, the annual payment uplift process is an automated process as pensioner and payroll records are held on the Altair System. Evidence of the uplift process was held and the checking process undertaken to confirm that the correct uplift had been actioned.

8. Control Objective (5) - Reconciliations related to Pensions are completed on a timely basis, with prompt action taken to clear unreconciled items.

8.1. Bank Reconciliations – The Council has four bank accounts, namely:

- 1) Accounts Payable
- 2) Accounts Receivable
- 3) Liquidity
- 4) Salaries

8.2. A review of monthly reconciliations completed by the NCC Business Systems Team covering the period April 2020 to January 2021 highlighted that:

- Monthly reconciliations had all been completed.
- Reconciliations were completed on a timely basis.
- A clear audit trail existed as to the officer in the Business Systems Teams who has completed and reviewed the reconciliation.

8.3. A detailed review of the June, September and December 2020 reconciliations for all four bank accounts found that the reconciliations completed were accurate and that all entries could be agreed to appropriate source documentation. Across the four accounts, we have found that unreconciled items were generally cleared on a timely basis.

8.4. Based on a review of the January 2020 reconciliations, the following items were unreconciled and were in excess of three months old:

Accounts Payables

Area	No	Amount (£)
Unreconciled Bank Statement Transactions	1	10,000.00
Unreconciled General Ledger Transactions	1	334,364.42

Accounts Receivable

Area	No	Amount (£)
Unreconciled Bank Statement Transactions	2	9,696.00
Unreconciled General Ledger Transactions	121	6,759,493.85

Liquidity

Area	No	Amount (£)
Unreconciled Bank Statement Transactions	1	9,210,143.42

- 8.5.** Apart from one transaction where the reconciliation indicates that this will be matched in February 2021, all the other unreconciled items relates to the pension fund changing its bankers during the year and the unreconciled items being held in the previous pension fund bank accounts. This has progress by the Business Systems and the Treasury Teams and a visual inspection of the March 2021 reconciliations has confirmed that this matter has now been resolved.
- 8.6.** Payroll Control Accounts – Based on the same approach to bank reconciliations, audit tested seven pension fund control accounts (e.g. Net Pay, Debtors, Suspense, Altair Third Party Payment, Altair, Payroll Control and Payroll Third Party) between April 2020 and January 2021.
- 8.7.** Whilst the review found some administrative issues with the reconciliations which will be raised with Payroll directly, testing highlighted that monthly reconciliation had been completed on a timely basis with a clear audit trail to support who had completed. However, there was no evidence that reconciliations were subject to independent review.
- 8.8.** Furthermore, we found that unreconciled items were generally cleared on a timely basis with only a small number of unreconciled items in excess of three months old, which were primarily linked to the Altair Third Party Payment control account.

Management Action Plan

Likelihood	H	S	I	E	The Agreed Actions are categorised on the following basis:	
	M	S	I	E		
	L	S	I	E	Essential	Action is imperative to ensure that the objectives for the area under review are met.
		L	M	H	Important	Requires action to avoid exposure to significant risks in achieving objectives for the area under review.
					Standard	Action recommended enhancing control or improving operational efficiency.
		Impact				

Ref	Issue and Risk	Category	Agreed actions	Responsible Manager & Target Date
1	<p><u>Annual Validation Check</u></p> <p>At the year end, a validation check is undertaken to ensure all data is correct. At the time of reporting, 284 queries relating to 2019-20 had not yet been resolved. It has been acknowledged that resources have been prioritised on other work which has contributed to the work not yet being completed.</p> <p><u>Risk</u></p> <p>Creates a delay in processing payments. Potential errors are not identified.</p>	Important	To develop a plan of action to resolve the outstanding queries and ensure there is a mechanism in place to prevent the build of queries going forward.	Projects & Systems Manager 30/6/2021

Ref	Issue and Risk	Category	Agreed actions	Responsible Manager & Target Date
2.	<p><u>Transfer In – Independent Check</u></p> <p>Based on testing, we identified four transfer calculations that were not subject to independent review. We were advised that working practice is that where an experienced administrator undertakes the calculation of the transfer value, no independent check is required for cases up to £10,000. This is not consistent with procedures and no evidence was provided as to who agreed not to follow procedures in such circumstances.</p> <p><u>Risk</u> Errors not detected.</p>	Important	To review the current practices in light of the risk of error and align practices to approved procedures.	Operations & Technical Manager 31/8/2021
3.	<p><u>Independent Checks</u></p> <p>Through sample testing of various activity, we identified a relatively small number of cases where the independent check was undertaken by a Pensions Officer rather than a Team Leader as stated in procedures. From an audit perspective, the important factor is that routine independent checks are carried out by an appropriately experienced officer rather than by an officer at a certain grade.</p> <p><u>Risk</u> Non-compliance with procedures.</p>	Standard	To align working practices with procedures.	Operations & Technical Manager 31/12/2021

Distribution List

Full Report Issued for Action: Mark Whitby – Head of Pensions
Joanne Walton - Governance and Regulations
Manager

Full Report Issued for Information: Tom Kelly – Head of Finance
Sarah Heywood – Strategic Finance Manager

Issue Date: 30/4/2021

Audit Committee Date: 1/6/2021

This audit and report has been prepared in line with the Internal Audit Manual and has been subject to appropriate review.

LGSS Chief Internal Auditor Approval: Duncan Wilkinson

Quality Reviewed: Stephen Mangan

Lead Auditor: Minashi Patel

Cambridgeshire Pension Fund

Pension Fund Committee

22nd July 2021

Report by: Head of Pensions

- Subject:** Introduction to the Pension Fund Annual Report and Statement of Accounts 2020-21
- Purpose of the Report:** To provide the Pension Fund Committee with the background information of the year end processes for the Cambridgeshire Pension Fund's Annual Report and Statement of Accounts (ARSOA).
To present the Draft Annual Report and Statement of Accounts of the Pension Fund for the 2020-21 financial year.
- Recommendation:** That the Pension Fund Committee:
1) Note the Audit Plan 2020-21;
2) Approves the Draft Annual Report; and
3) Notes the Draft Statement of Accounts of the Pension Fund for the 2020-21 financial year.
- Enquiries to:** Fiona Coates, Pension Services Financial Manager,
07787 260894, Fiona.Coates@westnorthants.gov.uk

1. Background

- 1.1. The Pension Fund's Statement of Accounts (SOA) form part of the Council's Statement of Accounts. These are audited by the Council's external auditor Ernst & Young (EY). The auditor confirms whether, in their opinion, the SOA reflect a true and fair view of the financial position of the authority (and the Fund within it) for the financial year 1st April to 31st March and that the SOA is free from material misstatement.
- 1.2. The accounts are based on transactions accounted for within the Fund's financial ledger, information received from Investment Managers and the Fund's Custodian Northern Trust, and assumptions and estimations utilising the professional judgement of officers and Fund professional advisers in order to give a true and fair statement of the Fund's financial position.
- 1.3. The Chartered Institute of Public Finance and Accountancy (CIPFA) has issued the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21 (the Code), which governs the preparation of the financial statements for Local Government Pension Scheme funds. A CIPFA template is used each year to ensure that the reporting meets the requirements of the Code and is compliant with International Financial Reporting Standards (IFRS).

- 1.4. The publication of the Accounts is an essential feature of public accountability and stewardship as it provides information on how the Fund has used the members' funds for which it is responsible.
- 1.5. The structure and content of the Annual Report is governed by guidance issued by CIPFA in compliance with Regulation 57 of The Local Government Pension Scheme Regulations 2013 (as amended).

2. Audit Plan

- 2.1. Ernst & Young (EY) have been appointed as Independent External Auditors to provide an audit opinion on:
 - 2.1.1. whether the financial statements of Cambridgeshire Pension Fund give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2021 and the amount and disposition of the Fund's assets and liabilities as at 31 March 2021; and
 - 2.1.2. the consistency of the Pension Fund financial statements within the Pension Fund annual report with the published financial statements of Cambridgeshire County Council.
- 2.2. EY have produced an audit plan, setting out identified audit risks, expected materiality levels, the scope of their audit and the planned delivery of the audit process.
- 2.3. Page 5 of the accompanying report identifies the key risks and areas of auditor focus, and page 11 of the report details the Auditor's planned approach to these risk areas. These, along with the Fund's approach are summarised in the following table.

Risk/area of focus	Audit approach	Fund approach
Misstatements due to fraud or error	<ul style="list-style-type: none"> Identify fraud risks at planning stage Inquire of management how risks are mitigated by controls Understand the level of oversight within processes Consider effectiveness of controls Use appropriate audit strategy to address risks identified Perform mandatory procedures, including detailed testing 	<ul style="list-style-type: none"> Ensure process notes include identified risks Provide written process notes which detail controls
Investment Income and Asset valuation – Investment Journals	<ul style="list-style-type: none"> Test year end journals Review reconciliations of Investment Manager to Custodian reports Re-perform investment notes in Statement of Accounts Check reconciliation of holdings in Net Assets Statement to source reports 	<ul style="list-style-type: none"> Make copy journals available Provide quarterly reconciliation reports Liaise with Investment Managers to provide information to auditors on a timely basis

Risk/area of focus	Audit approach	Fund approach
	<ul style="list-style-type: none"> Agree quoted investment income to source reports 	
Unusual Investments – Cambridge and Counties Bank (CCB)	<ul style="list-style-type: none"> Review Grant Thornton's external valuation of the Bank and consider appropriateness of assumptions used Ensure values used are in line with relevant accounting policies Ensure value of the Bank is in line with Grant Thornton's valuation report 	<ul style="list-style-type: none"> Instruct Grant Thornton to provide a valuation report for the Bank and make this, and supporting information, available to the auditor Provide working papers demonstrating the value used at the year end and the valuation methodology
Valuations of complex investments (Unquoted investments)	<ul style="list-style-type: none"> Assess competence of management experts Review the basis of valuation for property and unquoted investments and assess the appropriateness of valuation methods used Review latest audited accounts and ensure no matters arise that highlight material differences Perform analytical procedures and check valuation output for reasonableness 	<ul style="list-style-type: none"> Provide working papers demonstrating the value used at the year end and the valuation methodology Provide quarterly reconciliation reports Liaise with Investment Managers to provide information to auditors on a timely basis
IAS26 Disclosure – Actuarial Present Value of Promised Retirement Benefits	<ul style="list-style-type: none"> Assess competence of management experts (Hymans) Review IAS26 approach applied by the actuary are reasonable and compliant with IAS26 Ensure IAS26 disclosure is in line with relevant standards and consistent 	<ul style="list-style-type: none"> Ensure process notes include identified risks Provide written process notes which detail controls
Going Concern	<ul style="list-style-type: none"> Challenge management's identification of events or conditions impacting going concern Test management's assessment of going concern 	<ul style="list-style-type: none"> Provide written process notes which detail controls Provide evidence and cashflows for foreseeable future

Risk/area of focus	Audit approach	Fund approach
	<ul style="list-style-type: none"> Review Fund's cashflow forecasts covering the foreseeable future Consider all evidence obtained Challenge disclosure made in accounts in respect of going concern and material uncertainties. 	

- 2.4. Page 18 of the accompanying report sets out the planned materiality levels for the audit, based on net assets of £3.0bn, which are planned to be:

Audit Area	Materiality
Planning Materiality	£30.0m
Performance Materiality	£22.5m
Audit Differences	£1.5m

- 2.5. Page 25 of the accompanying report sets out the proposed timeline for delivery of the audit. The key planned milestones are:

Milestone	Planned dates	Status
Planning/Walkthroughs	March 2021 – April 2021	Completed
Report audit plan	May 2021	Completed
Substantive testing	June 2021 – July 2021	Ongoing
Audit Results Report	September 2021	-

3. Annual Report

- 3.1. The Annual Report has been compiled in line with CIPFA guidance on Preparing the Annual Report (2019 edition). The guidance aims to promote consistency across all Local Government Pension Funds (LGPS) annual reports, promoting awareness of the scheme and providing members and stakeholders with relevant information in an accessible and consistent manner.
- 3.2. The guidance assists practitioners to meet the current regulatory framework which additionally supports the LGPS Advisory Board to produce a scheme wide annual report for England and Wales.
- 3.3. The Pension Fund Committee are responsible for approving the Annual Report for the Cambridgeshire Pension Fund and providing assurance to Audit and Accounts Committee for the Statement of Accounts. The Audit and Accounts Committee are responsible for approving the Statement of Accounts as these form part of the overall Administering Authorities SOA.
- 3.4. The Annual Report and Statement of Accounts contents has been set out over eight sections: -
- 3.4.1. Preface - The preface provides an introduction to the Annual Report framing the arrangements for the management of the Fund, a statement of responsibilities and listing key third parties.
- 3.4.2. Scheme Administration - The Scheme Administration section describes the

scheme framework, how the Fund is administered, the Administering Authority's role, membership movements and Pension Fund Committee and Local Pension Board membership. In addition, it sets out the key policies and strategies of the Fund and key policy changes through the financial year.

- 3.4.3. Management and Financial Performance - Management and Financial Performance describes the management of the Fund and sets out how decisions are made, the structure of the Pensions Service and sections on risk management and performance of the service. In addition, this section lists employer establishments, their contributions and status.
- 3.4.4. Investment Policy and Performance - Investment Policy and Performance describes the legislation under which investment of Fund assets is undertaken, the Fund's investment strategy and performance including commentary on asset pooling. In addition, it includes savings generated by pooling of investment assets and cost transparency. The Fund's independent consultant reviews the 2020-21 economic market background and the future outlook.
- 3.4.5. Actuarial Information - Actuarial Information describes how the Fund has complied with the Local Government Pension Scheme Regulations 2013 and the Fund's key funding principles adopted in the Funding Strategy Statement. This section describes the most recent triennial valuation and the key assumptions applied.
- 3.4.6. Audit Opinion - The section referring to Audit Opinion is currently blank pending the conclusion of the annual audit of the Administering Authority's Statement of Accounts.
- 3.4.7. Pension Fund Accounts - The final major section of the document is the accounting statements and notes to the accounts and is approved as a section within the Administering Authority's SOA and therefore this section is for the Pension Fund Committee to note.
- 3.4.8. Glossary
- 3.5. The Annual Report will be subject to further refinement, external auditor oversight and accessibility checks and a final version for publication will be brought to the September Pensions Committee.

4. Statement of Accounts Highlights

- 4.1. The Fund Account and the Net Asset Statement provide a summary of the financial activity with the notes to the accounts providing further information.
- 4.2. The net increase for the year was £856.4m, with the Fund's net assets rising to £3,854.1m reflecting strong financial growth during the year mainly due to the outperformance of global equities.
- 4.3. Contribution receipts increased from £126.5m to £154.5. The increase in contributions reflects multiple employers paying their three year deficits in 2020-21 following the 2019 Valuation.
- 4.4. Benefit payments have increased from £107.9m to £109.6m. The increase in pension payments reflects the growth in the number of pensioners during the year.
- 4.5. Management expenses are broken down in Note 11. Administration expenses have decreased during the year due to expenditure relating to 2018-19 being paid in 2019-20. Oversight and Governance costs have decreased due to higher actuary fees paid during 2019-20 for Valuation. Investment Management fees have increased during the year due to higher performance fees for alternative assets.

- 4.6. The one year investment return as at 31st March 2021 was a net market gain of £823.6m.
- 4.7. Investment income decreased from £34.4m in 2019-20 to £31.4m in 2020-21 mainly due to large disinvestments in segregated equities in 2019-20. However, there were two large income distributions circa. £7.6m from global equity pooled holdings in February 2021 which were reinvested into the asset pool. Investment income is largely impacted by market performance and returns during the year.

5. Recommendations

5.1. That the Pension Fund Committee:

- 5.1.1. Note the Audit Plan 2020-21;
- 5.1.2. Approves the Draft Annual Report; and
- 5.1.3. Notes the Draft Statement of Accounts of the Pension Fund for the 2020-21 financial year.

6. Relevant Pension Fund Objectives

To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.

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

To ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment.

To continually monitor and measure clearly articulated objectives through business planning.

To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.

To provide scheme members with up to date information about the scheme in order that they can make informed decisions about their benefits.

To seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund.

7. Risk Management

7.1. The mitigated risk associated with this proposal has been captured in the Fund's risk register as detailed below -

Risk mitigated	Residual risk
Contributions to the Fund are not received on the correct date and/or for the correct amount	Amber
Fund assets are not sufficient to meet obligations and liabilities.	Amber
Information may not be provided to stakeholders as required	Green
Those charged with governance are unable to fulfil their responsibilities effectively	Green
Custody arrangements may not be sufficient to safeguard Pension Fund assets.	Green
Failure to administer the scheme in line with regulations and guidance.	Green
Pension Fund investments may not be accurately valued.	Green
Investment decisions and portfolio management may not achieve the return required or be performed in accordance with instructions provided.	Green

7.2. The Fund's full risk register can be found on the Fund's website at the following link:

[Cambridgeshire Pension Fund Risk Register hyperlink](#)

8. Finance & Resources Implications

8.1. There are no additional finance implications as a result of the recommendations set out in this paper.

9. Communication Implications

9.1. The Regulations determine that the accounts and other related documents have to be made available for public inspection. The statutory audit deadlines have been extended due to COVID, authorities must commence the public inspection period, anticipated dates are 30th July 2021 – 10th September 2021.

9.2. The statutory date for publication of the final set of the County Council's Statement of Accounts is the end of November (original date end of July), and in accordance with recognised practice, the Council considers its Statement of Accounts to be published from the date that a final certified copy is made available via the Council's website.

9.3. The Statutory date for publication of the Pension Funds Annual Report is 1st December.

10. Legal Implications

10.1. There are no legal implications as a result of the recommendations set out in this paper.

11. Consultation with Key Advisors

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

12. Alternative Options Considered

- 12.1. The Pension Fund Annual Report and Statement of Accounts is a statutory requirement with a prescribed structure, which has been complied with.

13. Background Papers

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

14. Appendices

- 14.1. Appendix 1 – Cambridge Pension Fund Audit Plan Year ended 31 March 2020
Author: Ernst & Young (EY)
- 14.2. Appendix 2 - Annual Report Statement of Accounts 2020-21 (draft)

Checklist of Key Approvals

Is this decision included in the Business Plan? Not applicable.

Will further decisions be required? If so, please outline the timetable here Not applicable.

Is this report proposing an amendment to the budget and/or policy framework? No.

Has this report been cleared by the Head of Pensions? Mark Whitby – 25/6/2021

Has this report been cleared by the Section 151 Officer / Director of Finance? Sarah Heywood – 8/7/2021

Has the Chair of the Pension Fund Committee been consulted? Cllr Whelan – 8/7/2021

Has this report been cleared by Legal Services? Fiona McMillan – 28/6/2021

A background image showing a meeting in progress. Several people are seated around a white table, looking at and pointing to documents. A yellow semi-transparent box is overlaid on the left side of the image, containing the title and date. The EY logo is in the bottom right corner.

Cambridgeshire Pension Fund

Provisional Audit Plan

Year ended 31 March 2021

10 May 2021



Audit and Accounts Committee and Pension Fund Committee
Shire Hall,
Castle Hill,
Cambridge, CB3 0AP

10 May 2021

Dear Audit and Accounts Committee/ Pension Fund Committee Members,

2020/21 Provisional External Audit Plan - Cambridgeshire Pension Fund

We are pleased to attach our Provisional Audit Plan which sets out how we intend to carry out our responsibilities as your auditor. Its purpose is to provide the Audit and Accounts Committee with a basis to review our proposed audit approach and scope for the 2020/21 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Pension Fund, and outlines our planned audit strategy in response to those risks. Our planning procedures remain ongoing; we will inform the Audit and Accounts Committee if there are any significant changes or revisions once we have completed these procedures and will provide an update to the next meeting of the committee.

This report is intended solely for the information and use of the Audit and Accounts Committee, the Pension Fund Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on the 01 June 2021 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

MARK HODGSON

Mark Hodgson
Associate Partner
For and on behalf of Ernst & Young LLP
Enc

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2020/21 audit
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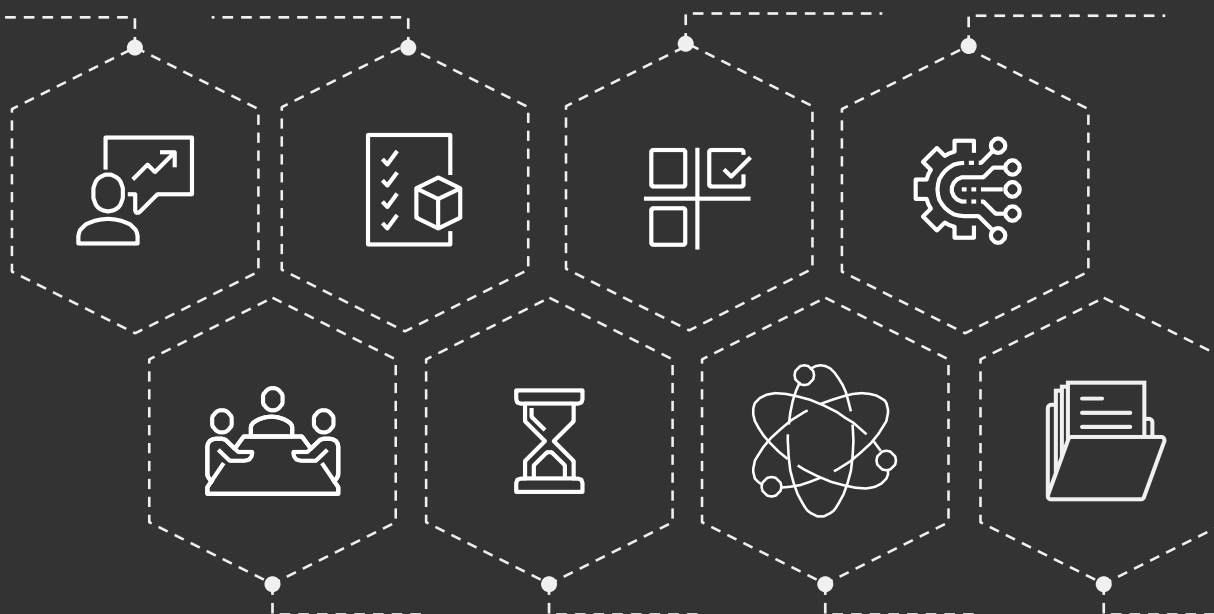
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Appendices

Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psaa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The "Terms of Appointment and further guidance (updated April 2018)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature. This report is made solely to the Audit and Accounts Committee and management of Cambridgeshire Pension Fund in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit and Accounts Committee, and management of Cambridgeshire Pension Fund those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit and Accounts Committee, and management of Cambridgeshire Pension Fund for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

Overview of our 2020/21 audit strategy



Overview of our 2020/21 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit and Accounts Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Misstatements due to fraud or error	Fraud risk	No change in risk or focus	<p>As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>We identify and respond to this fraud risk on every audit engagement.</p>
Investment Income and Asset valuation - Investment Journals	Fraud risk	No change in risk or focus	<p>We have considered the key areas where management has the specific opportunity and incentive to override controls.</p> <p>We have identified the main area as being around the Investment Income and Asset valuations being taken from the Custodian reports and incorrectly posted to the general ledger in the year, specifically through journal postings, to secure a more favourable reported financial position.</p>
Unusual Investments - Cambridge and Counties Bank (CCB)	Significant Risk	No change in risk or focus	<p>From a review of the 2019/20 financial statements, the Pension Fund has a £58.0 million investment in CCB Bank. The Pension Fund's investment in CCB is a hard to value Level 3 investment, as there is a lack of observable inputs and prices are not publicly available, and thus requires a specialist valuation model.</p> <p>The Fund transparently discloses in the notes to the accounts surrounding "Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty" that there is a risk that this could be under or over stated in the accounts.</p> <p>We consider this an non-routine investment for a pension fund, which therefore requires specialist valuation. We have not identified any issues in previous years and the Pension Fund continue to use an expert in this area, however this remains a material estimate based on a complex valuation model. On this basis, we have deemed it a significant risk.</p>

Overview of our 2020/21 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit and Accounts Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Valuation of complex investments (Unquoted investments)	Inherent risk	No change in risk or focus	<p>The Fund's investments include unquoted pooled investment vehicles such as private equity and property investments.</p> <p>Key judgements are taken by the Investment Managers to value these investments whose prices are not publically available. The material nature of this type of investment, means that any error in judgement could result in a material valuation error.</p> <p>Market volatility means such judgments can quickly become outdated, especially when there is a significant time period between the latest available audited information and the fund year end. Such variations could therefore have a material impact on the carrying value of the investments within the financial statements.</p> <p>In 2019/20 approximately 20% of the overall fund fell within this investment type, and as these investments are more complex to value, we have identified the Fund's investments in private equity and pooled property investments as a higher risk estimate, as even a small movement in the valuation assumptions could have a material impact on the financial statements.</p>
IAS 26 disclosure - Actuarial Present Value of Promised Retirement Benefits	Area of focus	Updated - from Inherent risk to area of focus.	<p>The Actuarial Present Value of Promised Retirement benefits is an actuarial estimate of the pension fund liability to pay future pensions calculated by an independent firm of actuaries with specialist knowledge and experience. The estimate is based on a roll-forward of data from the previous triennial valuation in 2019/20, updated where necessary, and has regard to local factors such as mortality rates and expected pay rises along with other assumptions around inflation and investment yields when calculating the liability.</p> <p>Within the calculation for the disclosure note, the valuation may use inappropriate assumptions to value the liability as at the 31 March 2021.</p>

Overview of our 2020/21 audit strategy

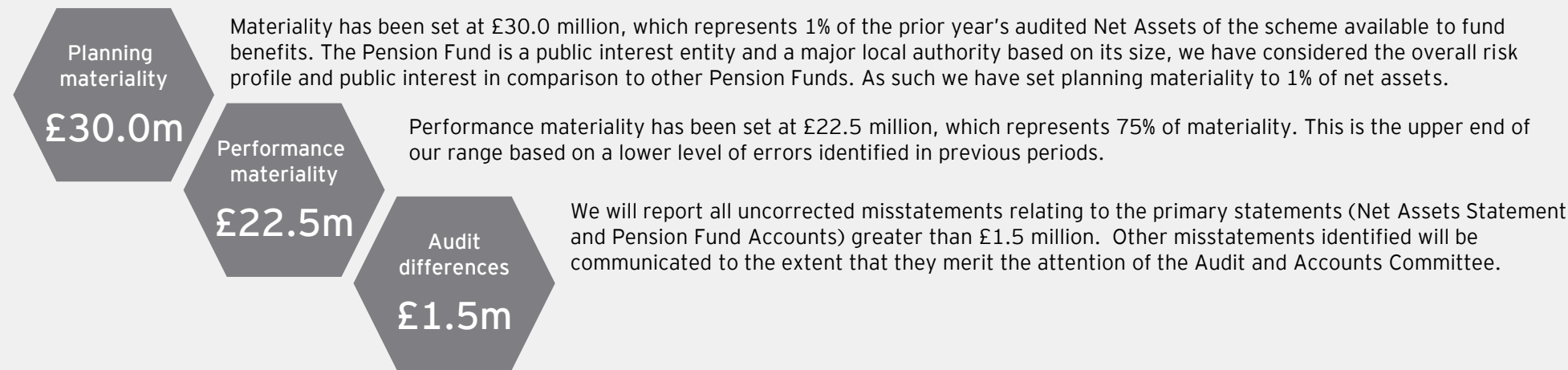
The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit and Accounts Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Going Concern	Area of focus	No change from 2019/20, but re-focused considering ISA570 revised.	<p>There is a presumption that the Fund will continue as a going concern for the foreseeable future. However, the Fund is required to carry out a going concern assessment that is proportionate to the risks it faces. In light of the continued impact of Covid-19 there is a need for the Fund to ensure its going concern assessment, including its supporting cashflow forecast, is thorough and appropriately comprehensive.</p> <p>The Fund is then required to ensure that its going concern disclosure within the statement of accounts adequately reflects its going concern assessment, and in particular highlights any material uncertainties it has identified.</p> <p>In addition, the auditing standard in relation to going concern (ISA570) has been revised with effect for the 2020/21 accounts audit and we need to ensure we comply fully with the requirements of the revised standard,</p>

Overview of our 2020/21 audit strategy

Materiality



Accounting estimates

In addition to the above risks and areas of focus, a revised auditing standard has been issued in respect of the audit of accounting estimates. The revised standard requires auditors to consider inherent risks associated with the production of accounting estimates. These could relate, for example, to the complexity of the method applied, subjectivity in the choice of data or assumptions or a high degree of estimation uncertainty. The changes to the standard may affect the nature and extent of information that we may request and will likely increase the level of audit work required. See page 14 for further details of the revised auditing standard.

Overview of our 2020/21 audit strategy

Audit scope

This Audit Plan covers the work that we plan to perform to provide you with:

- Our audit opinion on whether the financial statements of Cambridgeshire Pension Fund (the Pension Fund) give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2021 and the amount and disposition of the Fund's assets and liabilities as at 31 March 2021; and
- Our opinion on the consistency of the Pension Fund financial statements within the Pension Fund Annual Report with the published financial statements of Cambridgeshire County Council.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- Strategic, operational and financial risks relevant to the financial statements;
- Developments in financial reporting and auditing standards;
- The quality of systems and processes;
- Changes in the business and regulatory environment; and,
- Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Pension Fund.

Taking the above into account, and as articulated in this Audit Plan, our professional responsibilities require us to independently assess the risks associated with providing an audit opinion and undertake appropriate procedures in response to that. Our Terms of Appointment with PSAA allow them to vary the fee dependent on "the auditors assessment of risk and the work needed to meet their professional responsibilities". PSAA are aware that the setting of scale fees has not kept pace with the changing requirements of external audit and the increased regulatory focus on audit quality. Therefore, to the extent any of these or any other risks that are relevant in the context of Cambridgeshire Pension Fund's audit, we will discuss these with management as to the impact on the scale fee.

Audit team changes

Jacob McHugh will be taking on the role of Audit Manager for the engagement, having acted as the Lead Senior for this audit in previous years - which demonstrates our succession planning. Similarly, Sapheena Garcha will be taking on the role of Lead Senior for the engagement, having previously been a team member for the engagement.

Mark Hodgson remains in his role as Partner in Charge of the audit.



02

Audit risks



Our response to significant risks

We have set out the significant risks (including fraud risks *) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

	What is the risk?	What will we do?
<p>Misstatements due to fraud or error*</p>	<p>The financial statements as a whole are not free of material misstatements whether caused by fraud or error.</p> <p>As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>We identify and respond to this fraud risk on every audit engagement.</p> <p>As part of our work to identify fraud risks during the planning stages, we have identified those areas of the accounts that involve management estimates and judgements as the key areas at risk of manipulation.</p> <p>These are set out on the following page.</p>	<p>We will undertake our standard procedures to address fraud risk, which include:</p> <ul style="list-style-type: none"> ▶ Identifying fraud risks during the planning stages. ▶ Inquiring of management about risks of fraud and the controls put in place to address those risks. ▶ Understanding the oversight given by those charged with governance of management's processes over fraud. ▶ Considering the effectiveness of management's controls designed to address the risk of fraud. ▶ Determining an appropriate strategy to address those identified risks of fraud. ▶ Performing mandatory procedures regardless of specifically identified fraud risks, including; <ul style="list-style-type: none"> ▶ testing of journal entries and other adjustments in the preparation of the financial statements; ▶ reviewing accounting estimates for evidence of management bias; and ▶ evaluating the business rationale for significant unusual transactions. <p>We will utilise our data analytics capabilities to assist with our work, including journal entry testing. We will assess journal entries for evidence of management bias and evaluate for business rationale.</p>

Our response to significant risks (continued)

Investment income and asset valuations - Investment Journals*

What is the risk?

We have considered the key areas where management has the opportunity and incentive to override controls that could affect the Fund Account and the Net Asset Statement.

We have identified the main area as being:

- ▶ Investment Income (£34.4 million in 2019/20) and Asset valuations (£2.979 billion at 31 March 2020) being taken from the Custodian reports and incorrectly posted to the general ledger in the year, specifically through journal postings.

What will we do?

In order to address this risk we will carry out a range of procedures including:

- ▶ Test journals at year-end to ensure there are no unexpected or unusual postings;
- ▶ Undertake a review of reconciliations to the fund manager and custodian reports and investigate any reconciling differences;
- ▶ Re-perform the detailed investment note using the reports we have acquired directly from the custodian or fund managers;
- ▶ Check the reconciliation of holdings included in the Net Assets Statement back to the source reports; and
- ▶ For quoted investment income we will agree the reconciliation between fund managers and custodians back to the source reports.

Our response to significant risks (continued)

Unusual Investments - Cambridge and Counties Bank (CCB)

What is the risk?

The Pension Fund's investment in Cambridge and Counties Bank (CCB) is a hard to value, Level 3 investment. This is because of a lack of observable inputs and prices which are not publicly available.

The CCB investment is based on valuations provided by a management specialist - Grant Thornton (GT). GT used a markets multiple approach in the prior year looking at price earnings ratio and price to book ratios, considering current and forecast earnings and ratios.

As this investment is not publicly listed and as such there is a degree of judgement in their valuation. From our audit of the 2019/20 financial statements, the Fund had a £58.0 million investment in CCB.

The Pension Fund transparently discloses in the notes to the accounts surrounding "Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty" that there is a risk that this could be under or over stated in the accounts.

What will we do?

Our approach will focus on:

- ▶ Engaging with EY Transaction Valuation team who will undertake a review of the valuation model provided by GT considering the appropriateness of the assumptions and inputs used in determining the valuation;
- ▶ We will ensure that the CCB investment have been valued in accordance with the relevant accounting policies; and
- ▶ The audit team will test the accounting entries made in the statement of accounts to ensure they are consistent with the valuation provided by management's expert - GT.

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus?

Valuation of Complex Investments (Unquoted Investments)

The Pension Fund's investments include unquoted pooled investment vehicles such as private equity, and property investments.

Key judgements are taken by the Investment Managers to value these investments whose prices are not publicly available. The material nature of this type of investment, means that any error in judgement could result in a material valuation error.

Market volatility means such judgments can quickly become outdated, especially when there is a significant time period between the latest available audited information and the fund year end. Such variations could therefore have a material impact on the carrying value of the investments within the financial statements.

In 2020/21 approximately 20% of the overall fund fell within this investment type, and as these investments are more complex to value, we have identified the Fund's investments in private equity and pooled property investments as a higher risk estimate, as even a small movement in the valuation assumptions could have a material impact on the financial statements.

IAS 26 disclosure - Actuarial Present Value of Promised Retirement Benefits

The Pension Fund's IAS 26 calculation shows that the present value of promised retirement benefits amount to £4.305 billion as at 31 March 2020.

The figure is material and subject to complex estimation techniques and judgements by the Actuary, Hymans Robertson. The estimate is based on a roll-forward of data from the previous triennial valuation in 2019/20, updated where necessary, and has regard to local factors such as mortality rates and expected pay rises along with other assumptions around inflation and investment yields when calculating the liability.

Within the calculation for the disclosure note, the valuation may use inappropriate assumptions to value the liability as at the 31 March 2021.

What will we do?

In order to address this risk we will carry out a range of procedures including:

- ▶ Assessing the competence of management experts;
- ▶ Reviewing the basis of valuation for property investments and other unquoted investments and assessing the appropriateness of the valuation methods used;
- ▶ Where available, reviewing the latest audited accounts for the relevant fund managers and ensuring there are no matters arising that highlight material differences in the reported funds valuation within the financial statements; and
- ▶ Performing analytical procedures and checking the valuation output for reasonableness against our own expectations.

In order to consider this area of focus we will carry out a range of procedures including:

- ▶ Assessing the competence of management experts, Hymans Robertson;
- ▶ Engaging with the NAO's consulting actuary and our EY Pensions Advisory Team to review the IAS26 approach applied by the actuary are reasonable and compliant with IAS26; and
- ▶ Ensuring that the IAS26 disclosure is in line with the relevant standards and consistent with the valuation provided by the Actuary.

Audit risks

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures.

What is the risk/area of focus?

Going Concern

There is a presumption that the Fund will continue as a going concern for the foreseeable future. However, the Fund is required to carry out a going concern assessment that is proportionate to the risks it faces. In light of the continued impact of Covid-19 there is a need for the Fund to ensure its going concern assessment, including its cashflow forecast, is thorough and appropriately comprehensive.

The Fund is required to ensure that its going concern disclosure within the statement of accounts adequately reflects its going concern assessment and in particular highlights any uncertainties it has identified.

In addition, the auditing standard in relation to going concern (ISA570) has been revised with effect for the 2020/21 accounts audit.

What will we do?

In order to consider this area of focus we will carry out a range of procedures including:

- ▶ Challenge management's identification of events or conditions impacting going concern.
- ▶ Test management's resulting assessment of going concern by evaluating supporting evidence (including consideration of the risk of management bias).
- ▶ Review the Fund's cashflow forecast covering the foreseeable future, to ensure that it has sufficient liquidity to continue to operate as a going concern.
- ▶ Undertake a 'stand back' review to consider all of the evidence obtained, whether corroborative or contradictory, when we draw our conclusions on going concern.
- ▶ Challenge the disclosure made in the accounts in respect of going concern and any material uncertainties.



Audit risks

Other areas of audit focus (Continued)

What is the risk/area of focus?

Auditing accounting estimates

ISA 540 (Revised) - Auditing Accounting Estimates and Related Disclosures applies to audits of all accounting estimates in financial statements for periods beginning on or after December 15, 2019.

This revised ISA responds to changes in financial reporting standards and a more complex business environment which together have increased the importance of accounting estimates to the users of financial statements and introduced new challenges for preparers and auditors.

The revised ISA requires auditors to consider inherent risks associated with the production of accounting estimates. These could relate, for example, to the complexity of the method applied, subjectivity in the choice of data or assumptions or a high degree of estimation uncertainty. As part of this, auditors consider risk on a spectrum (from low to high inherent risk) rather than a simplified classification of whether there is a significant risk or not. At the same time, we expect the number of significant risks we report in respect of accounting estimates to increase as a result of the revised guidance in this area.

The changes to the standard may affect the nature and extent of information that we may request and will likely increase the level of audit work required, particularly in cases where an accounting estimate and related disclosures are higher on the spectrum of inherent risk. For example:

- We may place more emphasis on obtaining an understanding of the nature and extent of your estimation processes and key aspects of related policies and procedures. We will need to review whether controls over these processes have been adequately designed and implemented in a greater number of cases.
- We may provide increased challenge of aspects of how you derive your accounting estimates. For example, as well as undertaking procedures to determine whether there is evidence which supports the judgments made by management, we may also consider whether there is evidence which could contradict them.
- We may make more focussed requests for evidence or carry out more targeted procedures relating to components of accounting estimates. This might include the methods or models used, assumptions and data chosen or how disclosures (for instance on the level of uncertainty in an estimate) have been made, depending on our assessment of where the inherent risk lies.
- You may wish to consider retaining experts to assist with related work. You may also consider documenting key judgements and decisions in anticipation of auditor requests, to facilitate more efficient and effective discussions with the audit team.
- We may ask for new or changed management representations compared to prior years.



03

Audit materiality



Materiality

Materiality

For planning purposes, materiality for 2020/21 has been set at £30.0 million. This represents 1% of the Pension Fund's prior year audited net assets. It will be reassessed throughout the audit process. In an audit of a pension fund we consider the net assets to be the appropriate basis for setting the materiality as they represent the best measure of the schemes' ability to meet obligations rising from pension liabilities. We have provided supplemental information about audit materiality in Appendix D.



We request that the Audit and Accounts Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

Key definitions

Planning materiality - the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

Performance materiality - the amount we use to determine the extent of our audit procedures. We have set performance materiality at £22.5 million which represents 75% of planning materiality - consistent with the prior year level. We have considered a number of factors such as the number of errors in prior year and any significant changes in 2020/21 when determining the percentage of performance materiality.

Audit difference threshold - we propose that misstatements identified below this threshold are deemed clearly trivial. We will report to you all uncorrected misstatements over this amount relating to the Fund Account and Net Asset Statement.

Other uncorrected misstatements, such as reclassifications, misstatements in disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the Audit and Accounts Committee and Pension Fund Committee, or are important from a qualitative perspective.



04

Scope of our audit



Our Audit Process and Strategy

Objective and Scope of our Audit scoping

Under the Code of Audit Practice our principal objectives are to review and report on the Pension Fund's financial statements and arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers the **financial statement audit**

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK), as well as on the consistency of the Pension Fund financial statements within the Pension Fund annual report with the published financial statements of Cambridgeshire County Council.

We also perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Procedures required by standards

- Addressing the risk of fraud and error;
- Significant disclosures included in the financial statements;
- Entity-wide controls;
- Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and
- Auditor independence.

Procedures required by the Code

- Reviewing, and reporting on as appropriate, other information published with the financial statements.

We are also required to discharge our statutory duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

Our Audit Process and Strategy (continued)

Audit Process Overview

Our audit involves:

- ▶ Identifying and understanding the key processes and internal controls;
- ▶ Substantive tests of detail of transactions and amounts; and
- ▶ Reviewing and assessing the work of experts in relation to areas such as valuation of the Pension Fund to establish if reliance can be placed on their work.

For 2020/21 we plan to follow a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

Analytics:

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- ▶ Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- ▶ Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Audit and Accounts Committee.

Internal audit:

As in the prior year we will review internal audit plans and the results of their work where relevant to this engagement. We consider these when designing our overall audit approach and when developing in our detailed testing strategy. We may also reflect relevant findings from their work in our reporting, where it raises issues that we assess could have a material impact on the year-end financial statements.



05

Audit team



Audit team

The engagement team is led by Mark Hodgson, who has significant experience on Pension Fund audits.

Mark is supported by Jacob McHugh, Assistant Manager, who is responsible for the day-to-day direction of audit work and is the key point of contact for the senior accountant. The audit team will be lead by Sapheena Garcha, Senior.

Use of specialists

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Specialists
Pensions Liability	Hymans Robertson (Cambridgeshire Pension Fund actuary) PwC (Consulting Actuary to the NAO on behalf of audit providers) EY Pensions Advisory Team (if required)
Investment Valuation	The Pension Fund's Custodian and Fund Managers Grant Thornton (Cambridgeshire Pension Fund valuer for Cambridge & Counties Bank valuation) EY Transactions Team (for support on Cambridge & Counties Bank valuation)

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Pension Fund's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- ▶ Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- ▶ Assess the reasonableness of the assumptions and methods used;
- ▶ Consider the appropriateness of the timing of when the specialist carried out the work; and
- ▶ Assess whether the substance of the specialist's findings are properly reflected in the financial statements.



06

Audit timeline



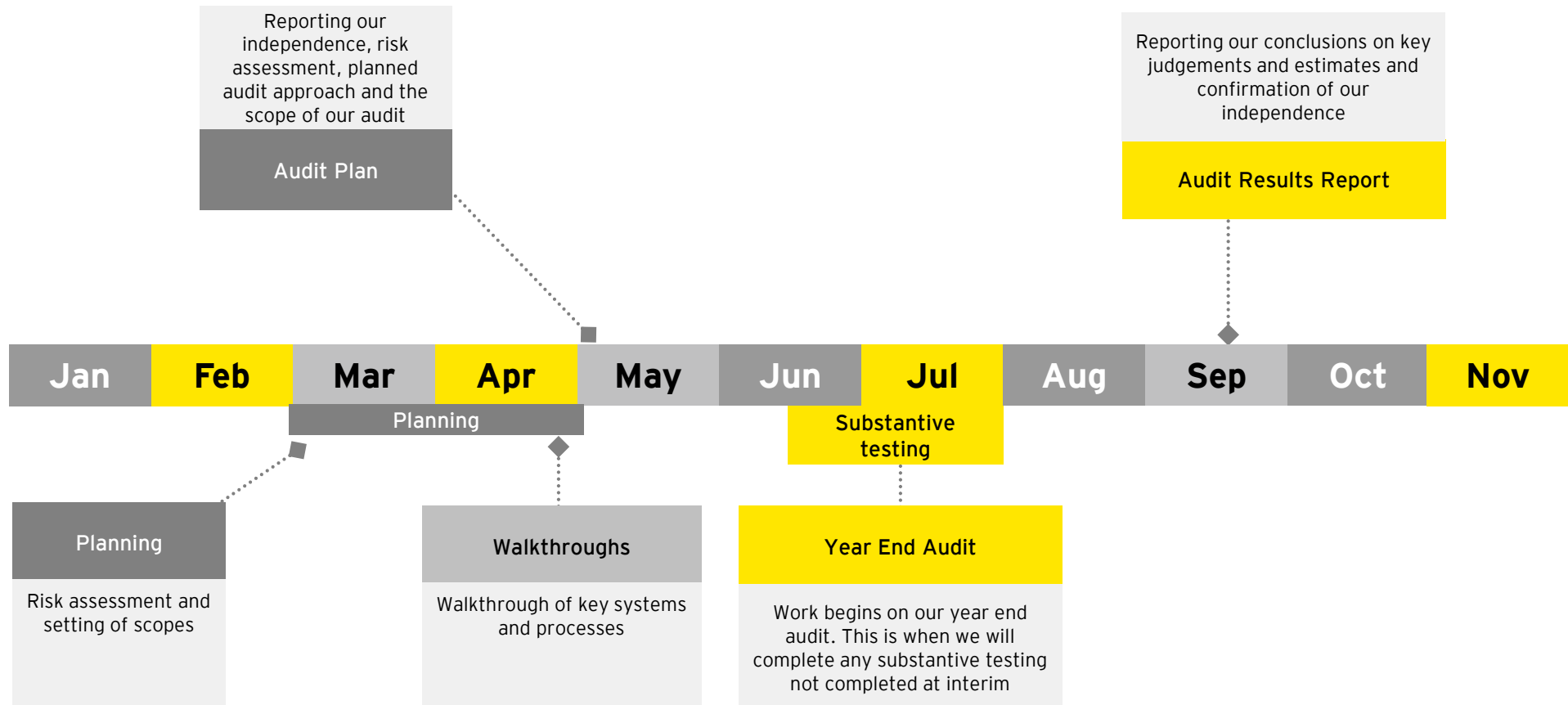


Audit timeline

Timetable of communication and deliverables

Timeline

Below is a proposed timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2020/21. From time to time matters may arise that require immediate communication with the Audit and Accounts Committee and we will discuss them with the Audit and Accounts Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.





07

Independence



Introduction

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in June 2016, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications

Planning stage	Final stage
<ul style="list-style-type: none"> ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between the you, your affiliates and directors and us; ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review; ▶ The overall assessment of threats and safeguards; ▶ Information about the general policies and process within EY to maintain objectivity and independence. ▶ Where EY has determined it is appropriate to apply more restrictive independence rules than permitted under the Ethical Standard [note: additional wording should be included in the communication reflecting the client specific situation] 	<ul style="list-style-type: none"> ▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed; ▶ Details of non-audit services provided and the fees charged in relation thereto; ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us; ▶ Written confirmation that all covered persons are independent; ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy; ▶ Details of any contingent fee arrangements for non-audit services provided by us or our network firms; and ▶ An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future services that have been contracted, and details of any written proposal to provide non-audit services that has been submitted;

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However, we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Mark Hodgson, your audit engagement partner and the audit engagement team have not been compromised.

Self interest threats

A self interest threat arises when EY has financial or other interests in the Pension Fund. Examples include where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's ES or the National Audit Office's Auditor Guidance Note 01 and the services have been approved in accordance with your policy on pre-approval. The ratio of non audit fees to audits fees is not permitted to exceed 70%.

At the time of writing, there are no non-audit services provided by us to the Pension Fund.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self interest threats at the date of this report.

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

Relationships, services and related threats and safeguards

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Pension Fund. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

Other communications

EY Transparency Report 2020

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2020:

https://assets.ey.com/content/dam/ey-sites/ey-com/en_uk/about-us/transparency-report-2020/ey-uk-2020-transparency-report.pdf



08

Appendices



Appendix A

Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

	Planned fee 2020/21	Scale fee 2020/21	Final Fee 2019/20
	£'s	£'s	£'s
Total Fee - Code work	17,256	17,256	17,256
Changes in work required to address professional and regulatory requirements and scope associated with risk (Note 1)	45,044	-	45,044
Additional work required for Covid-19 considerations (See Note 2)	To be confirmed	-	12,241
Additional work in respect of revised estimates auditing standard (see page 14)	To be confirmed	-	-
Additional Audit Fee in respect of work on behalf of Admitted Body auditors (recharged to the Pension Fund) (Note 3)	8,000	-	11,500
Total fees	To be confirmed	17,256	86,041

In addition, we are driving greater innovation in the audit through the use of technology. The significant investment costs in this global technology continue to rise as we seek to provide enhanced assurance and insight in the audit.

The agreed fee presented is based on the following assumptions:

- Officers meeting the agreed timetable of deliverables;
- Our accounts opinion being unqualified;
- Appropriate quality of documentation is provided by the Pension Fund; and
- The Pension Fund has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Pension Fund in advance.

All fees exclude VAT

Note 1: For 2019/20 and 2020/21 the scale fee has been re-assessed to take into account a number of risk factors as outlined below:

- Procedures performed to address the risk profile of the Pension Fund: £24,316
- Additional work to address increase in Regulatory standards: £19,472
- Client readiness and IT support for Data Analytics: £1,256

Fees (Continued)

Note 2: In 2019/20, we had to perform additional procedures to address the risks resulting from Covid-19. The fee in relation to this is subject to formal approval by PSAA Ltd.




We cannot quantify the impact of any work resulting as a response to Covid-19 risks in 2020/21 at this point. We will provide an update on the additional fee implications at the conclusion of the audit.

Note 3: We anticipate charging an additional fee of £8,000 in 2020/21 to take into account the additional work required to respond to IAS19 assurance requests from admitted bodies and their auditors. For 2019/20 we were also required to perform additional procedures over the 2019 triennial valuation on the Pension Fund on behalf of Admitted body auditors. The Pension Fund can recharge this fee to the relevant Admitted bodies.

Appendix B




Required communications with the Audit and Accounts Committee

We have detailed the communications that we must provide to the Audit and Accounts Committee.

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Terms of engagement	Confirmation by the Audit and Accounts Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.	Audit Plan (Provisional) - 10 June 2021 - Audit and Accounts Committee
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Audit Results Report - September 2021 - Audit and Accounts Committee



Appendix B

Required communications with the Audit and Accounts Committee (continued)

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	Audit Results Report - September 2021 - Audit and Accounts Committee
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Corrected misstatements that are significant ▶ Material misstatements corrected by management 	Audit Results Report - September 2021 - Audit and Accounts Committee
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the Audit and Accounts Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ A discussion of any other matters related to fraud 	Audit Results Report - September 2021 - Audit and Accounts Committee
Related parties	<ul style="list-style-type: none"> ▶ Significant matters arising during the audit in connection with the entity's related parties including, when applicable: ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	Audit Results Report - September 2021 - Audit and Accounts Committee




Appendix B

Required communications with the Audit and Accounts Committee (continued)

Our Reporting to you		
Required communications	 What is reported?	 When and where
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence 	<p>Audit Plan (Provisional) - 10 June 2021 - Audit and Accounts Committee</p> <p>Audit Results Report - September 2021 - Audit and Accounts Committee</p>
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures 	Audit Results Report - September 2021 - Audit and Accounts Committee
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off ▶ Enquiry of the Audit and Accounts Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit and Accounts Committee may be aware of 	Audit Results Report - September 2021 - Audit and Accounts Committee
Internal controls	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit 	Audit Results Report - September 2021 - Audit and Accounts Committee

Appendix B

Required communications with the Audit and Accounts Committee (continued)

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Representations	Written representations we are requesting from management and/or those charged with governance	Audit Results Report - September 2021 - Audit and Accounts Committee
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise.	Audit Results Report - September 2021 - Audit and Accounts Committee
Auditors report	<ul style="list-style-type: none"> ▶ Key audit matters that we will include in our auditor's report ▶ Any circumstances identified that affect the form and content of our auditor's report 	Audit Results Report - September 2021 - Audit and Accounts Committee
Fee Reporting	<ul style="list-style-type: none"> ▶ Breakdown of fee information when the audit plan is agreed ▶ Breakdown of fee information at the completion of the audit ▶ Any non-audit work 	Audit Plan (Provisional) - 10 June 2021 - Audit and Accounts Committee Audit Results Report - September 2021 - Audit and Accounts Committee

Additional audit information

Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities required by auditing standards

- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pension Fund's internal control.
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Concluding on the appropriateness of management's use of the going concern basis of accounting.
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Pension Fund to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements and reporting whether it is materially inconsistent with our understanding and the financial statements.
- ▶ Maintaining auditor independence.

Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines:

- ▶ The locations at which we conduct audit procedures to support the opinion given on the financial statements; and
- ▶ The level of work performed on individual account balances and financial statement disclosures.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.



Cambridgeshire County Council Pension Fund Annual Report and Statement of Accounts Year Ended 31 March 2021

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Chairperson's Foreword

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 2020-21.

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

The Council is required to:

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

The Chief Finance Officer's Responsibilities

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

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

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

The Chief Finance Officer has also:

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

Certificate of Accounts

I certify that this Statement of Accounts presents a true and fair view of the financial position of the Pension Fund at 31 March 2021 and of its income and expenditure for the year 2020-21, and authorise the accounts for issue.

Mr T Kelly

Chief Finance Officer
(Section 151 Officer)
Dated: XXXXXXXXXXXX

Scheme Management, Advisors and Partners

Partners

 ACCESS (Pension Pool)	 Barclays (Bank)	 Ernst & Young (Auditors)	 Hymans Robertson (Actuary)	 AON (Consultants)
 LGSS Law (Legal Advisors)	 Mercer (Investment Consultants)	 Northern Trust (Custodian)	 Squire Patton Boggs (Legal Advisors)	 Sam Gervaise-Jones (Ind. Advisor)

Asset Managers

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

AVC Providers

 Prudential	 Utmost Life & Pensions
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Scheme Management & Key Officers

The Key Officers of the Fund during the year were:

Mark Whitby – Head of Pensions

Ben Barlow – Fund Accounting Manager

Paul Tysoe – Investment Accounting Manager

Richard Sultana – Operations Manager

Cory Blose – Employer and Systems Team Manager

Joanne Walton – Governance and Regulations Manager

Fiona Coates – Pension Services Financial Manager

Richard Perry – Pension Services Financial Manager

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

Ben Barlow

Fund Accounting Manager, Pension Services

Email: Ben.Barlow@westnorthants.gov.uk

Telephone: 07917 197467



Enquiries relating to management and administration should be directed to:

Mark Whitby

Head of Pensions, Pension Services

Email: Mark.Whitby@westnorthants.gov.uk

Telephone: 07990 556197



Registered Pension Scheme Number: 10038487

Scheme Administration

Introduction

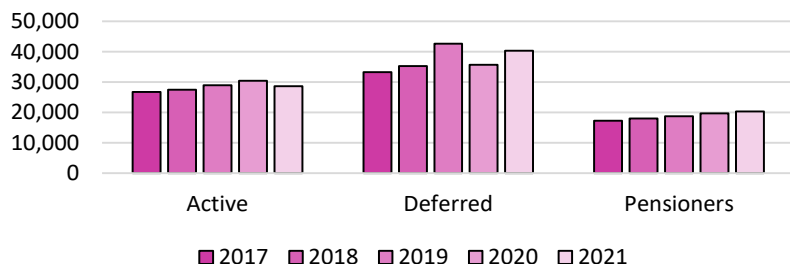
Cambridgeshire County Council is responsible for administering the Cambridgeshire Pension Fund, which is available to employees of the County Council, organisations with a statutory right to be in the scheme (scheduled bodies) and organisations, such as charities, which the County Council has admitted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

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

Membership

Membership of the Fund grew by 4.0% from the previous year.

On 31 March 2021 there were 28,711 active, 40,316 deferred and 20,380 pensioner members in the Fund. The deferred figure is inclusive of 9,411 open cases that may change status (undecided leavers).



Pension Fund Administration

A partnership exists between Cambridgeshire County Council, Northamptonshire County Council and Milton Keynes Council. This partnership provides pension administration services to the Cambridgeshire Pension Fund.

There are 77 staff members (74.42 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 1:2,183.

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. Normal pension age is linked to the state pension age but benefits can be drawn earlier or later, between age 55 and 75. The normal retirement age is the age a member can access their pension in full; if it is accessed before that date benefits will usually be reduced and if accessed after normal retirement age benefits may increase. All service built up to 31 March 2014 in the LGPS is fully protected and will continue to be based on a member's final year annual pay when the individual leaves the LGPS.

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

Scheme Administration (continued)

The below table compares the 2008 and the 2014 schemes.

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

Scheme Administration (continued)

Pension Committee and Board membership

The following table shows the attendance of Committee and Board members at applicable Pension Fund Committee, Investment Sub-Committee and Local Pension Board meetings during 2020-21, training undertaken in year, including; Training days, Conferences and Strategic Workshops.

Councillor/Member Name	Committee/Board	Meetings Attended	Training Undertaken (Virtual)
Councillor Terry Rogers - Chairman	• Pensions Committee	5/5	4 Sessions
	• Investment Sub-Committee	4/4	
Councillor Ian Gardener – vice Chairman	• Pensions Committee	5/5	4 Sessions
	• Investment Sub-Committee	4/4	
Councillor Mike Shellens	• Pensions Committee	5/5	4 Sessions
	• Investment Sub-Committee	3/4	
John Walker	• Pensions Committee	5/5	8 Sessions
	• Investment Sub-Committee	4/4	
Councillor David Seaton	• Pensions Committee	2/5	2 Sessions
	• Investment Sub-Committee	3/4	
Lee Phanco (Appointed to ISC August 2020)	• Pensions Committee	5/5	1 Sessions
	• Investment Sub-Committee	1/3	
Councillor Peter Downes	• Pensions Committee	5/5	2 Sessions
Councillor Anne Hay	• Pensions Committee	4/5	3 Sessions
Councillor Richard Robertson	• Pensions Committee	5/5	3 Sessions
Matthew Pink	• Pensions Committee	4/5	2 Sessions
Councillor David Jenkins (Appointed December 2020)	• Pensions Committee	0/2	0 Sessions
Liz Brennan (Substitute)	• Pensions Committee	0/5	0 Sessions
Councillor Simon King - Chairman	• Local Pension Board	3/3*	12 Sessions
David Brooks (Retired November 2020)	• Local Pension Board	2/3*	1 Sessions
Councillor Elisa Meschini	• Local Pension Board	3/3*	3 Sessions
Councillor Denis Payne	• Local Pension Board	3/3*	12 Sessions
Barry O'Sullivan	• Local Pension Board	3/3*	5 Sessions
John Stokes	• Local Pension Board	3/3*	3 Sessions
Val Limb	• Local Pension Board	1/3*	7 Sessions

* The meeting scheduled for April 2020 was cancelled

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 2020-21](#)

[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](#)

[Funding Strategy](#)

[Governance Policy and Compliance Statement](#)

[Investment Strategy Statement](#)

[Overpayment of Pension Policy](#)

[Payment of Pension Contributions Policy](#)

[Pension Fund Objectives](#)

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

[Risk Register](#)

[Risk Strategy](#)

Statement/Policy Changes in 2020-21

The following strategies and policies have been reviewed in 2020-21:

- Business Plan and Medium Term Strategy 20/21
- Communications Strategy
- Administration Strategy
- Data Improvement Policy
- Investment Strategy Statement

Management and Financial Performance

The Team

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

- **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

- **Systems** – ensure internal systems are operating efficiently and provide support to maintaining accurate member records.

Contact: PenSystems@westnorthants.gov.uk

- **Investments** – oversee the governance of Fund assets and support the Investment Sub-Committee.

Contact: 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

- **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.

Contact: PenContributions@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, 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 heard by the Employer if the complaint concerns an Employer decision or Head of Pensions if an administering authority decision. At Stage 2, the complaint is considered by Cambridgeshire County Council's Monitoring Officer, and if the complainant is still unhappy with the decision they may refer the case to The Pensions Ombudsman. At any stage a scheme member has the right to direct their complaint to The Pensions Ombudsman. More information can be found at [Pensions Ombudsman](#)

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

Nature of dispute	Stage 1	Stage 2
Delay in payment of refund and final value	Not upheld (July 2020)	N/A
Transferred out to an occupational pension scheme in 2012 and wanted benefits reinstating	Not upheld (September 2020)	Not upheld (December 2020)
Actual tier 1 ill health pension lower than estimate provided	Partially upheld (September 2020)	Not upheld (December 2020)
Delay in providing payment of LGPS benefits and AVCs	Partially upheld (January 2021)	N/A
Seeking reinstatement/compensation for deferred pension being transferred to a QROPS in 2015	Not upheld (March 2021)	N/A

Management and Financial Performance (continued)

Managing Decision Making

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

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

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

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

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

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

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

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

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

Management and Financial Performance (continued)

Risk Management

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

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

[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. The Cambridgeshire Pension Fund uses a matrix criterion for assessing the impact and likelihood of a risk to enable effective decision making.

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

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

Third party risks are managed through the Risk Register and associated policies, such as the Payment of Pension Contributions Policy.

Mitigations are put in place to minimise third party risks and, in particular, the risks associated with Scheme Employers and effective covenant monitoring.

Investment Risk

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

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

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

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

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

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

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

Management and Financial Performance (continued)

Financial Performance

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

Performance Indicators	2020-21 Forecast £000	2020-21 Actual £000
Contributions	130,000	154,534
Transfers in from other funds	5,200	22,232
Total Income	135,200	176,766
Benefits payable	(114,000)	(109,596)
Payments to and for leavers	(10,200)	(11,632)
Total Benefits	(124,200)	(121,228)
Surplus of contributions over benefits	11,000	55,538
Management Expenses		
Administrative Costs	(2,644)	(2,726)
Investment Management Expenses	(1,721)	(19,230)
Oversight and Governance Costs	(784)	(734)
Total Management Expenses	(5,149)	(22,690)
Total Income less Expenses	5,851	32,848
Investment Income	40,000	31,406
Taxes on Income	-	-
Profit/(loss) on disposal and changes in market value of investments	69,000	792,167
Net return on investments	109,000	823,573
Net increase/(decrease) in assets during the year	114,851	856,421

Management expenses per active member are shown below:

	2018-19	2019-20	2020-21
Active Members	28,976	30,422	28,711
Administrative Cost	£69.64	£112.25	£94.95
Investment Management Expenses	£501.93	£482.32	£669.78
Oversight and Governance Costs	£11.29	£30.11	£25.57

Variance Analysis

- Contribution differences reflects employers paying multiple year deficit payments in earlier years.
- Investment Management expenses forecast is understated as this does not include pooled fees deducted from market value.
- The 2020-21 Forecast for profit/loss on disposal and changes in market value of investments assumed the actuarial target would be achieved. The actual market experience is explained in the investments consultant's review on page 37.
- Details of non-investment assets and liabilities of the Fund can be found in the Statement of Accounts in Notes 21 to 23.

Management and Financial Performance (continued)

Performance Indicators

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

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

	Cases completed in the year	Cases completed within KPI target
Deaths – initial letter acknowledging death of member <i>KPI: 5 working days, Legal requirement: 2 months</i>	754	751
Deaths – letter notifying amount of dependant’s pension <i>KPI: 5 working days, Legal requirement: 2 months</i>	375	366
Estimates – letter notifying estimate of retirement benefits to employee <i>KPI: 10 working days, Legal requirement: 2 months</i>	572	542
Retirements – process and pay pension benefits on time <i>KPI: 5 working days, Legal requirement: 2 months</i>	447	423
Deferment – calculate and notify deferred benefits <i>KPI: 15 working days, Legal requirement: N/A</i>	2249	2078
Transfers in – Letter detailing transfer in <i>KPI: 10 working days, Legal requirement: 2 months</i>	314	299
Transfers out – letter detailing transfer out <i>KPI: 10 working days, Legal requirement: 3 months</i>	427	402

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 2020-21 £000	Total Paid On Time £000	% Paid On Time	Total Paid Late £000	% Paid Late
Employer	125,453	125,219	99.81	235	0.19
Employee	29,081	29,017	99.78	64	0.22
Total	154,534	154,236	99.81	299	0.19

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 ¹	£82,090,418
Total write off amount	£14,951
Write off amount as % of payroll	0.02%

²Excludes 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
2016-17	£81,468	£29,552	£26,072
2017-18	£68,606	£34,448	£18,498
2018-19 ²	£344,153	£282,908	£61,245
2019-20	£97,143	£36,137	£61,006
2020-21	£19,846	£4,895	£14,951

²Overpayments 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 from 2018-19 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 March 2021

Type Of Body	Number of Active Employers
Administering (AA)	1
Scheduled (S)*	389
Admitted (Ad)	111
Total	501

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

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
(NHS) Cambridgeshire & Pboro CCG	10,803	48,810	59,612		Ad
Abbey College Academy	55,274	186,093	241,367		S
Abbotts Ripton School (CCC)	5,436	21,297	26,733		S*
ABM Catering (Eynesbury Primary School)	1,585	9,867	11,452		Ad
ABM Catering (Holywell CofE Primary School)	852	3,407	4,259		Ad
ABM Catering (Oakdale Primary School)	872	3,458	4,330		Ad
ABM Catering (Priory Junior School)	465	1,860	2,325		Ad
ABM Catering (Werrington Primary)	4,742	19,985	24,727		Ad
ABM Catering Limited (Abbots Ripton CE Primary)	405	1,620	2,025	Y	Ad
ABM Catering Limited (Alderman Jacobs)	1,662	5,617	7,280		Ad
ABM Catering Limited (Brewsters Avenue Infant School)	2,819	16,555	19,374		Ad
ABM Catering Limited (Bushmead Primary and Elsworth Primary)	1,271	4,908	6,179		Ad
ABM Catering Limited (Heltwater Primary and Marshfields Primary School)	186	799	985		Ad

The table, left, shows employers in the fund as at the 31 March 2021, 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 2020-21, or contribution receipts recorded within the period.

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
ABM Catering Limited (St John's CE Primary School (Huntingdon))	1,297	5,741	7,037		Ad
ABM Catering Limited (The Beeches Primary and Hampton Hargate Primary)	2,338	9,946	12,283		Ad
ABM Catering Ltd (Great Paxton Primary School, Newton Community Primary School, Offord Primary School and Samuel Pepys School)	1,647	6,246	7,893		Ad
ABM Catering Solutions (Middleton Primary School)	1,041	4,165	5,206		Ad
Action for Children	1,075	-	1,075	Y	Ad
Active Learning Trust (HQ)	77,133	159,146	236,279		S
ADeC	-	14,000	14,000	Y	Ad
Advanced Cleaning Services (Burwell & Netherhall)	554	2,216	2,770		Ad
Alconbury C of E Primary (CCC)	15,110	58,955	74,065		S*
Alderman Jacobs Academy	34,563	115,747	150,310		S
Alderman Payne Primary (CCC)	6,170	24,679	30,848		S*
All Saints Inter Church Academy	14,919	60,664	75,582		S
All Saints' Primary School (PCC)	26,692	110,223	136,916		S*

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Alliance in Partnership	1,069	4,276	5,345		Ad
Aramark (Cambridge Regional College)	12,238	87,783	100,021		Ad
Arbury Primary School (CCC)	20,769	79,883	100,652		S*
Arthur Mellows VC Academy	87,676	273,547	361,224		S
Ashbeach Primary School (CCC)	10,703	42,072	52,775		S*
Aspens (Brampton Village Primary School)	221	1,112	1,333	Y	Ad
Aspens (Hemingford Grey)	666	2,646	3,312		Ad
Aspens (The Harbour School)	852	3,407	4,258		Ad
Aspens Services Ltd (Cottenham VC)	1,487	4,950	6,437		Ad
Babraham CE Primary Academy	4,891	20,444	25,335		S
Balfour Beatty	2,478	-	2,478		Ad
Balsham Parish Council	728	4,249	4,978		S
Bar Hill Community Primary School	15,534	60,099	75,633		S
Bar Hill Parish Council	2,202	11,912	14,114		S
Barnabas Oley CE Primary (CCC)	7,161	28,453	35,614		S*
Barnack CE Primary School (PCC)	10,483	42,627	53,111		S*
Barrington CE Primary (CCC)	7,620	30,290	37,910		S*
Barton Primary School (CCC)	7,612	29,509	37,121		S*
Bassingbourn Primary (CCC)	17,685	70,417	88,102		S*
Bassingbourn V C Academy	21,765	71,428	93,193		S
Beaupre CP School (CCC)	14,571	56,971	71,542		S*
Bellbird School (CCC)	24,140	95,149	119,288		S*
Benwick Primary School (CCC)	8,750	34,308	43,058		S*
Bewick Bridge C P Sch (CCC)	13,957	53,797	67,754		S*
Bishop Creighton Academy	14,295	46,267	60,562		S
Bottisham Community Primary Academy	14,296	61,942	76,238		S
Bottisham VC Academy	87,990	254,572	342,562		S
Bourn Primary Sch-Academy	13,324	43,922	57,246		S
Brampton Village School (CCC)	30,093	118,515	148,608		S*
Braybrook Primary School Academy	16,387	71,615	88,002		S

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Bretton Parish Council	1,405	4,648	6,054		S
Brewster Avenue School (PCC)	16,471	71,833	88,304		S*
Brington CE Primary School (CCC)	5,185	20,993	26,178		S*
Brunswick Nursery School (CCC)	12,462	47,641	60,103		S*
Buckden CE Primary Sch-Academy	22,463	72,843	95,306		S
Burnt Fen I D B	3,347	11,070	14,416		S
Burrough Green Primary (CCC)	5,750	22,753	28,503		S*
Burrowmoor Primary Acad.	34,855	121,157	156,011		S
Burwell Parish Council	1,734	5,737	7,472		S
Burwell VC Primary (CCC)	19,601	75,427	95,029		S*
Bury CE Primary Sch (MAT)	6,266	25,564	31,830		S
Bushmead Primary School (CCC)	23,397	91,524	114,921		S*
Busy Bee Cleaning Services Ltd (St Bede's Inter-Church School)	242	1,054	1,296		Ad
Caldecote Parish Council	324	1,266	1,590		S
Caldecote Primary School (CCC)	10,588	40,848	51,436		S*
Cambourne Parish Council	19,214	62,347	81,561		S
Cambourne Village Coll. Acad. (MAT)	72,034	224,587	296,621		S
Cambridge & Peterborough NHS Foundation Trust	16,220	78,352	94,572		Ad
Cambridge Academic Partnership	123,673	487,904	611,577		S
Cambridge AP Academy (TBAP)	8,090	29,634	37,724		S
Cambridge City Council	1,657,487	13,234,778	14,892,265		S
Cambridge Meridian Academy Trust (HQ staff)	112,635	314,810	427,446		S
Cambridge Regional College	533,797	2,113,294	2,647,090		S
Cambridgeshire and Peterborough Combined Authority	318,132	663,800	981,932		S
Cambridgeshire County Council	6,589,411	21,537,837	28,127,248		AA
Cambridgeshire PCT	-	12,139,000	12,139,000	Y	S
Cambs & P'boro Fire Authority	386,140	1,438,000	1,824,139		S
Cambs Chief Constable	1,771,661	6,269,385	8,041,046		S

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased Body
Cambs Police & Crime Commis'er	53,414	149,774	203,188	S
Care Quality Commisson	4,703	3,096	7,798	Ad
Carers Trust	281	1,064	1,345	Y Ad
Castle Camps Primary (CCC)	6,423	25,488	31,911	S*
Castle School (CCC)	86,441	335,736	422,177	S*
Castor CE Primary School (PCC)	10,606	44,697	55,304	S*
Cater Link Ltd	4,135	15,642	19,778	Ad
Caterlink (Active Learning Trust: Chesterton, Earith, Highfield Ely, Grove, Isle of Ely, Kingsfield, Pakefield, Red Oak, Reydon, Littleport & East Cambridge Academy, Cromwell Community College)	32,213	130,394	162,607	Ad
Caterlink (Anglian Learning)	1,796	7,169	8,965	Ad
CaterLink (Diamond Learning Partnership Trust)	3,632	15,186	18,818	Ad
Caterlink (Priory Park Infant School)	199	797	996	Ad
Caterlink (The Diamond Learning Partnership: Glebelands Primary School, Leverington Primary Academy, Murrow Primary Academy and Thomas Eaton Primary Academy)	3,336	22,549	25,885	Ad
Caterlink (Witchford VC Academy)	2,787	9,000	11,787	Ad
Caterlink Uk Ltd (Ernulf Academy)	357	1,818	2,175	Y Ad
Caterlink UK Ltd (The Vine Inter-Church School)	1,148	4,519	5,667	Ad
Cavalry Primary Academy	34,548	134,491	169,039	S
Caverstede Nursey School	20,804	88,943	109,747	S*
Centre 33	161	440	600	Y Ad
Chartwells Catering (Netherhall)	2,334	13,843	16,176	Ad
Chatteris Town Council	2,394	8,408	10,802	S
Cherry Hinton Primary (CCC)	16,696	64,844	81,540	S*
Chesterton Academy	75,314	223,922	299,236	S
Chesterton Primary Acad. (MAT)	11,594	39,507	51,101	S

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased Body
Cheveley Primary School (CCC)	5,856	23,423	29,279	S*
Churchill Contract Services	12,337	62,809	75,146	Ad
City College Peterborough (was PCAE) (PCC)	166,741	607,725	774,466	S
City of Ely Council	23,863	83,455	107,319	S
City of Peterborough Academy (MAT)	48,872	154,877	203,749	S
Clarkson Infants School (CCC)	18,165	69,730	87,894	S*
CleanTec Services (Cromwell Academy)	342	1,370	1,713	Ad
CMAT Educational Services Limited	1,282	3,768	5,050	Ad
Coates Primary School (CCC)	11,522	44,417	55,938	S*
Collections Trust	2,322	24,001	26,323	Ad
Colleges Nursery School (CCC)	13,539	53,897	67,436	S*
Colville Primary School (CCC)	18,136	70,260	88,396	S*
Comberton Academy Trust (HQ)	33,232	83,179	116,411	S
Comberton VC Academy	146,070	471,276	617,346	S
Compass Contract Services	5,342	7,187	12,529	Ad
Compass Contract Services (Staploe Education Trust)	9,762	33,592	43,354	Ad
Conservators of the River Cam	4,264	12,752	17,016	Ad
Coton C of E Primary School (CCC)	8,086	31,902	39,989	S*
Cottenham Primary School (CCC)	31,187	120,570	151,757	S*
Cottenham VC Academy	51,933	169,299	221,232	S
CRCC - Cambridge Rape Crisis Centre	2,372	8,029	10,402	Ad
Cromwell Academy	10,616	42,821	53,437	S
Cromwell Comm College (Academy)	62,114	249,038	311,151	S
Cross Keys Homes Ltd	22,338	320,659	342,996	Ad
Crosshall Infants Academy	37,014	123,618	160,632	S
Crosshall Juniors Academy	30,915	103,626	134,541	S
Cucina Ltd (Arthur Mellows)	1,103	3,731	4,834	Ad
Diocese of Ely Multi Academy Trust (DEMAT) HQ Staff	15,568	53,354	68,922	S

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Discovery Primary Academy	36,816	126,665	163,481	S	
Ditton Lodge Primary School	13,362	50,283	63,645	S	
Dogsthorpe Academy	23,548	106,431	129,979	S	
Dogsthorpe Infant School	6,744	26,281	33,025	S	
Downham Feoffees Primary Academy	8,165	32,274	40,439	S	
Dry Drayton Primary (CCC)	3,879	14,850	18,729	S*	
Duke of Bedford School (PCC)	17,637	75,020	92,656	S*	
Duxford Primary School (CCC)	16,407	63,994	80,402	S*	
Earith Primary Academy	6,535	27,864	34,399	S	
East Cambs District Council	338,151	1,604,688	1,942,839	S	
East of England Local Government Association (EEDA/EERA)	64,697	218,913	283,610	Ad	
Eastfield Inf and Nursery (CCC)	17,383	68,634	86,017	S*	
Easy Clean (Arbury Primary School)	241	964	1,205	Ad	
Easy Clean (Godmanchester)	1,007	3,662	4,669	Ad	
Easy Clean (Greater Peterborough UTC)	1,048	3,471	4,519	Ad	
Easy Clean (Kings Hedges)	17	71	88	Y	Ad
Easy Clean (Little Paxton)	168	671	839	Ad	
Easy Clean (The Phoenix School - Phase 1 Juniors)	97	414	511	Y	Ad
Easy Clean (The Phoenix School - Phase 2 Secondary)	907	3,893	4,801	Ad	
Easy Clean (Upwood Primary School)	331	1,442	1,772	Ad	
Easy Clean Contractors (Milton Primary School)	264	1,055	1,319	Ad	
Easy Clean Contractors Ltd (Brampton Village Primary School)	78	313	391	Y	Ad
Ecovert FM Ltd	1,515	131	1,645	Ad	
Edmund Trust	62	20,550	20,612	Ad	
Edwards & Blake Limited (Spring Common Academy)	187	782	968	Ad	
Edwards & Blake Ltd (Coates Primary School)	335	1,341	1,676	Ad	
Edwards and Blake (Cottenham)	251	968	1,219	Ad	

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Edwards and Blake (Godmanchester Community Education Trust)	327	1,188	1,514		Ad
Edwards and Blake (Little Paxton Primary)	396	1,598	1,994		Ad
Edwards and Blake (Stukeley Meadows)	587	2,350	2,937		Ad
Edwards and Blake Ltd (Bassingbourn Primary)	632	2,530	3,162		Ad
Elior UK	1,124	-	1,124		Ad
Elm Cof E Primary Academy	16,958	72,227	89,185		S
Elm Road Primary Sch. Academy	12,398	47,758	60,155		Ad
Elsworth CE (A) Primary School (CCC)	6,034	23,950	29,984		S*
Elton Church School (CCC)	8,642	34,741	43,382		S*
Ely (City of) College - Academy	56,264	183,455	239,719		S
Ely St John Primary (CCC)	21,629	84,198	105,827		S*
Ermine Street Church Academy	11,947	70,353	82,300		S
Ernulf Academy	41,796	136,293	178,089		S
Eye C of E Primary School (PCC)	31,296	125,808	157,105		S*
Eye Parish Council	554	2,054	2,608		S
Eynesbury CE School (CCC)	14,222	56,409	70,630		S*
Eyrescroft Primary Sch. Academy	30,767	123,750	154,517		S
Family Psychology Mutual	11,399	39,680	51,079		Ad
Farcet CE Primary Academy	9,395	36,414	45,809		S
Farcet Parish Council	677	3,423	4,100		S
Fawcett Primary School (CCC)	33,846	129,443	163,289		S*
Fen Ditton Primary Academy	10,053	38,727	48,780		S
Fen Drayton Primary (CCC)	6,457	25,497	31,954		S*
Fenland District Council	564,500	4,116,983	4,681,484		S
Fenstanton Primary School (CCC)	15,698	60,807	76,505		S*
Fields Early Years Centre (CCC)	17,467	72,142	89,609		S*
Folksworth CE Primary (CCC)	4,054	16,216	20,270		S*

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased Body
Fordham Primary School (CCC)	12,522	49,634	62,156	S*
Fourfields Primary School (CCC)	33,111	128,154	161,265	S*
Fowlmere Primary School (CCC)	4,721	18,883	23,603	S*
Foxton Primary School (CCC)	6,341	25,147	31,488	S*
Freedom Leisure (Fenland DC)	39,836	128,403	168,239	Ad
Friday Bridge Primary (CCC)	10,223	40,755	50,977	S*
Friends Therapeutic Community	53,136	319,404	372,539	Ad
Fulbourn Primary School (CCC)	19,031	72,885	91,917	S*
Fulbridge Academy	91,201	304,147	395,348	S
Fusion	822	2,614	3,436	Ad
Gamlingay First School Academy	19,164	81,839	101,002	S
Gamlingay Parish Council	4,435	15,430	19,865	S
Girton Glebe Primary	6,143	24,083	30,226	S
Girton Glebe Primary (CCC)	2,990	11,707	14,697	Y S*
Gladstone Primary Academy	37,742	142,192	179,934	S
Glebelands Primary Academy	24,902	99,385	124,288	S
GLL - Greenwich Leisure Ltd	6,035	27,650	33,686	Ad
Godmanchester Community Academy	34,586	123,105	157,691	S
Gorefield Primary Academy	9,573	37,615	47,188	S
Granta School (CCC)	76,747	276,836	353,583	S*
Great Abington Primary (CCC)	6,531	25,688	32,220	S*
Great and LT Shelford (CCC)	13,378	53,963	67,341	S*
Great Gidding CE Primary (CCC)	4,495	17,557	22,052	S*
Great Paxton C of E Primary (CCC)	9,690	37,166	46,857	S*
Great Staughton Academy (MAT)	5,270	22,538	27,809	S
Great Wilbraham Primary (CCC)	6,107	23,137	29,244	S*
Greater Peterborough UTC	16,805	49,037	65,842	S

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased Body
Guilden Morden Academy	6,367	23,318	29,685	S
Gunthorpe CP School (CCC)	25,862	106,059	131,922	Y S*
Guyhirn C of E Primary Academy (CCC)	7,145	30,005	37,150	S
Haddenham Level Drainage Commissioners	1,803	5,963	7,766	S
Haddenham Parish Council	1,758	6,680	8,439	S
Hampton College Academy	104,989	325,751	430,741	S
Hampton Gardens Academy	30,901	94,397	125,298	S
Hampton Hargate Primary (PCC)	41,231	170,679	211,910	S*
Hampton Lakes Academy	4,282	14,771	19,054	S
Hampton Vale Primary Academy	44,721	148,415	193,135	S
Hardwick Primary (CCC)	35,900	139,324	175,224	S*
Harston and Newton P Sch (CCC)	10,956	43,404	54,361	S*
Hartford Infant School	10,559	40,510	51,069	S
Hartford Junior School	17,484	66,646	84,130	S
Haslingfield Primary (CCC)	10,045	39,738	49,783	S*
Hatton Park School (MAT)	14,381	56,537	70,918	S
Hauxton Primary School (CCC)	6,450	25,695	32,145	S*
HCL (Hartford Infants, Hartford Junior and Gamlingay First School Academy)	1,453	5,762	7,215	Ad
Heltwate School (PCC)	73,923	304,563	378,486	S*
Hemingford Grey Primary School	12,755	50,307	63,062	S*
Heritage Park School (PCC)	14,680	61,309	75,989	S*
Hertfordshire Cleaning Limited (Thongsley Fields Primary)	2,420	14,557	16,977	Ad
Highfield Ely Academy	81,646	315,160	396,806	S
Highfield Littleport Academy	40,507	135,742	176,249	S
Highlees Primary Academy	29,217	130,524	159,741	S
Hills Road Sixth Form College	167,777	580,296	748,073	S
Hinchingbrooke School	110,457	334,498	444,955	S

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Histon and Imp. Infants (MAT)	16,214	64,340	80,555		S
Histon and Imp. Junior (MAT)	24,565	92,587	117,152		S
Histon and Impington Parish Council	5,615	19,324	24,940		S
Histon Early Years Centre (previously known as Histon Nursery School)	20,136	78,256	98,392		S*
Holme Church of England Primary Academy	8,247	35,358	43,605		S
Holywell CE(C)School (CCC)	11,017	43,319	54,336		S*
Home Close Ltd	279	1,313	1,592	Y	Ad
Homerton College	204,677	571,287	775,964		Ad
Homerton Early Years Centre (Nurse School) (CCC)	17,431	68,306	85,737		S*
Houghton Primary School (CCC)	19,107	75,090	94,197		S*
Huntingdon Nurse School (CCC)	20,325	77,098	97,424		S*
Huntingdon Primary School (CCC)	37,222	145,581	182,803		S*
Huntingdon Town Council	42,841	137,885	180,726		S
Huntingdonshire District Council	1,092,870	4,459,138	5,552,009		S
Icknield Primary School (CCC)	12,069	47,288	59,357		S*
Impington VC - Academy	117,948	323,757	441,705		S
Inspire Education Group	106,955	383,590	490,545		S
Isle of Ely Academy	22,882	71,641	94,523		S
Isleham Primary School (CCC)	11,775	46,154	57,930		S*
Jeavons Wood Primary Academy	31,934	107,759	139,692		S
John Clare Primary School	7,987	33,739	41,726	Y	S*
Kelsey Kerridge S H	15,404	108,500	123,905		Ad
Ken Stimpson Community School (PCC)	59,424	230,673	290,098		S*
Kennett Community School (Academy)	5,431	21,973	27,405		S
Kettlefields Primary (CCC)	6,997	27,217	34,214		S*
Kimbolton Primary Acad (MAT)	6,406	22,115	28,521		S
Kimbolton School (Independent School)	45,375	200,920	246,296		Ad

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Kinderley Primary School (CCC)	7,118	28,091	35,208		S*
Kings Hedges Primary (CCC)	42,312	155,012	197,324		S*
Kingsfield Primary School Academy	34,176	113,800	147,976		S
Lantern CP School Academy	25,049	91,762	116,811		S
Leverington Primary Academy	16,835	56,555	73,390		S
LGSS Law Ltd (CCC)	146,500	459,587	606,087		S
Lime Academy Orton (Phoenix School)	72,013	302,010	374,022		S
Linton Heights Junior Academy	13,392	48,342	61,734		S
Linton Infants School (CCC)	15,205	59,293	74,499		S*
Linton Parish Council	1,339	7,605	8,944		S
Linton VC Academy	45,818	149,176	194,994		S
Lionel Walden School (CCC)	15,343	61,655	76,998		S*
Little Downham Parish Council	1,675	5,539	7,214		S
Little Paxton Parish Council	3,414	11,724	15,138		S
Little Paxton School (CCC)	21,463	84,564	106,027		S*
Little Thetford Primary (CCC)	7,400	28,396	35,796		S*
Littleport & East Cambridgeshire Academy	22,503	70,957	93,460		S
Littleport and Downham I D B	9,069	29,998	39,068		S
Littleport CP School (CCC)	31,742	123,833	155,575		S*
Long Road Sixth Form College	93,734	339,052	432,786		S
Longsands Academy	76,612	242,704	319,316		S
Luminus Group Limited	57,872	617,406	675,278		Ad
Lunchtime Company (CPET)	5,995	27,661	33,657		Ad
Lunchtime Company Ltd	1,374	5,495	6,869	Y	Ad
Lunchtime Company Ltd (Abbey Meadows)	473	1,547	2,020	Y	Ad
Lunchtime Company Ltd (Friday Bridge Primary)	445	1,778	2,223	Y	S
Lunchtime Company Ltd (Fulbourn Primary)	830	3,320	4,149	Y	Ad

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Lunchtime Company Ltd (Grove Primary)	303	1,210	1,513		Ad
Lunchtime Company Ltd (Houghton Primary School)	437	1,748	2,185	Y	Ad
Lunchtime Company Ltd (St Laurence's Catholic Primary School)	216	862	1,078		Ad
Lunchtime Company Ltd (St Matthews)	313	1,250	1,563		Ad
Lunchtime Company Ltd (The Ashbeach Primary School)	638	2,551	3,189	Y	Ad
Lunchtime Company Ltd (Waterbeach)	422	1,688	2,110	Y	Ad
Malco Services Limited (Newton Comm Primary & Homerton Early Years Centre)	305	1,218	1,523		Ad
Manea Primary School (CCC)	16,902	66,625	83,527		S*
Martin Bacon Academy	25,110	103,559	128,669		S
Mayfield Primary School (CCC)	28,447	109,836	138,284		S*
Meadow Primary School	12,852	43,814	56,665		S
Meadowgate Academy (CCC)	69,349	270,105	339,454		S
Mears Ltd	40,310	2,429	42,739		Ad
Mears Ltd (SCDC)	10,250	-	10,250		Ad
Medeshamsted Academy (MAT)	38,892	118,991	157,882		S
Melbourn Primary School (CCC)	24,739	95,842	120,582		S*
Melbourn VC Academy	40,961	134,024	174,985		S
Meldreth Primary School (CCC)	17,311	69,578	86,890		S*
Mepal & Wicham CofE Primary Academy	6,105	21,535	27,640		S
Meridian School (CCC)	10,134	39,784	49,918		S*
Middle Fen and Mere I D B	21,617	59,718	81,335		S
Middle Level Commissioners	82,560	202,728	285,288		S
Middlefield CP School (Academy)	12,010	45,713	57,723		S
Millfield Primary School Academy	21,309	82,489	103,798		S
Milton Primary Academy	14,181	58,262	72,444		S
Milton Road Primary Sch (CCC)	20,467	78,808	99,275		S*
Mitie PFI Limited	1,170	465	1,635		Ad

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Monkfield Park School (CCC)	28,685	100,502	129,187		S*
Morley Memorial School (CCC)	34,635	92,339	126,974		S*
Mountain Healthcare Ltd	1,844	6,459	8,302		Ad
Murrow Primary School Academy	8,947	29,677	38,624		S
Neale Wade Academy	86,399	342,771	429,170		S
Nene Infants Acad (MAT)	34,272	123,114	157,386		S
Nene Park Academy (MAT)	46,713	145,522	192,235		S
Netherhall School Academy	46,150	177,058	223,208		S
New Road Primary School (MAT)	14,213	55,121	69,334		S
Newark Hill Primary Acad (MAT)	22,866	97,675	120,541		S
Newborough Parish Council	799	3,122	3,921		S
Newborough Primary (PCC)	10,743	45,557	56,299		S*
Newham Croft Primary (CCC)	13,604	53,917	67,521		S*
Nightingale Cleaning Limited - CMAT Schools	16,023	131,328	147,351		Ad
Nightingale Cleaning Limited - CPET Schools	641	2,543	3,184		Ad
North Cambridge Acad (MAT)	25,258	77,678	102,936		S
North Level IDB	42,349	127,486	169,835		S
Northborough Primary (PCC)	8,533	53,757	62,289	Y	S*
Northstowe Secondary School	11,042	40,217	51,259		S*
Norwood Primary School (PCC)	14,922	59,706	74,627		S*
Nourish (All Saints Inter-Church Academy - Catering Service)	1,134	4,926	6,061		Ad
Nourish (Girton Glebe, Park Street, St Lukes and St Philips School - Catering Service)	1,903	7,611	9,514		Ad
NPS Peterborough Ltd	2,361	-	2,361		Ad
Oakington CofE Primary School Academy	7,109	28,207	35,316		S
Octavia AP Academy (TBAP)	8,447	29,324	37,771		S
Offord Primary School Academy	6,953	29,973	36,925		S
Old Fletton Primary School (PCC)	33,088	135,863	168,950		S*

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Orchard Park Comm School (CCC)	13,271	50,860	64,131	S*	
Orchards CoE Primary Academy	37,174	139,406	176,579	S	
Ormiston Bushfield Academy	66,643	196,708	263,351	S	
Ormiston Meadows Acad (MAT)	22,898	93,101	115,999	S	
Orton Waterville Parish Council	808	3,745	4,554	S	
Over Primary School (CCC)	12,268	48,730	60,999	S*	
OWN Academy Trust	90,641	340,487	431,128	S	
Oxford Archaeology	57,322	124,444	181,766	Ad	
Pabulum (CPET: Hatton Park, Histon Infants, Histon Junior, Somersham and Trumpington Park)	25	105	130	Y	Ad
Pabulum (Morley Memorial Primary School)	1,550	6,025	7,575	Ad	
Pabulum (St Bede's Inter-Church School)	2,218	9,394	11,612	Ad	
Pabulum Ltd (Hardwick & Cambourne Community Primary School)	1,787	7,190	8,977	Ad	
Park Lane Primary & Nursey School	29,861	112,765	142,626	S	
Park Street CE (A) Primary (CCC)	7,241	28,087	35,328	S*	
Paston Ridings Primary (PCC)	39,067	164,419	203,486	S*	
Peakirk Cum Glinton Primary School (PCC)	18,979	78,777	97,755	S*	
Peckover Primary Academy	31,565	110,051	141,616	S	
Pendragon CP School (CCC)	28,278	91,923	120,201	S*	
Peterborough City Council	2,448,881	9,458,286	11,907,167	S	
Peterborough Keys Academies Trust (comprising of Ravensthorpe Primary, Thorpe Primary, Jack Hunt, Longthorpe Primary, Middleton Primary)	269,698	997,054	1,266,751	S	
Peterborough Ltd t/a Aragon Direct Services	140,140	381,617	521,757	S	
Peterborough Regional College	313,884	1,268,329	1,582,213	S	
Petersfield Primary School (CCC)	6,119	24,119	30,239	S*	
Phoenix School (PCC)	15,309	63,071	78,380	Y S*	
Priory Junior School (CCC)	12,677	49,462	62,139	S*	
Priory Park Infants School (CCC)	24,243	95,253	119,496	S*	
Pupil Referral Service PCC	5,711	22,330	28,041	Y S	

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Queen Edith School (CCC)	32,540	125,736	158,276	S*	
Queen Emma Primary School (CCC)	35,131	137,681	172,812	S*	
Queen Katharine Academy (Previously known as The Voyager Academy)	86,398	299,823	386,220	S	
Queens Drive Infant School	20,828	85,725	106,553	S*	
Rackham CE School (CCC)	19,469	76,978	96,447	S*	
Radis Community Care	12,978	12,548	25,526	Ad	
Radis Community Care	19,485	53,441	72,926	Ad	
Ramnoth Primary Acad (MAT)	18,615	67,488	86,103	S	
Ramsey Community Junior Academy	12,865	51,374	64,239	S	
Ramsey Spinning Infant Academy	14,669	62,558	77,227	S	
Richard Barnes Academy	56,031	222,964	278,995	S	
Ridgefield Junior (CCC)	15,972	61,825	77,797	S*	
Robert Arkenstall Primary (CCC)	16,495	66,640	83,136	S*	
Roddons Housing Association	32,957	328,373	361,330	Ad	
Romsey Mill Trust (Cambridge City Council)	347	1,097	1,444	S	
Round House C. P. Sch (MAT)	26,559	84,098	110,657	S	
Sacred Heart Catholic Primary School	14,096	56,510	70,606	S	
Samuel Pepys School (CCC)	57,345	219,971	277,315	S*	
Sanctuary Group	33,444	576,521	609,965	S	
Sawston Parish Council	4,742	16,063	20,805	S	
Sawston VC Academy	70,050	222,968	293,018	S	
Sawtry Infants School (CCC)	10,166	40,186	50,353	S*	
Sawtry Junior Academy	9,963	40,609	50,572	S	
Sawtry Parish Council	4,027	13,646	17,674	S	
Sawtry Village Academy	35,373	114,613	149,986	S	
Serco (PCC IT)	17,057	-	17,057	Y Ad	
Serco Limited (PCC)	175,850	-	175,850	Ad	

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Shade Primary School (MAT)	17,199	55,037	72,236		S
Shirley Community Primary School and Pre-School (CCC)	40,149	152,792	192,941		S*
Sir Harry Smith Comm Coll (Academy)	67,020	264,005	331,024		S
Skanska	14,070	28,038	42,108		Ad
Soham Town Council	4,848	19,121	23,969		S
Soham VC Academy	84,149	267,163	351,312		S
Soke Education Trust	1,040	3,775	4,815		S
Solutions 4 Health	867	4,421	5,288	Y	Ad
Somersham Parish Council	1,061	5,173	6,234		S
Somersham Primary School	15,275	64,208	79,483		S
South Cambridgeshire District Council	1,376,813	4,316,020	5,692,833		S
Southfields Primary School (PCC) (Was Southfields Junior School)	51,086	208,471	259,557		S*
Spaldwick Primary School (CCC)	8,822	34,904	43,726		S*
Spinney Primary School (CCC)	10,612	41,751	52,363		S*
Spring Common Academy	78,932	315,408	394,339		S
Spring Meadow Infants (CCC)	25,861	99,861	125,722		S*
Spurgeons	2,221	-	2,221	Y	Ad
St Albans RC Primary (CCC)	11,063	42,801	53,864		S*
St Andrews CofE Academy (Soham, Ely)	26,373	113,091	139,464		S
St Anne's CE Primary (CCC)	13,500	53,685	67,184		S*
St Augustines CE Junior School (PCC)	16,618	69,242	85,861		S*
St Bedes Inter Church School (Academy)	36,266	143,373	179,639		S
St Botolphs CE Primary Academy	30,622	113,336	143,958		S
St Helen's Primary Shcool (CCC)	7,586	29,890	37,476		S*
St Ives Town Council	19,217	63,302	82,519		S
St Ivo School Academy	77,656	250,222	327,878		S
St John Fisher	48,100	187,241	235,340		S*

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
St John's Academy (Stanground)	12,255	51,660	63,915		S
St John's CoE Primary Academy (Huntingdon)	27,553	113,327	140,879		S
St Laurence Catholic Primary School	14,220	57,996	72,216		S
St Luke's C of E Primary School Academy	11,946	61,048	72,994		S
St Mary's CofE Junior Ely	24,514	135,579	160,094		S
St Marys St Neots Academy	11,181	41,018	52,199		S
St Matthew's Primary Sch (CCC)	34,770	134,497	169,267		S*
St Michaels CE Prim Sch (PCC)	34,861	143,996	178,857		S*
St Neots Town Council	39,597	136,074	175,670		S
St Pauls CE Primary (CCC)	9,608	37,197	46,805		S*
St Peters CofE Academy (Wisbech)	21,399	89,066	110,466		S
St Peter's School HD Academy	73,226	225,841	299,067		S
St Philips C OF E Primary (CCC)	20,048	78,194	98,242		S*
St Thomas More Catholic Primary School	39,011	107,416	146,427		S
Stanground Academy (MAT)	66,597	268,901	335,498		S
Stapleford Primary Academy	13,395	48,859	62,254		S
Steeple Morden C OF E (CCC)	9,773	39,330	49,104		S*
Stephen Perse Foundation	19,325	107,986	127,311		S
Stevenage Leisure Limited (CMAT)	2,649	5,359	8,008	Y	Ad
Stilton Church of England Primary School	10,445	45,156	55,601		S
Stretham Primary School (CCC)	10,638	42,306	52,944		S*
Stukeley Meadows School (CCC)	25,843	100,985	126,828		S*
Sutton CE Primary School (CCC)	14,636	58,166	72,802		S*
Sutton Parish Council	2,258	7,466	9,724		S
Swaffham Bulbeck CE Prim Academy	5,377	21,631	27,008		S
Swaffham Internal Drainage Board	1,951	6,454	8,405		S
Swaffham Prior CE Prim Academy	12,323	43,970	56,293		S

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased Body
Swavesey Parish Council	1,455	5,393	6,848	S
Swavesey Primary School (CCC)	24,318	92,778	117,096	S*
Swavesey VC Academy (MAT)	57,356	189,767	247,124	S
Taylor Shaw (CMAT)	16,356	104,994	121,350	Ad
Taylor Shaw Limited (The Elliot Foundation)	16,694	91,534	108,229	Ad
Taylor Shaw Ltd (Abbey College Academy)	3,760	14,027	17,786	Ad
Teversham C of E Primary (CCC)	17,684	69,141	86,825	S*
The Beeches Primary School (PCC)	29,247	118,513	147,760	S*
The Centre School Academy	7,215	21,394	28,609	S
The Galfrid Primary School	14,383	58,950	73,333	Y S
The Grove Primary School (CCC)	23,306	89,503	112,810	S*
The Harbour School (CCC)	26,885	103,469	130,354	S*
The Kings School Academy	69,185	221,433	290,618	S
The Lime Academy - Abbotmede	25,786	106,260	132,046	S
The Lime Academy - Parnwell	20,104	80,768	100,872	S
The Lime Academy - Watergall	25,892	95,265	121,157	S
The Newton Community Primary School (CCC)	4,127	16,509	20,637	S*
The Pathfinder CofE Primary School	23,772	91,724	115,496	S*
The Weatheralls Primary School (Academy)	31,423	132,433	163,856	S
Thomas Clarkson C C Academy	62,030	241,315	303,345	S
Thomas Deacon Academy	189,894	594,963	784,857	S
Thomas Eaton Primary Academy	12,171	50,059	62,230	S
Thongsley Fields Primary and Nursery School	20,866	80,955	101,821	S
Thorndown Community Pri (CCC)	38,626	152,618	191,244	S*
Thorney Parish Council	993	3,682	4,675	S
Thriplow CE Primary Academy	6,056	26,872	32,929	S
TNS Catering (Linton Cluster)	1,137	4,548	5,685	Ad

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased Body
TNS Catering (WASP Cluster 2)	782	3,151	3,933	Ad
Townley Primary School (CCC)	11,038	43,525	54,562	S*
Trumpington Meadows P. S. (CCC)	13,988	55,148	69,136	S*
Trumpington Park Primary Academy	14,261	48,288	62,548	S
TSG Building Services Ltd	8,088	-	8,088	Ad
Unity Academy (TBAP)	24,652	93,656	118,309	S
University of Cambridge Primary School	23,409	76,224	99,633	S
Upwood Primary Academy	8,532	36,755	45,286	S
VEROHR LTD	1,781	6,468	8,249	Ad
VHS Cleaning (Stapleford Community Primary School)	300	1,135	1,435	Ad
VHS Cleaning Service Ltd (The Netherhall School)	174	729	903	Ad
VHS Cleaning Services (Bassingbourn VC and Sawston VC)	2,115	7,193	9,308	Ad
VHS Cleaning Services (Bewick Bridge Community Primary School)	209	837	1,046	Ad
Vine Inter Church School (CCC)	29,397	109,977	139,373	S*
VISIT Cambridge and Beyond	2,377	132,118	134,495	Y Ad
Vivacity Culture and Leisure	19,538	48,258	67,796	Y Ad
Warboys Primary Academy	18,059	77,568	95,627	S
Waterbeach CP School (CCC)	20,443	80,400	100,844	S*
Waterbeach Level Internal Drainage Board	2,014	6,664	8,678	S
Waterbeach Parish Council	3,399	11,243	14,642	S
Welbourne Primary Academy	19,928	82,937	102,865	S
Welland Primary School (MAT)	26,614	98,789	125,402	S
Werrington Primary Sch (PCC)	20,349	85,401	105,750	Y S*
West Town Primary (MAT)	20,001	82,969	102,970	S
Westfield Junior School (CCC)	21,919	86,824	108,743	S*
Westwood Primary Sch Academy	63,407	218,566	281,973	S
Wheatfields Primary School (CCC)	26,097	103,199	129,296	S*

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Whittlesey Internal Drainage Board	2,221	7,347	9,568	Y	S
Whittlesey Town Council	1,950	6,382	8,331		S
Wilburton CE Primary (CCC)	8,992	35,230	44,222		S*
William De Yaxley CoFE Academy	10,540	42,241	52,782		S
William Law CE Primary Academy	44,398	178,855	223,253		S
William Westley CE (CCC)	11,803	46,366	58,169		S*
Willingham Primary School (CCC)	23,193	88,951	112,144		S*
Wimblington Parish Council	636	2,488	3,124		S
Winhills Primary School (Academy)	40,666	142,585	183,251		S
Wintringham Primary Academy	1,344	4,578	5,923		S
Wisbech and Fenland Museum	2,107	14,893	17,000		Ad
Wisbech St Marys CE Primary Academy	15,359	59,789	75,148		S
Wisbech Town Council	4,452	14,969	19,421		S
Witcham Parish Council	236	921	1,157		S
Witchford VC - Academy	47,549	163,317	210,867		S
Wittering Primary School	21,944	91,951	113,895	Y	S*
Wyton Primary School (CCC)	13,410	51,268	64,678		S*
Yaxley Infants School (CCC)	13,974	55,723	69,697		S*
Yaxley Parish Council	9,024	38,491	47,515		S
YTKO Limited	198	667	866		Ad
Grand Total	29,081,005	125,453,367	154,534,373		

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) a requirement to invest fund money in a wide variety of investments;
- b) the authority's assessment of the suitability of different types of investments;
- c) the authority's approach to risk, including the ways in which risks are assessed and managed;
- d) the authority's approach to pooling investments;
- e) the authority's policy on how social, environmental and corporate governance considerations are taken into account; and
- f) the authority'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 has established 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. Over the last year the Pension Fund Committee, Local Pensions Board, Fund officers and professional advisors have worked together to carry out a review of the Fund's existing ISS. As part of this wide-ranging review, a specific focus was placed on the topic of responsible investment, including

the responsible investment beliefs of the Pension Fund Committee and Local Pension Board members and the opportunity has been taken to propose a strengthening of the Fund's responsible investment beliefs and policies with respect to Climate change. The review led to the development of an enhanced and expanded Responsible Investment Policy, which has been included in the new draft ISS. The Fund is running a consultation with relevant stakeholders regarding the revised ISS and expect the final version to be approved and published later in 2021.

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

The Fund supports the principles of the UK Stewardship Code (the "Stewardship Code") and will be working with the Fund's Advisors to assess the impact of the "apply and explain" Principles of the revised 2020 UK Stewardship Code.

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

Role of Investment Managers

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

Investment Policy and Performance (continued)

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 the ACCESS Pool has significant scale with assets of £XXbn, managed on behalf of cXXXX employers and cXXm members.

The roles and decision-making relationship between the eleven funds is informed by an Inter Authority Agreement. The ACCESS pool is governed by the ACCESS Joint Committee (AJC) comprising the Chairmen of the eleven constituent funds. The 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.

At 31 March 2021, the Cambridgeshire Fund had invested £1,358m in sub-funds of the ACCESS Authorised Contractual Scheme and £957m in the UBS passive arrangement resulting in £2,315m of assets under pool management representing 60.5% of the Fund’s assets.

During 2021-22 the Fund expects to invest in fixed income sub-funds of the ACS when they become available. The focus for ACCESS in 2021-22 is to continue work performed in 2020-21 to develop a pooled solution for Alternative asset classes.

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 due to the reduction in manager numbers and an increase in mandate size, 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 for funds moving from pooled funds to segregated mandates in the pool’s tax transparent ACS. For some asset classes such as global equities tax savings alone are material relative to additional costs of implementing pooling.

More information about the ACCESS asset pool can be found on their website: [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 Other Costs in Note 12 Investment Management Expenses to the Statement of Accounts and comprises the following:

Operational Costs	2020-21	2015-16 to 2020-21 Cumulative
	£000	£000
Strategic & Technical	26.4	129.0
Legal	13.4	97.0
Project Management	-	81.1
ACCESS Support Unit	34.7	115.6
Other	3.9	26.7
Total Set Up Costs	78.4	449.4

Cost Savings

The combined fee savings for the 2020-21 financial year resulting from the asset pooling agenda exceed £1.8m per annum, mainly resulting from the passive mandate.

Cost Transparency

The analysis below shows the investment expenses incurred during financial year 2020-21 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							
Transaction taxes							
Broker commissions							
Other explicit costs							
Implicit/indirect transaction costs							
Administration							
Governance and Compliance							
Other							
Total							

Investment Policy and Performance (continued)

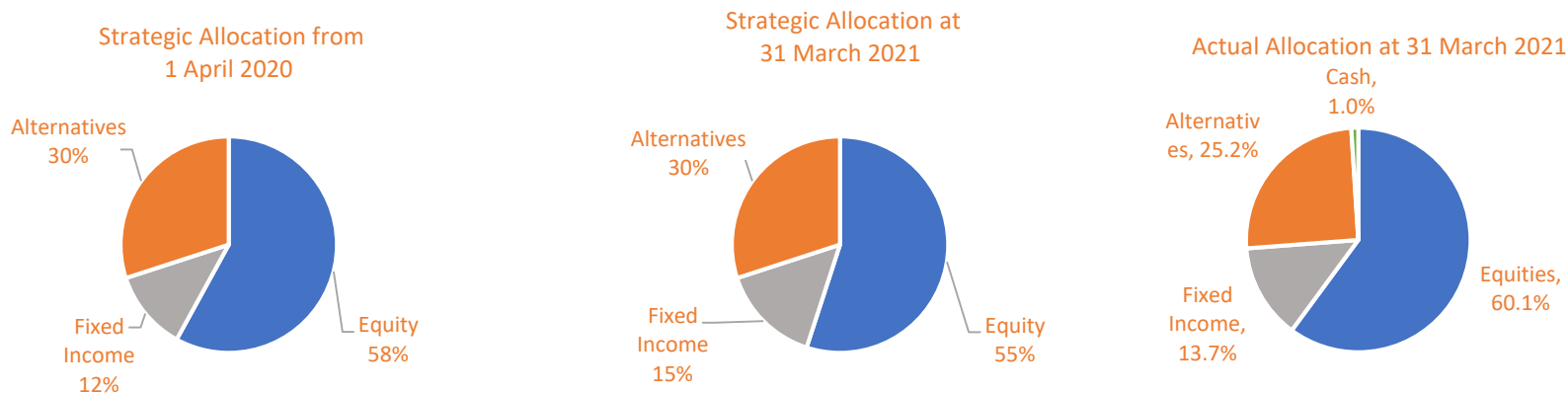
Investment Allocation and Performance

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. 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 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 also implemented a risk management strategy managed by River & Mercantile with the objective of reducing equity risk. During 2020-21, following a review of the Fund's fixed income mandates, the allocation to fixed income was increased from 12% to 15% and within this allocation, 10% was used to implement Multi Asset Credit mandates with 2 managers in order to diversify the sources of return. The allocation to equities was reduced from 58% to 55%.

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 2021.



Investment Policy and Performance (continued)

The value of the investments held by each of the Fund's Investment Managers on 31 March 2020 and 31 March 2021 is shown in the following table.

Value of investments at the balance sheet date

Manager	31 March 2020		31 March 2021	
	£m	% of Total	£m	% of Total
UBS Passive UK Equity	73.1	2.5	85.0	2.2
Link Fund Solutions – ACCESS Global Equity (JO Hambro)	386.3	13.0	509.5	13.3
Link Fund Solutions - ACCESS Global Stock	316.6	10.6	486.7	12.7
Link Fund Solutions – ACCESS Global Equity (Longview)	266.4	8.9	362.1	9.5
River & Mercantile	36.9	1.2	(15.3)	(0.4)
UBS Passive Global Equity	780.4	26.2	872.0	22.8
BlueBay Asset Management	-	-	183.4	4.8
M&G Investments	-	-	182.5	4.8
River & Mercantile	155.4	5.2	157.0	4.1
Schroders Bonds	148.6	5.0	0.0	0.0
Schroders Property	225.0	7.6	252.7	6.7
Adams Street	86.9	3.0	116.5	3.0
Allianz	19.2	0.6	21.1	0.6
AMP debt	41.0	1.4	43.5	1.1
Cambridge and Counties Bank	58.0	1.9	76.0	2.0
Cambridge Building Society	15.0	0.5	15.0	0.4
Foresight	4.9	0.2	32.2	0.8
Equitix	37.2	1.2	15.1	0.4
HarbourVest	69.4	2.3	95.5	2.5
IFM Infrastructure	60.9	2.0	62.8	1.6
JP Morgan	-	-	61.0	1.6
M&G	110.4	3.7	118.9	3.1
Partners Group	39.3	1.3	40.3	1.1
UBS Infrastructure	14.0	0.5	10.8	0.3
Cash	34.7	1.2	36.4	1.0
TOTAL	2,979.6	100.0	3,820.7	100.0

Investment Policy and Performance (continued)

Total Fund Performance

The total investment return for the Fund over the financial year was 25.9% compared with a weighted benchmark return of 27.7%. In the previous year the total investment return was -5.7% compared with a weighted benchmark of -3.3%. The Fund's total investment return was 8.2% p.a over the three years to 31 March 2021, 10.2% p.a over the five years to 31 March 2021, and 8.2% per annum over the ten years to 31 March 2021.

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
Equity	UBS Passive	41.5	41.4	0.1	13.2	13.2	0	n/a	n/a	n/a
	J O Hambro	50.2	38.9	11.3	17.0	12.7	4.3	n/a	n/a	n/a
	Dodge & Cox	53.7	38.4	15.3	9.7	13.4	(3.7)	n/a	n/a	n/a
	Longview	35.9	38.9	(3.0)	n/a	n/a	n/a	n/a	n/a	n/a
Fixed Income	River & Mercantile	0.9	0.9	0.0	n/a	n/a	n/a	n/a	n/a	n/a
Real Estate	Adams Street	40.0	39.1	0.9	22.1	14.1	8.0	n/a	n/a	n/a
	Allianz	12.8	4.0	8.8	n/a	n/a	n/a	n/a	n/a	n/a
	AMP debt	(0.1)	10.0	(10.1)	1.3	10.0	(8.7)	n/a	n/a	n/a
	Equitix	(10.6)	10.0	(20.6)	3.1	10.0	(6.9)	n/a	n/a	n/a
	HarbourVest	(0.2)	39.1	(39.3)	7.9	14.1	(6.2)	n/a	n/a	n/a
	Foresight	(4.8)	39.1	(43.9)	n/a	n/a	n/a	n/a	n/a	n/a
	IFM Infrastructure	3.0	10.0	(7.0)	n/a	n/a	n/a	n/a	n/a	n/a
	M&G Residential Property	0.3	6.0	(5.7)	n/a	n/a	n/a	n/a	n/a	n/a
	M&G Secured Loans	15.4	4.4	11.0	2.7	4.7	(2.0)	n/a	n/a	n/a
	Partners Group	15.2	10.0	5.2	8.6	10.0	(1.4)	n/a	n/a	n/a
	UBS Infrastructure	(19.1)	10.0	(29.1)	0.5	10.0	(9.5)	n/a	n/a	n/a
	Schroders Property	3.2	2.5	0.7	3.1	2.4	0.7	5.8	6.4	(0.6)

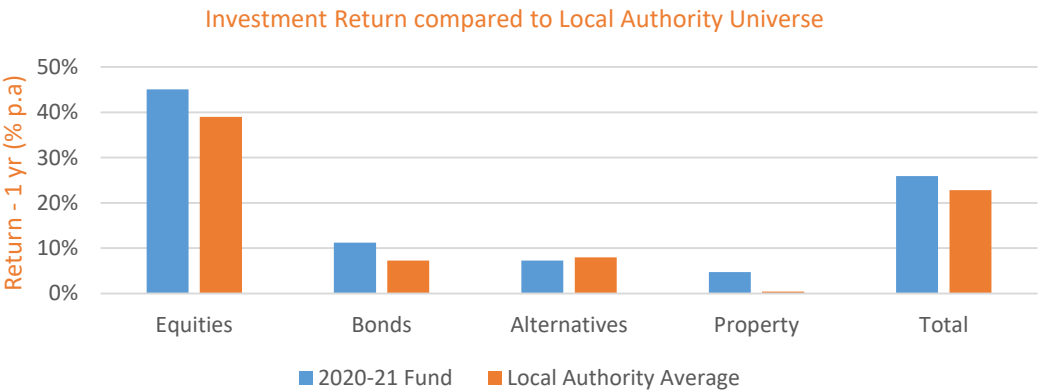
n/a = Not invested for the full period therefore no meaningful performance measure is available

Investment Policy and Performance (continued)

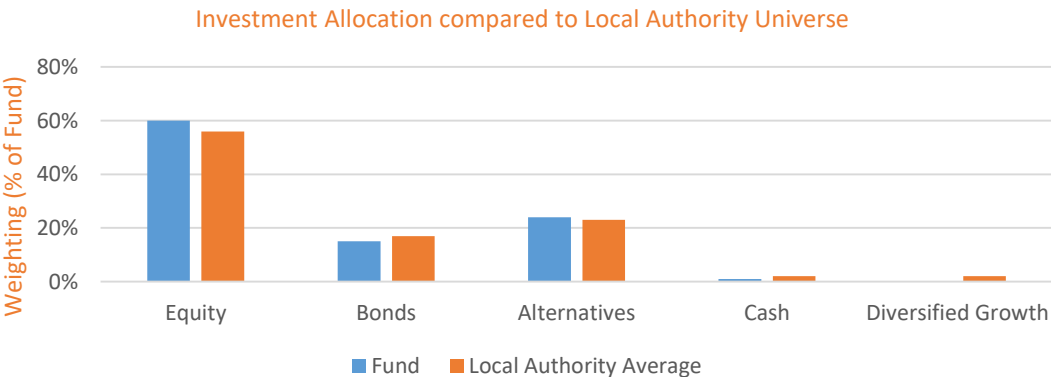
Performance in Comparison with Local Authority Universe

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

In 2020-21 the Fund’s performance of 25.9% over the financial year was ranked 38th percentile out of the 64 Funds participating in the Universe. The investment return achieved was influenced by the Fund’s holding of a higher proportion of Global Equities.

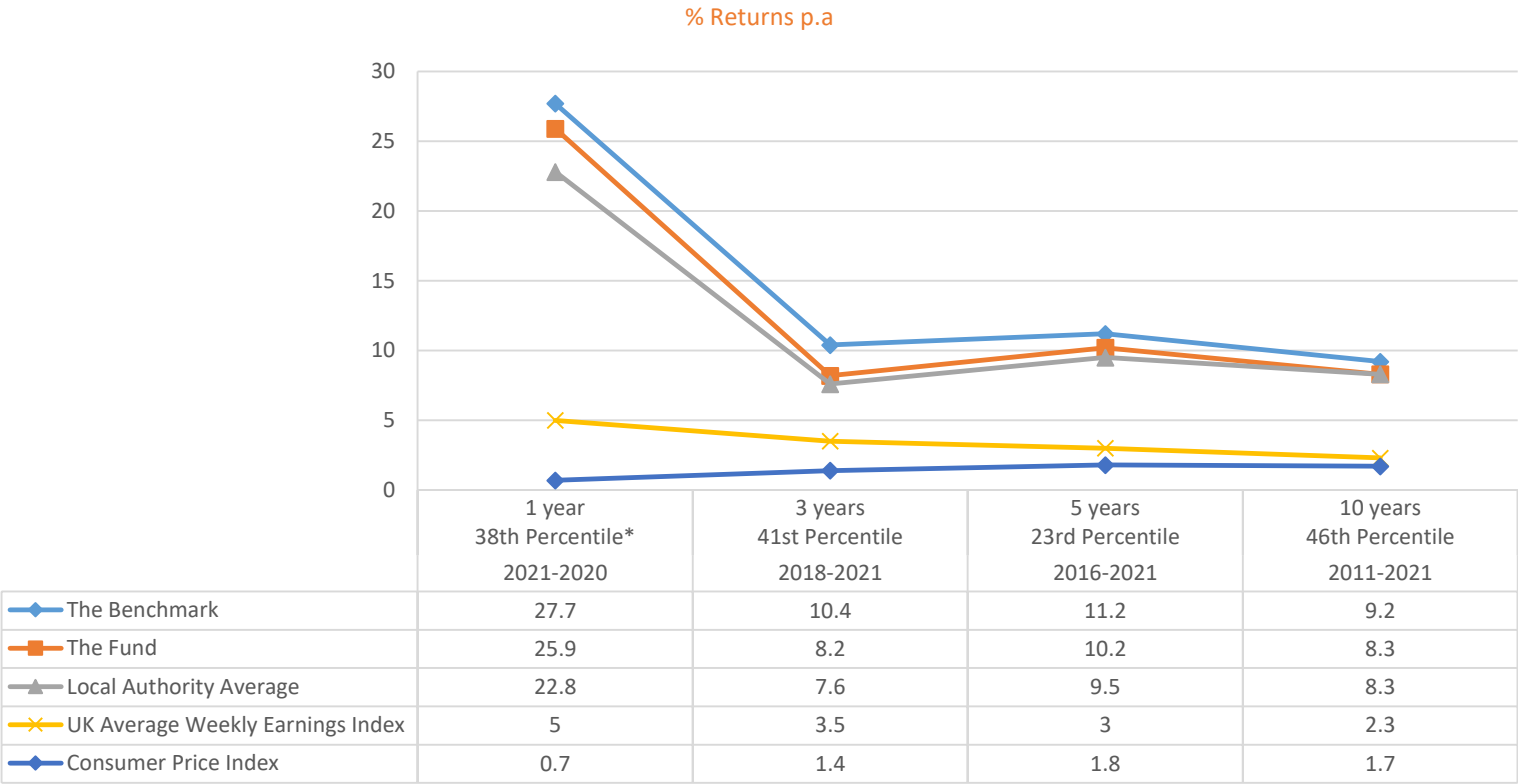


The Fund’s current strategy has a slightly higher allocation to Equities and Alternatives and a lower allocation to Bonds when compared to the Local Authority Universe.



Investment Policy and Performance (continued)

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



**Ranking in LA Universe*

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

Investment Policy and Performance (continued)

Independent Adviser's annual review – Twelve months to 31st March 2021

May 2021

I am delighted to have been appointed as independent adviser to the Cambridgeshire Pension Fund in November 2020 and to have the opportunity to provide this investment review covering the financial year 2020/21.

Of course, 2020 will forever be inextricably linked to the global COVID-19 pandemic. Immense human cost has been, and continues to be, borne; social upheaval threats gain credence as inequality becomes more visible; economic shocks have impacted almost all regions of the world and financial uncertainty was rife.

In addition to this unprecedented and unexpected challenge, investors have had to contend with many seemingly more mundane geo-political events. Joe Biden becoming US President, Brexit implementation, the rising assertiveness of China, continuing climate disruptions and the killing of George Floyd and reinvigoration of the Black Lives Matter movement to name but a few.

It all made for a bumpy ride across markets, and a test for the Cambridgeshire Pension Fund's resilience.

Market Activity - Equities

Equity markets rebounded strongly in Q2 2020, recouping much of their COVID-related Q1 decline. While data early in the quarter highlighted the severe economic impact of measures to combat the spread of COVID, markets were buoyed by the widespread loosening of monetary policy and gradual easing of lockdown measures.

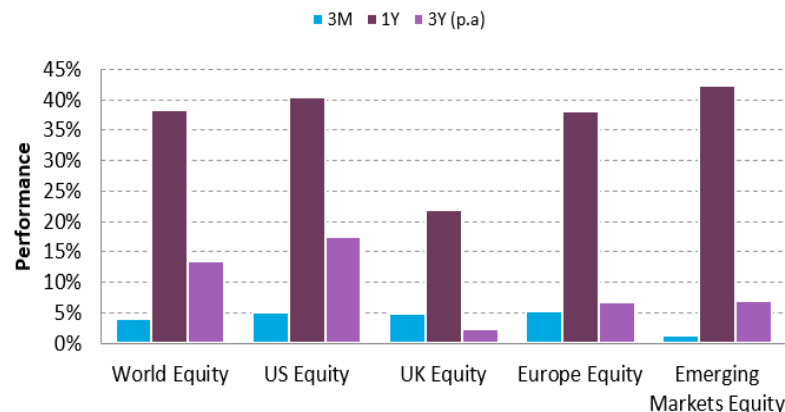
The surge was spearheaded by US equities, which posted their best quarterly returns in more than 20 years. European equities followed a similar path and emerging market equities rallied, recording their strongest quarterly return in over a decade, with US dollar weakness amplifying returns.

Rises continued into Q3 despite a weak September. Abundant central bank liquidity and sustained progress in terms of reopening economies underpinned the continuing rally in July and August, but a resurgence of COVID-19 cases and uncertainty surrounding the US election saw the market fall in September. US equities rose as the economy continued to recover and monetary policy remained highly accommodative. The unemployment rate fell to 7.9% in September – a noticeable improvement from the historic high of 14.7% it hit at the end of April.

Emerging market equities also continued to rise in Q3, gaining 9.6% in USD terms despite a further acceleration in COVID-19 cases in certain countries and an escalation in US-China tensions.

Europe diverged from this trend, ending the quarter largely flat in EUR terms after sharply rising COVID-19 infection rates led to new local restrictions in some European countries.

Performance of Equity Markets to 31 March 2021



Source: bfinance

Indices Used

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

Investment Policy and Performance (continued)

Q4 again saw global equity markets rising with the MSCI World returning +7.8% in GBP terms to end a tumultuous 2020 with double-digit returns of +12.3% over the calendar year. News of viable COVID-19 vaccines and swift government approvals drove market activity, particularly in more economically exposed sectors, prompting a brief value style reversal.

Although many countries tightened travel restrictions and imposed new lockdowns as coronavirus infection rates climbed, governments remained committed to extending financial aid – and that assurance underpinned positive market sentiment. Support measures included ground-breaking stimulus and aid packages worth US\$900 billion apiece agreed by the EU and US in December.

Politically, Q4 was particularly eventful: the US election and the last-minute Brexit deal between the UK and EU both helped to resolve long-running market uncertainty.

2021 brought further global equity market gains with the MSCI World Index gaining 4.0% in GBP terms amid a quickening global economic recovery. Against a backdrop of rising growth and inflation expectations, ever-increasing vaccine uptake in developed markets, and the probability of additional US fiscal stimulus, all stocks performed strongly; value and small-cap stocks did particularly well.

US equities, which suffered a huge decline a year ago in March 2020, rose 5.2% in Q1 – a recovery of more than 40% in 12 months. US President Joe Biden, who was sworn in on 20 January, pushed through a \$1.9 trillion fiscal stimulus package and announced an additional spending plan worth \$2 trillion for infrastructure investment.

European equities also advanced during Q1 despite renewed lockdown restrictions in many countries across the EU and COVID-19 vaccine supply issues and rising infection rates in some countries casting doubt on the recovery of European services, especially tourism.

Remarkably, we complete the financial year with stock markets, for the most part, having rebounded close to their pre-COVID levels; indeed, the FTSE 100 Index is currently sitting at just less than 10% off its highest level of pre-COVID 2020, and the US market not only recovered, but set new highs in 2020.

Market Activity - Bonds

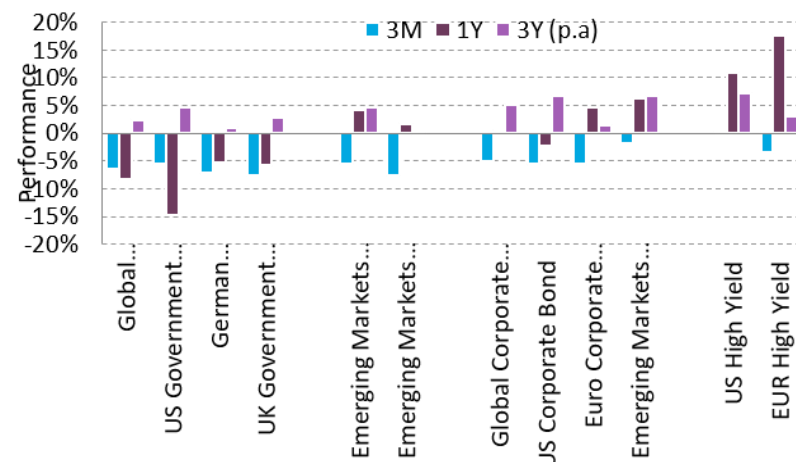
Fixed Income markets told a similar story to equities in Q2 2020, with US investment grade bonds rebounding. Risk sentiment improved as COVID-19 infection rates declined, while monetary and fiscal easing provided additional fuel to markets. European investment grade followed suit and aggregate spreads tightened significantly. US Treasury (UST) yields fell over the period, particularly at the short end of the curve, while Bund yields remained broadly flat.

US high yield bonds performed well, making up much (but not all) of Q1 losses. Although sentiment improved through May and June on the back of better macro data, investors remained cautious over the risks faced by stressed/ distressed issuers in the US.

Hard Currency Emerging Market Debt was the strongest performer over the quarter, gaining 123% (in USD terms), aided strongly by commodity exporting countries in Africa which were buoyed by an improving oil price.

Investment Policy and Performance (continued)

Performance of Bond Markets to 31 March 2021



Source: bfinance

Indices Used

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

In Q3, UST yields remained essentially flat over the period, rallying in July before retreating in August. The change in the Fed's inflation policy was well received by markets, causing a small rise in inflation expectations. US investment-grade credit rose by 1.7% overall, bringing its YTD gains to 6.6%. European investment-grade bonds performed similarly, rising by 2.0%. After a strong July following the ECB's agreement of a €750bn recovery fund, performance in August and September was muted.

US investment grade bonds experienced a slow start to Q4 with AAA-A-rated debt pulling back as investors positioned themselves for the presidential election. Positive Covid-19 vaccine news helped to drive a risk-asset rally, but the quarter also brought a somewhat unexpected swathe of downgrades, with 18 issuers falling to high-yield status (versus just one in Europe). European investment grade began in a similar fashion with modest returns in October followed by a mild uptick in November. All areas of the HY spectrum rallied with low-quality CCC bonds posting the highest gains (+12.19%). Positive vaccine news provided a particular boost to Airlines, while rebounding oil prices supported Oil & Gas and energy-related sectors.

Coming into 2021, as yields steepened in line with continued US economic growth and fiscal stimulus, the 10-year US Treasury price fell as the yield rose from 0.91% to 1.74%. In Europe, the German 10-year bund yield increased from -0.57% to -0.33%. The government bond sell-off continued into March, driven by higher growth and inflation expectations in the US. The shift proved to be positive for riskier assets, but less so for investment grade-rated securities.

High Yield bonds made gains, with lower quality credits outperforming in line with an improving outlook on default rates. EM debt spreads remained stable but could not avoid the damage associated with the US yield curve moves and saw negative returns.

Once again, the range of returns seen across geographies and sectors over the year highlighted the potential benefits of investing in a diversified multi-asset approach.

Investment Policy and Performance (continued)

Fund Activity

Responsible Investment

'ESG' – Environmental, Social and Governance – factors have continued to rise in prominence in the minds of institutional investors in the last year.

Since June 2020 Fund Officers and professional advisors have surveyed the responsible investment beliefs of the Pensions Committee and Local Pension Board Members and from this developed a significantly enhanced Responsible Investment Policy (RI Policy).

I believe this RI Policy puts the fund in a strong position to not only meet its evolving regulatory obligations but also to benefit from opportunities arising from the broader shift to recognising the impact ESG factors have on long term investment returns and I welcome the progress being made.

The new RI policy is currently out for consultation, along with a revised Investment Strategy Statement, and will be submitted for approval by the Pensions Committee later in 2021.

Fund Performance

Despite the challenges of the past year the fund has performed well. Active equity management has added significant value, fixed income investments are performing to expectations and the alternatives allocations are developing well.

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.

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) such that we can lower the overall risk in the portfolio without sacrificing too much in expected returns. 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.

Newly invested assets typically take some time to start realising value and so often appear as a drag on performance, the benefits only becoming clear as the investments mature. The Investment Sub-committee and the fund's advisers are monitoring these investments closely and remain confident they are on track.

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

Equity market performance has been strong, economic forecasts are pointing to a return of significant growth and the promise of widespread vaccination programmes suggests "normality" is on the horizon.

Ranged against these positive sentiments we cannot ignore the unprecedented levels of stimulus that has continued to be pumped into economies, the continued rise in government borrowing around the world and the prospect of a return of inflationary pressures.

Furthermore, continued megatrends such as the decarbonisation and digitisation of our economies may be joined by deglobalisation given momentum by the covid crisis. How these trends interact with social challenges associated with the increasingly visible gap between the "haves" and "have nots" will undoubtedly bring new uncertainty and new challenges.

It is fantastic to be joining the advisory team with the fund in good health. It is however safe to say the fund will continue to need to exhibit resilience and look to make the most of the wide range of investment tools available to it to navigate future uncertainty successfully.

Sam Gervaise-Jones, CFA

Actuarial Information

Cambridgeshire Pension Fund ("the Fund") Actuarial Statement for 2020/21

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 in the 2020/21 year they recovered strongly. As a result, the funding level of the Fund as at 31 March 2021 is likely to be slightly above that reported at the previous formal valuation.

The next actuarial valuation will be carried out as at 31 March 2022. The Funding Strategy Statement will also be reviewed at that time.



DOUGLAS GREEN FFA

01 June 2021

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-20 £000	Notes	31-Mar-21 £000
Dealings with members, employers and others directly involved in the fund:		
126,471 Contributions	7	154,534
6,704 Transfers in from other pension funds	8	22,232
133,175		176,766
(107,863) Benefits	9	(109,596)
(10,119) Payments to and on account of leavers	10	(11,632)
(117,982)		(121,228)
15,193		55,538
Net additions/(withdrawals) from dealing with members		
(19,004) Management expenses	11	(22,690)
(3,811)		32,848
Returns on investments:		
34,447 Investment income	13	31,406
(2) Taxes on income		-
(225,559) Profit and (losses) on disposal of investments and changes in the value of investments	14a, 17b	792,167
(191,114)		823,573
(194,925)		856,421
Net increase/(decrease) in the net assets available for benefits during the year		
3,192,594 Opening net assets of the scheme		2,997,669
2,997,669		3,854,090
Closing net assets of the scheme		

Notes on pages 49 to 79 form part of the financial statements.

Net Asset Statement

31-Mar-20			31-Mar-21
£000		Notes	£000
3,081,595	Investment assets		3,868,898
(101,964)	Investment liabilities		(48,160)
2,979,631	Total net investments	14	3,820,738
27,209	Current assets	21	39,679
(9,171)	Current liabilities	22	(6,327)
18,038	Net Current Assets		33,352
2,997,669	Net assets of the Fund available to fund benefits at the end of the reporting period	17a	3,854,090

Notes on [pages 49 to 79](#) 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 2020-21 on pages 1 to 43 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.

As at 31 March 2021 there was 217 (2020: 197) active employers within the Cambridgeshire Pension Fund, including the County Council itself.

	31-Mar-20	31-Mar-21
Number of employers with active members	197	217

The Fund has over 89,000 individual members, as detailed below:

Number of employees in scheme:	31-Mar-20	31-Mar-21
County council	10,550	9,483
Other employers	19,872	19,228
Total	30,422	28,711

Number of Pensioners:		
County council	8,724	8,861
Other employers	10,916	11,519
Total	19,640	20,380

Deferred pensioners:		
County council	13,473	13,793
Other employers	15,986	17,112
Total	29,459	30,905

Undecided Leavers:		
County council	2,400	4,072
Other employers	3,844	5,339
Total	6,244	9,411

Total members	85,765	89,407
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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
Pension	Each year worked is worth $1/80 \times$ final pensionable salary.	Each year worked is worth $1/60 \times$ final pensionable salary.
Lump Sum	Automatic lump sum of 3 x pension. In addition, part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

Career Average Revalued Earnings (CARE)

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

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

There are a range of other benefits provided under the scheme including early retirement, disability pensions and death benefits. For more details, please refer to the Cambridgeshire Pension Fund scheme handbook available from Pension Services based at One Angel Square, Angel Street, Northampton NN1 1ED.

2. BASIS OF PREPARATION

The statement of accounts summarises the Fund's transactions for the 2020/21 financial year and its financial position at 31 March 2021. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (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.

Paragraph 3.3.1.2 of the Code requires disclosure of any accounting standards issued but not yet adopted. IFRS 16, introduced on 1 January 2019, is due to be adopted by the Code for accounting periods commencing on or after 1 April 2022. This new accounting standard largely removes the distinction between operating and finance leases by introducing an accounting model that requires lessees to recognise assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value. This will bring assets formerly off-Balance Sheet onto the Balance Sheet of lessees. Implementation of IFRS 16 is not expected to have a material impact on the pension fund because it does not hold any assets as a lessee.

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 as March 2021 was 108%.

The investment return target as per the Funding Valuation Statement is 4.1%. The actual annual investment return for March 2021 was 25.9% and the Fund value had increased to £3.854 billion, meaning the fund has increase by 856 million during the year.

There are 501 individual active employers as at March 2021. All employers are paying their contributions as per the rates and adjustment certificate. No employer has deferred their payments.

The Pension Fund has an allocation of 60.1% to equities and 13.7% to Bonds, with £90.8 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 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.

Stock lending

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

Fund Account – Expense Items

Benefits Payable

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

Taxation

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

Management Expenses

The 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.

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

Investment Management Expenses

Investment Management expenses are accounted for on an accruals basis.

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

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 2020-21, £226k of fees are based upon such estimates (2019-20: £406K). In addition, manager fees deducted from pooled funds of £16.8m (2019-20: £10.6m) are estimated based upon information received from fund managers.

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

Notes to the Pension Fund Accounts (continued)

Net Assets Statement

Financial Assets

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

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

Investment assets, 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 2020 – 2021 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 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £614m. A 0.5% increase in assumed earnings inflation would increase the value of liabilities by approximately £43m, and a 1 year increase in assumed life expectancy would increase the liability by approximately 3-5%. Although the example above is based on an increase, a decrease to discount rate and assumed life expectancy could also occur.

Notes to the Pension Fund Accounts (continued)

- **Cambridge and Counties Bank**

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

Effect if actual results differ from assumptions: The investment in the financial statements is £76.0m. 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 £72.8m to £79.3m. 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 £568.2m. 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 23.5%, which indicates that Other private equity and infrastructure values may range from £701.7m to £434.7m.

6. EVENTS AFTER THE BALANCE SHEET DATE

7. CONTRIBUTIONS RECEIVABLE

By Category:

31-Mar-20		31-Mar-21
£000		£000
27,710	Employees' contributions	29,081
	Employers' contributions:	
86,404	Normal contributions	89,914
12,357	Deficit recovery contributions	35,539
98,761	Total employers' contributions	125,453
126,471		154,534

By Authority:

31-Mar-20		31-Mar-21
£000		£000
27,237	Administering Authority	28,127
92,321	Scheduled Bodies	120,606
6,913	Admitted Bodies	5,801
126,471		154,534

8. TRANSFERS IN FROM OTHER PENSION FUNDS

31-Mar-20		31-Mar-21
£000		£000
6,704	Individual transfers	6,750
	- Group transfers	15,482
6,704		22,232

Notes to the Pension Fund Accounts (continued)

9. BENEFITS PAYABLE

By category:

31-Mar-20	31-Mar-21
£000	£000
88,520 Pensions	92,311
16,162 Commutation and lump sum retirement benefits	14,081
3,181 Lump sum death benefits	3,204
107,863	109,596

By authority:

31-Mar-20	31-Mar-21
£000	£000
35,395 Administering Authority	35,867
63,221 Scheduled Bodies	64,819
9,247 Admitted Bodies	8,910
107,863	109,596

10. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

31-Mar-20	31-Mar-21
£000	£000
248 Refunds to members leaving service	998
- Group transfers	5,113
9,871 Individual transfers	5,521
10,119	11,632

11. MANAGEMENT EXPENSES

31-Mar-20	31-Mar-21
£000	£000
3,415 Administrative costs	2,726
14,673 Investment management expenses	19,230
916 Oversight and governance costs*	734
19,004	22,690

*Fees payable to External Auditors, included within Oversight and Governance costs were £17k during the year (2019-20 £17k).

Notes to the Pension Fund Accounts (continued)

12. INVESTMENT MANAGEMENT EXPENSES

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

	Total	Management fees	Performance related fees	Transaction costs	Other costs
2019/20	£000	£000	£000	£000	£000
Bonds	207	207	-	-	-
Equities	879	757	-	122	-
Pooled Investments	7,640	7,200	-	-	440
Pooled property investments	857	508	-	334	15
Private equity	5,073	3,527	1,175	-	371
Custody fees	17	-	-	-	17
Total	14,673	12,199	1,175	456	843

13. INVESTMENT INCOME

31-Mar-20	31-Mar-21
£000	£000
494 Income from bonds	526
14,865 Income from equities	3
4,807 Pooled investments – unit trusts and other managed funds	11,975
8,000 Pooled Property Investments	7,859
5,649 Private equity/infrastructure income	10,524
561 Interest on cash deposits	519
71 Other – securities lending income	-
34,447	31,406

Notes to the Pension Fund Accounts (continued)

14. INVESTMENTS

31-Mar-20		31-Mar-21
£000		£000
	Investment assets	
155,686	Bonds	156,972
1	Equities	-
2,029,182	Pooled investments	2,761,795
225,063	Pooled property investments	237,190
500,810	Private equity/infrastructure	644,189
31,585	Cash deposits	66,353
138,546	Derivatives contracts: Options	2,152
722	Investment income due	247
3,081,595	Total investment assets	3,868,898
	Investment liabilities	
(101,964)	Derivatives contracts: Options	(48,160)
(101,964)	Total investment liabilities	(48,160)
2,979,631	Net investment assets	3,820,738

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	-	-	1,286	156,972
Equities	1	-	(1)	-	-
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)	61,769	644,189
	2,910,742	573,742	(559,149)	874,811	3,800,146
Derivative contracts:					
• Purchased/written options	36,582	-	-	(82,590)	(46,008)
	2,947,324	573,742	(559,149)	792,221	3,754,138
Other investment balances:					
• Cash deposits	31,585	-	-	-	66,353
• Investment income due	722	-	-	-	247
Net investment assets	2,979,631	-	-	-	3,820,738

Notes to the Pension Fund Accounts (continued)

14(a) Reconciliation of movements in investments and derivatives

	Market value 01-Apr-19	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-20
	£000	£000	£000	£000	£000
Bonds	79,206	76,002	(1,127)	1,605	155,686
Equities	377,322	589,073	(928,370)	(38,024)	1
Pooled investments	2,086,961	521,533	(353,894)	(225,418)	2,029,182
Pooled property investments	236,858	11,362	(16,219)	(6,938)	225,063
Private equity/infrastructure	363,874	175,160	(43,927)	5,703	500,810
	3,144,221	1,373,130	(1,343,537)	(263,072)	2,910,742
Derivative contracts:					
• Forward currency contracts	-	3,846	(316)	(3,530)	-
• Purchased/written options	-	-	-	36,582	36,582
	3,144,221	1,376,976	(1,343,853)	(230,020)	2,947,324
Other investment balances:*					
• Cash deposits	27,593	-	-	4,301	31,585
• Investment income due	3,992	-	-	-	722
• Amount receivable for sales	1,910	-	-	-	-
• Spot FX contracts	-	-	-	160	-
• Amounts payable for purchases of investments	(345)	-	-	-	-
Net investment assets*	3,177,371	-	-	(225,559)	2,979,631

* Other investment balances and Net investment assets do not add across as purchases, sales and other movements (£0.8m) are not disclosed here, in accordance with CIPFA guidance

Notes to the Pension Fund Accounts (continued)

14(b). Investments analysed by fund manager

Market value 31-Mar-20			Market value 31-Mar-21		
£000	% of net investment assets		£000	% of net investment assets	
Investments managed under Pool Governance:					
969,299	32.5	Link Fund Solutions	1,358,174	35.5	
853,507	28.6	UBS Global Asset Management	957,079	25.0	
1,822,806	61.1	Total Investments managed under Pool Governance	2,315,253	60.5	
Investments managed outside Pool Governance:					
86,935	2.9	Adams Street Partners	116,490	3.0	
19,193	0.6	Allianz Global Investors	21,127	0.6	
40,979	1.4	AMP Capital	43,481	1.1	
0	0	BlueBay Asset Management	183,388	4.8	
58,000	2.0	Cambridge and Counties Bank	76,000	2.0	
15,000	0.5	Cambridge Building Society	15,000	0.4	
37,172	1.2	Equitix Investment Management	32,176	0.8	
4,928	0.2	Foresight Group	15,094	0.4	
69,438	2.3	HarbourVest Partners (UK)	95,500	2.5	
60,937	2.0	IFM Infrastructure	62,786	1.6	
-	-	JP Morgan	61,012	1.6	
55,411	1.9	M&G Investments	247,048	6.5	
55,022	1.9	M&G Real Estate	54,400	1.5	
39,246	1.3	Partners Group (UK)	40,343	1.1	
192,269	6.5	River and Mercantile Group	141,770	3.7	
373,605	12.5	Schroders Investment Management	252,654	6.6	
13,958	0.5	UBS Infrastructure	10,781	0.3	
34,732	1.2	Cash with custodian	36,435	1.0	
1,156,825	38.9	Total Investments managed outside Pool Governance	1,505,485	39.5	
2,979,631	100.0	Net investment assets	3,820,738	100.0	

All the above companies are registered in the United Kingdom.

Notes to the Pension Fund Accounts (continued)

The following investments represent more than 5% of the net assets of the scheme.

Security	31-Mar-20 £000	% of total fund %	31-Mar-21 £000	% of total fund %
LF ACCESS Global Stock - Dodge and Cox	316,598	10.6	486,668	12.6
LF ACCESS Global Equity - J O Hambro	386,254	12.9	509,482	13.2
LF ACCESS Global Equity - Longview	266,447	8.9	362,023	9.4
UBS Asset Management Life USA Equity Tracker Hedged	186,591	6.2	209,901	5.4
	1,155,890		1,568,074	

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 2021 or 31 March 2020.

• 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 2021 or 31 March 2020. 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-20	Notional Holdings	31-Mar-21
Assets				£000		£000
Equity purchased	Over three months	Put	172,896	138,545	158,099	2,152
Total assets						2,152
Liabilities						
Equity written	One to three months	Put			(203,057)	(285)
Equity written	Over three months	Put	(222,053)	(98,506)		
Equity written	One to three months	Call			(154,327)	(47,875)
Equity written	Over three months	Call	(168,826)	(3,457)		
Total liabilities						(48,160)
Net purchased/written options						(46,008)

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 and liabilities of the Pension Fund grouped into levels 1 to 3, based on the level at which the fair value is observable:

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	-	-	156,972
Equities	-	-	-	-
Pooled Investments	16,106	2,745,689	-	2,761,795
Pooled Property Investments	-	-	237,190	237,190
Private Equity/Infrastructure	-	-	644,189	644,189
Derivatives	-	2,152	-	2,152
Net Investment Assets	173,078	2,747,841	881,379	3,802,298

Value at March 2020	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	£000	£000	£000	£000
Bonds	-	155,686	-	155,686
Equities	1	-	-	1
Pooled Investments	2,422	2,026,760	-	2,029,182
Pooled Property Investments	-	-	225,063	225,063
Private Equity/Infrastructure	-	55,023	445,787	500,810
Derivatives	-	138,546	-	138,546
Net Investment Assets	2,423	2,376,015	670,850	3,049,288

Notes to the Pension Fund Accounts (continued)

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

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

Notes to the Pension Fund Accounts (continued)

Sensitivity of assets valued at Level 3

Having analysed historical data and current market trends, and consulted with independent investment 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 2021.

Asset Type	Market Value as at 31-Mar-21	Assessed valuation range (+/-)	Value on Increase	Value on Decrease
	£000		£000	£000
Private Equity	644,189	23.5%	795,573	492,805
Property	237,190	14.2%	270,871	203,509
Total Assets	881,379		1,066,444	696,314

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

Period 2020-21	Market value 01- Apr-20	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-21
	£000	£000	£000	£000	£000	£000	£000
Pooled property investments	225,063	-	15,821	(4,215)	1,812	(1,291)	237,190
Private equity and infrastructure - equity	58,000	-	-	-	18,000	-	76,000
Private equity and infrastructure - other	387,787	55,000	137,005	(55,395)	20,829	22,963	568,189
Total	670,850	55,000	152,826	(59,610)	40,641	21,672	881,379

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-20			31-Mar-21		
Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost	Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost
£000	£000	£000	£000	£000	£000
Financial assets					
155,686	-	-	156,972	-	-
1	-	-	-	-	-
2,029,182	-	-	2,761,795	-	-
225,063	-	-	237,190	-	-
500,810	-	-	644,189	-	-
138,546	-	-	2,152	-	-
-	40,661	-	-	90,818	-
-	722	-	-	247	-
-	18,133	-	-	15,214	-
3,049,288	59,516	-	3,802,298	106,279	-
Financial liabilities					
-	-	(101,964)	-	-	(48,160)
-	-	-	-	-	-
-	-	(9,171)	-	-	(6,327)
-	-	(111,135)	-	-	(54,487)
3,049,288	59,516	(111,135)	3,802,298	106,279	(54,487)
2,997,669 Total			3,854,090		

Notes to the Pension Fund Accounts (continued)

17b. Net Gains and Losses on Financial Instruments

31-Mar-20 £000	31-Mar-21 £000
Financial assets:	
(263,072) Fair value through profit and loss	874,811
4,461 Amortised cost – realised gains on de-recognition of assets	5
Financial liabilities:	
33,052 Fair value through profit and loss	(82,590)
- Amortised cost – realised losses on de-recognition of assets	(59)
(225,559) Total gains/(losses)	792,167

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	16.7%
Global equities	17.4%
Index linked bonds	7.5%
Pooled fixed interest bonds	8.0%
Multi asset credit	6.2%
Property	14.2%
Alternatives	23.5%
Cash and other investment balances	0.3%

Notes to the Pension Fund Accounts (continued)

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

31-Mar-21	Value as at	% (rounded)	Value on	Value on
Asset Type	31-Mar-21	Change	Increase	Decrease
	£000		£000	£000
UK equities	85,032	16.7%	99,232	70,832
Global equities	2,230,221	17.4%	2,618,279	1,842,163
Index linked bonds	156,972	7.5%	168,745	145,199
Pooled fixed interest bonds	64,500	8.0%	69,660	59,340
Multi asset credit	365,936	6.2%	388,624	343,248
Property	237,190	14.2%	270,871	203,509
Alternatives	644,189	23.5%	795,573	492,805
Cash and other investment balances	36,698	0.3%	36,808	36,588
Total Assets	3,820,738		4,447,793	3,193,683

31-Mar-20	Value as at	% (rounded)	Value on	Value on
Asset Type	31-Mar-20	Change	Increase	Decrease
	£000		£000	£000
UK equities	73,091	27.5%	93,191	52,991
Global pooled equities	1,749,717	28.0%	2,239,637	1,259,796
Index linked bonds	155,686	7.4%	167,207	144,165
Pooled fixed interest bonds	203,953	9.8%	223,941	183,966
Property	225,063	14.2%	257,022	193,104
Alternatives	500,810	23.2%	616,998	384,622
Cash and Other investment balances	71,311	0.3%	71,525	71,097
Total Assets	2,979,631		3,669,521	2,289,741

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 2021 and 31 March 2020 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-20 Asset Type	31-Mar-21
£000	£000
31,585 Cash and cash equivalents	66,353
9,076 Cash balances	24,465
155,686 Index-linked securities	156,972
203,953 Fixed interest securities	430,436
400,300 Total	678,226

Exposure to interest rate risk	Asset values	Impact of 1%	Impact of 1%
	31-Mar-21	decrease	increase
	£000	£000	£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
Total change in assets available	678,226	684,101	672,351

Exposure to interest rate risk	Asset values	Impact of 1%	Impact of 1%
	31-Mar-20	decrease	increase
	£000	£000	£000
Cash and cash equivalents	31,585	31,585	31,585
Cash balances	9,076	9,076	9,076
Index-linked securities	155,686	157,243	154,129
Fixed interest securities	203,953	205,993	201,913
Total change in assets available	400,300	403,897	396,703

Notes to the Pension Fund Accounts (continued)

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
Total	3,034	3,064	3,004

Exposure to interest rate risk	Interest receivable	Value on 1% increase	Value on 1% decrease
	2019-20		
	£000	£000	£000
Cash deposits, cash and cash equivalents	561	567	555
Index-linked securities	494	499	489
Fixed interest securities	2,026	2,046	2,006
Total	3,081	3,112	3,050

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 hedged the currency exposures on its 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 9.8% (the 1 year expected standard deviation). A 9.8% (31 March 2020: 10.0%) 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 31-Mar-21 £000	Potential market movement £000	Value on increase £000	Value on decrease £000
Overseas equities - Hedged	548,469	-	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
Total	2,661,703	207,097	2,868,800	2,454,606

Assets exposed to currency risk	Value at 31-Mar-20 £000	Potential market movement £000	Value on increase £000	Value on decrease £000
Overseas equities - Hedged	577,099	-	577,099	577,099
Overseas equities - Unhedged	1,172,618	117,262	1,289,880	1,055,356
Overseas fixed income	203,953	20,395	224,348	183,558
Overseas cash fund	2,422	242	2,664	2,180
Total	1,956,092	137,899	2,093,991	1,818,193

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 2021 was £90.8m (31 March 2020: £40.6m). This was held with the following institutions:-

	Rating	31-Mar-20 £000	31-Mar-21 £000
Money market funds			
Northern Trust Global Investors Global Cash Fund	AAAm	30,835	23,878
Bank deposit account			
Barclays Bank	A	9,076	421
NatWest Bank	A		24,044
Bank current accounts			
Northern Trust custody accounts	A-1+	750	42,475
Total		40,661	90,818

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 2021 the value of illiquid assets was £881.4m, which represented 22.9% of the total Fund assets (31 March 2020: £725.9m, which represented 24.2% of the total Fund assets).

Management prepares periodic cash flow forecasts to understand and manage the timing of the Fund's cash flows. The appropriate strategic level of cash balances to be held forms part of the Fund investment strategy. All financial liabilities at 31 March 2021 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:

	Active and Deferred Members	Active and Deferred Members	Current Pensioners	Current Pensioners
Assumed life expectancy at age 65	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-20		31-Mar-21
£m		£m
(4,305)	Present value of promised retirement benefits	(5,774)
2,998	Fair value of scheme assets (bid value)	3,854
(1,307)	Net liability	(1,920)

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-20	Assumption	31-Mar-21
% p.a.		% p.a.
1.90	Inflation/pension increase rate assumption	2.85
2.40	Salary increase rate	3.35
2.30	Discount rate	2.00

Notes to the Pension Fund Accounts (continued)

21. CURRENT ASSETS

31-Mar-20	31-Mar-21
£000	£000
Debtors:	
2,288 Contributions Due – Members	2,326
6,018 Contributions Due – Employers	6,079
9,827 Sundry Receivables	6,809
18,133	15,214
9,076 Cash Balances	24,465
27,209	39,679

22. CURRENT LIABILITIES

31-Mar-20	31-Mar-21
£000	£000
7,363 Sundry Payables	4,823
1,808 Benefits Payable	1,504
9,171	6,327

23. ADDITIONAL VOLUNTARY CONTRIBUTIONS

31-Mar-20	31-Mar-21
£000	£000
7,653 Prudential	
361 Utmost	
8,014	0

XXX (2019-20: No contributions) were paid to Utmost Life during the year and total contributions of £XXXk (2019-20: £644k) were paid directly to Prudential during the year.

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-20	31-Mar-21
£000	£000
3,618 Unfunded pensions	3,539
3,618	3,539

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 £2.0m (2019-20: £2.4m) in relation to the administration of the Fund and was subsequently reimbursed by the Fund for these expenses.

The Council is also the single largest employer of members of the Pension Fund and contributed £21.5m, excluding Local Education Authority schools, to the Fund in 2020-21 (2019-20: £21.0m). At 31 March 2021 there was £5.1m (31 March 2020: £5.7m) 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:-

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

Cambridge and Counties Bank

The Fund is joint owner, along with Trinity Hall, Cambridge, of Cambridge and Counties Bank (CCB). As the Fund has no controlling interest in the Bank and it is included within the Fund's financial statements as a minority interest. The Council's Section 151 Officer was a Non-executive Director on the Board of CCB, and was replaced by an Officer of the Pension Fund during the year, for which CCB paid £52,250 during the year (2019-20 £52,250) to the Pension Fund.

25(a) KEY MANAGEMENT PERSONNEL

The administration of the Fund is provided by Northamptonshire County Council in partnership with Cambridgeshire County Council. The Head of Pensions reports directly to Assistant Director of Finance at Northamptonshire County Council, whose costs are reported in the Northamptonshire County Council statement of accounts. Other key personnel include the Section 151 Officer, who is Treasurer to the Fund, and the Head of HR. The 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 2021 totalled £303.3m (31 March 2020: £318.0m).

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

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

Glossary

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

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

ACS ACCESS Authorised Contractual Scheme.

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

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.

CTI Cost Transparency Initiative.

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

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

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

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

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

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

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

Glossary (continued)

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

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

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

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

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

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

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

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

GMP Guaranteed Minimum Pension.

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

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

IDRP Internal Dispute Resolution Procedures

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

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

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

ISC Investments Sub-Committee.

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

LPB Local Pension Board.

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

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

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

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.

Glossary (continued)

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

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

SAB Scheme Advisory Board.

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

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

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

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

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

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

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.

Cambridgeshire Pension Fund

Pension Fund Committee

22 July 2021

Report by: Head of Pensions

Subject: Governance and Compliance Report

Purpose of the Report: To provide the Pension Fund Committee with information on:

- 1) Scheme Advisory Board - Good Governance Review
- 2) The Pensions Regulator – new code of practice
- 3) Relevant Government Consultations
- 4) New legislation
- 5) Skills and knowledge opportunities.

Recommendations That the Pension Fund Committee notes the content of the report.

Enquiries to: Jo Walton – Governance and Regulations Manager, E-mail: joanne.walton@westnorthants.gov.uk

1. Background

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

2. Scheme Advisory Board – Good Governance Review

- 2.1 In February 2021, the Scheme Advisory Board published the phase 3 report of the Good Governance Review that was produced by the Hymans Robertson project team. The phase 3 report provides further details on some of the recommendations that were included in the phase 2 report which should be read in conjunction with each other.
- 2.2 The phase 3 report provide further detail on the following recommendations, among others:
- 2.2.1 The LGPS senior officer – a single named officer who is responsible for the delivery of LGPS activity for a Fund. The report covers the core functions of the role, the personal competencies needed to fulfil the role and how the role could be incorporated into different organisational structures.

- 2.2.2 Conflicts of interest – all administering authorities should publish a conflicts of interest policy that is specific to the LGPS. That policy should cover how it identifies, monitors and manages any conflicts. The report includes more detail on what LGPS-specific areas should be covered by the policy.
- 2.2.3 Representation – each administering authority must publish a policy on how scheme members and non-administering authority employers are represented on its committees and the reasoning behind those decisions.
- 2.2.4 Skills and training – introduce a requirement for key individuals, such as pension committee members and section 151 officers, to have the appropriate level of knowledge and understanding to carry out their duties efficiently. The administering authority must publish an administration strategy that sets out its policy on delivery, assessment and recording of training plans.
- 2.2.5 Service delivery – regulation change to make it compulsory for an administering authority to publish an administration strategy.
- 2.2.6 Key performance indicators – that focus on ensuring that each administering authority has defined service standards and has the governance in place to monitor those standards.
- 2.2.7 Business planning process – the senior officer and the committee must be satisfied with the resource and budget allocated to administer the LGPS each year. Require expenditure should be based on the business plan for the coming year with an inflationary increase.
- 2.3 At the Scheme Advisory Board meeting in February 2021 the Board agreed that the Chair should submit the Board's good governance action plan to the Local Government minister for consideration. The action plan sets out:
- Changes that MHCLG could take forward by amending regulations or producing statutory guidance
 - Work associated with the changes made by MHCLG that could be done by SAB or other bodies
 - Actions that SAB can take to improve governance and administration immediately, regardless of which changes are progressed by MHCLG.
- 2.4 Please see full information on the [good governance project hyperlink](#)
3. The Pensions Regulator – new code of practice
- 3.1 In March 2021 the Pensions Regulator (TPR) launched a consultation on its new Code of Practice which closes on 26 May 2021.
- 3.1.1 The draft new code consolidates (with updates and amendments) most of the existing 15 codes of practice including the public service code of practice 14 into a new online code providing a single up-to-date and consistent source of information. The other codes will be consolidated into the single code at a later date, subject to further consultation.
- 3.1.2 Please see further details on [the Pensions Regulator Code of Practice](#)

3.1.3 The new code of practice is expected to come into force in November 2021. The Fund will have six months in order to become compliant with the code of practice. An action plan will be produced to ensure compliance is achieved in that timescale.

4. Consultation – Implementing the increase to the minimum pension age

4.1 In February 2021, HMT published a consultation on the implementation of increasing the normal minimum pension age. In 2014, the Coalition Government consulted on increasing the normal minimum pension age from 55 to 57 from 6 April 2028 as part of the freedom and choice on pensions consultation. The current consultation re-confirms the Government's commitment to this.

4.2 The consultation seeks views on the implementation of the rise in the normal minimum pension age and protections for pension scheme members who have a right under the scheme rules to take benefits before age 57 at the date of this consultation.

5. Legislation – The Pension Schemes Act 2021

5.1 On 11 February 2021 the Pension Schemes Act 2021 received Royal Assent. The provisions within the Act will come into force when the Secretary of State makes regulations for them to do so.

5.1.2 The provisions of the Act that will affect the LGPS include climate risk reporting, pensions dashboards and transfers out.

5.1.3 Climate risk reporting - on 27 January 2021, the Government launched a consultation on draft regulations entitled 'Taking action on climate risk: improving governance and reporting by occupational pension schemes'. The regulations would require trustees of pension schemes in scope to meet the climate change governance requirements that underpin the 11 recommendations of the Taskforce on Climate-related Financial Disclosures and to report on how they have done so. The regulations will not apply to the LGPS, however, it is expected that MHCLG will bring forward regulations which substantially mirror the requirements set out in the consultation document.

5.1.4 Pensions Dashboards – administering authorities are encouraged to use the Pensions Dashboard Programme's Data Standards Guide to identify any data gaps to ensure that they are ready to supply the right information to the dashboards once they are live.

5.1.5 Transfers Out – secondary legislation is awaited to provide the extra conditions members must satisfy before they are able to transfer out their LGPS benefits.

6. Skills and knowledge opportunities – training events

6.1 In order to facilitate the acquisition of skills and knowledge for members of the Pension Fund Committee appendix 1 lists the main events that are deemed useful and appropriate.

- 6.2 It was recognised that recent local elections have resulted in a significant change to the membership of the Pension Fund Committee and so an introductory training session was held on 21 June 2021 covering at a high level the knowledge requirements of being a Pension Fund Committee and Pension Fund Board member hosted by the advisers from the Fund's benefits and governance advisors, Aon and legal advisors, Squire Patton Boggs.
- 6.3 A series of more in-depth training sessions to cover the CIPFA Skills and Knowledge core modules (see appendix 1), again hosted by Aon, began on 1 July 2021 and will conclude in September 2021.
- 6.4 A recording of all these training sessions has and will be made available to all members of the Pension Fund Board and Committee in the event attendance cannot be achieved in real time.
- 6.5 It is important that Pension Fund Board and Committee members undertake this training to ensure there is sufficient individual knowledge to make decisions and forthcoming meetings.

7. Relevant Pension Fund Objectives

To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.

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

To ensure that the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment.

To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.

8. Risk Management

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

Those charged with governance of the Fund and Scheme are unable to fulfil their responsibilities effectively. (Green residual risk rating)
Failure to administer the scheme in line with regulations and guidance. (Green residual risk rating).
Failure to provide relevant information to the Pension Fund Board to enable informed decision making. (Green residual risk rating).

8.3 Please see full details of the [Cambridgeshire Pension Fund Risk Register](#)

9. Finance & Resources Implications

9.1 There are no financial or resource implications connected to the contents of this report is for information only.

10. Communication Implications

10.1 Training - All staff involved in the administration of the LGPS are aware of the new legislation and the impact on the calculation and payment of benefits from the scheme.

10.2 Employers - All relevant items are communicated to scheme employers via website updates.

11. Legal Implications

11.1 Not applicable

12. Consultation with Key Advisers

12.1 Not applicable

13. Alternative Options Considered

13.1 There are no alternative options to be considered.

14. Background Papers

14.1 Not applicable.

15. Appendices

15.1 Appendix 1 – Schedule of virtual training events.

Checklist of Key Approvals

Has this report been cleared by Section 151 Officer? Sarah Heywood – 8/7/2021

Has this report been cleared by Head of Pensions? Mark Whitby – 25/6/2021

Has the Chair of the Pension Fund Committee been consulted? Councillor Whelan – 8/7/2021

Has this report been cleared by Legal Services? Fiona McMillan – 28/6/2021

Appendix 1

Training events

Date	Event Description	Audience
21 June 2021 10:00 – 12:00	Governance and Fiduciary Duty Hosted by Aon and Squire Patton Boggs on behalf of Cambridgeshire and Northamptonshire Pension Funds Virtual Training Session (recording and slides from this session have been shared)	Pension Committee, Pension Board, Officers, Section 151 Officers
1 July 2021 10:00 – 12:00	Introduction to the LGPS Hosted by Aon Virtual Training Session (recording of this session is available)	Pension Committee, Pension Board, Officers, Section 151 Officers
14 July 2021 10:00 – 12:00	Pensions legislation and guidance and national guidance Hosted by Aon Virtual Training Session (recording of this session is available)	Pension Committee, Pension Board, Officers, Section 151 Officers
28 July 2021 10:00 – 12:00	Local governance and pensions procurement, contract management and relationship matters Hosted by Aon Virtual Training Session (recording of this session will be made available)	Pension Committee, Pension Board, Officers, Section 151 Officers
11 August 2021 10:00 – 12:00	Funding strategy and actuarial methods, and financial, accounting and audit matters Hosted by Aon Virtual Training Session (recording of this session will be made available)	Pension Committee, Pension Board, Officers, Section 151 Officers
25 August 2021 10:00 – 12:00	Investments – Strategy, asset allocation, pooling performance and risk management Hosted by Aon Virtual Training Session (recording of this session will be made available)	Pension Committee, Pension Board, Officers, Section 151 Officers
8 September 2021 10:00 – 12:00	Investments – Financial markets and products Hosted by Aon Virtual Training Session (recording of this session will be made available)	Pension Committee, Pension Board, Officers, Section 151 Officers

Date	Event Description	Audience
22 September 2021 10:00 – 12:00	Pensions Administration and Communications Hosted by Aon Virtual Training Session (recording of this session will be made available)	Pension Committee, Pension Board, Officers, Section 151 Officers

Cambridgeshire Pension Fund

Pension Fund Committee

Date: 22 July 2021

Report by: Employer Services Manager

Subject: 2021/22 Cambridgeshire Pension Fund Communications Plan

Purpose of the Report: To seek approval of the Fund's Communications Plan for the 2021/22 scheme year.

Recommendation: The Committee is asked to approve the Communications Plan.

Enquiries to: Cory Blose, Employer Services Manager,
cory.blose@westnorthants.gov.uk

1. Background

- 1.1 Regulation 61 of the Local Government Pension Scheme Regulations 2013 state that an administering authority must prepare, maintain and publish a written statement setting out its policy concerning communications with members and scheme employers. The Pension Committee approved a Communications Strategy on 9 October 2020.
- 1.2 The Communications Plan for 2021/22 details the communications activities to be undertaken within the scheme year and has been prepared in line with the Strategy.

2. Communications Plan

- 2.1 The Communications Plan included as Appendix 1 outlines the Fund's planned communication activities for the year, on a monthly basis, for each of the Fund's stakeholders.
- 2.2 The Communications Plan highlights Fund activities to communicate details of the rebranding of the pensions team and new contact details to members and employers following the local government reorganisation programme in Northamptonshire.
- 2.3 This also created an opportunity to encourage more members to sign up to their online pension account to help them manage and keep track of their pension benefits and personal information.
- 2.4 It also includes plans to consult with members and employers on changes to the Fund's Investment Strategy Statement and Funding Strategy Statement.
- 2.5 The plan also includes timings for issuing statutory communications and cyclical newsletters, surveys, employer training, and web updates.

4. Relevant Fund objectives

- 4.1 To promote the scheme as a valuable benefit.
- 4.2 To deliver consistent plain English communications to stakeholders.
- 4.3 To provide scheme members with up to date information about the scheme in order that they can make informed decisions about their benefits.
- 4.4 To seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund. To continually monitor and measure clearly-articulated objectives through business planning.

5. Risk Management

- 5.1 The administering authority is required by legislation to prepare, maintain and publish a written statement setting out its policy concerning communications with members and scheme employers.
- 5.2 The mitigated risks associated with this report has been captured in the Fund's risk register as detailed below:

Risk	Residual risk rating
Information may not be provided to stakeholders as required.	Green
Failure to administer the scheme in line with regulations and guidance	Green

- 5.3 A full version of the Fund risk register can be found at the following link – [Pension Fund Risk Register hyperlink](#)

6. Communication Implications

The Communications Plan will be published on the Fund's website.

7. Finance & Resources Implications

- 7.1 There are no direct finance and resourcing implications of this plan. Ongoing communication costs are picked up in the administration budget.
- 7.2 The Fund's drive to increase electronic communications should save costs in the long term.

8. Legal Implications

- 8.1 Not applicable.

9. Consultation with Key Advisers

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

10. Alternative Options Considered

10.1 Not applicable

11. Background Papers

11.1 Communications Strategy

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

12. Appendices

12.1 Appendix 1 – Cambridgeshire Pension Fund Communications Plan

Checklist of Key Approvals

Has this report been cleared by Section 151 Officer? Sarah Heywood – 8/7/2021

Has this report been cleared by Head of Pensions? Mark Whitby – 25/6/2021

Has the Chair of the Pension Committee been consulted? Councillor Whelan –
8/7/2021

Has this report been cleared by Legal Services? Fiona McMillan – 28/6/2021

Communications plan 2021/22

Month	Active members	Scheme employers	Prospective members	Deferred members	Retired members	Dependant members	Fund staff
APR	Rebranding of administration and new contact details Online pension account promotion. Member survey.	Year-end activities training / communications.		Rebranding of administration and new contact details Online pension account promotion. Member survey.			
MAY	Rebranding of administration and new contact details Online pension account promotion. Investment strategy consultation. Transfer of employment letters. Member survey.	Rebranding of administration and new contact details Employer responsibilities training. Calculating pensionable pay training. Investment strategy consultation.		Rebranding of administration and new contact details Online pension account promotion. Investment strategy consultation. Member survey.	Payslip – online pension Investment strategy consultation. Member survey.	Payslip – online pension Investment strategy consultation. Member survey.	Accessibility training.

Month	Active members	Scheme employers	Prospective members	Deferred members	Retired members	Dependant members	Fund staff
		Fund Strategy Statement consultation.					
JUN	Member survey.	<p>A guide to formulating your discretions policy training.</p> <p>i-Connect monthly submission (on-line return) training.</p> <p>Employer newsletter.</p>		<p>Annual benefit statement communications.</p> <p>Online pension account promotion.</p> <p>Scam communication.</p> <p>Lifetime allowance freeze.</p> <p>Newsletter.</p> <p>Member survey.</p>	Member survey.	Member survey.	
JUL	<p>Online pension account promotion.</p> <p>Member survey.</p>	<p>Employer forum.</p> <p>Tupes and outsourcing training.</p>	Online pension account promotion.	Member survey.	Member survey.	Member survey.	
AUG	<p>Annual benefit statement communication.</p> <p>Online pension account promotion.</p> <p>Scam communication.</p>	<p>Active annual benefit statement comms materials for employers.</p> <p>Scam communication.</p>	Online pension account promotion.	Member survey.	Member survey.	Member survey.	Staff newsletter

Month	Active members	Scheme employers	Prospective members	Deferred members	Retired members	Dependant members	Fund staff
	Lifetime allowance freeze. Newsletter. Member survey.	Employer responsibilities training. Employer newsletter.					
SEPT	Online pension account promotion. Member survey.	Ill-health retirement training. Active annual benefit statement comms materials for employers. Customer service excellence assessment.	Online pension account promotion.	Member survey.	Member survey.	Member survey.	
OCT	Aggregation letters. Member survey. Pension saving statements.	Calculating pensionable pay training.		Member survey.	Member survey.	Member survey.	Staff newsletter
NOV	Member survey.	i-Connect monthly submission (on-line return) training. Employer newsletter.		Member survey.	Member survey. Mortality screening.	Member survey.	
DEC	Member survey.			Member survey.	Member survey.	Member survey.	

Month	Active members	Scheme employers	Prospective members	Deferred members	Retired members	Dependant members	Fund staff
JAN	Member survey.	Employer responsibilities training.		Member survey.	Member survey.	Member survey.	Staff newsletter
FEB	Member survey.	Calculating pensionable pay training. Employer newsletter.		Member survey.	Member survey.	Member survey.	
MAR	Member survey.	Year-end activities training / communications.		Member survey.	Newsletter – All schemes Payslip – online pension promotion Member survey.	Newsletter – All schemes Payslip – online pension promotion Member survey.	
Ad hoc Comms	Website updates	Training Workshops Pension Bulletins Website updates Valuation Report (every 3 yrs)	Promotional Posters Website updates	Website updates	Website updates	Annual review of entitlement – May/June. Website updates	Website updates

Cambridgeshire
Pension Fund

Pension Fund Committee
22nd July 2021

Report by: Head of Pensions

Subject: Employer Admissions and Cessations Report

Purpose of the Report: 1. To report the admission of twenty admitted bodies to the Cambridgeshire Pension Fund

2. To notify the Committee of six bodies ceasing participation in the Cambridgeshire Pension Fund

Recommendations: That the Pension Fund Committee:

1. Approves the admission of the following admitted bodies to the Cambridgeshire Pension Fund and the sealing of the admission agreement.
 - Fusion Family and Youth Projects
 - Peterborough Investment Partnership
2. Notes the admission of the following admitted bodies to the Cambridgeshire Pension Fund and approves the sealing of the admission agreements:
 - ABM Catering Limited x 3
 - Aramark Limited
 - Aspens Service Limited
 - Centre 33
 - City Culture Peterborough Limited
 - Compass Contract Services Limited
 - Easy Clean Contractors Limited
 - Goshen Multiservices Limited
 - Hertfordshire Catering Limited x 6
 - Industrial Site Maintenance Limited
 - Lunchtime Company Limited
3. Notes the cessation of the following bodies from the Cambridgeshire Pension Fund:
 - ABM Catering Limited
 - Centre 33
 - Easy Clean Contractor Limitd
 - Edwards & Blake Limited
 - Lunchtime Company Limited
 - Spurgeons

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1. Background

- 1.1 The Local Government Pension Scheme Regulations 2013 (as amended) provide for the participation of a number of different types of body in the Local Government Pension Scheme; scheduled bodies, designating bodies, and admission bodies.
- 1.2 This report provides an update on admissions to and cessations from the Cambridgeshire Pension Fund since the last meeting of the Pension Fund Committee.

2 New Admission Bodies

- 2.1 Paragraph 1 of Part 3 of Schedule 2 to the Regulations provides for an Administering Authority making an admission agreement with an admission body, enabling employees of the admission body to be active members of the Local Government Pension Scheme.
- 2.2 Subject to approval by the Pension Fund Committee, a body which falls under paragraph 1(a) of Part 3 of Schedule 2 is an admission body that is providing a public service in the United Kingdom which operates otherwise than for the purposes of gain and has sufficient links with a scheme employer for the body and the scheme employer to be regarded as having a community of interest.
- 2.3 The Pension Fund Committee is asked to approve the admission of the following bodies into the Cambridgeshire Pension Fund under paragraph 1(a).

Date	New Admission Body	Background information
01/08/2019	Fusion Family and Youth Projects	Fusion Family and Youth Projects (Fusion) is a charity which provides support to families and young people in Huntingdon. A group of staff transferred from Cambridgeshire County Council to Fusion. There is no contract for services, Fusion have therefore applied for admission to the Fund under paragraph 1(a). The Council and Fusion have confirmed that there are sufficient links for the admission body and the Council to be regarded as having a community of interest and the Council has agreed to act as guarantor for Fusion. This agreement has been backdated to 1 August 2019 and backdated contributions have been collected.

Date	New Admission Body	Background information
01/05/2021	Peterborough Investment Partnership	Peterborough Investment Partnership is the joint venture partnership between Peterborough City Council and Peterborough Partnership Limited to aid regeneration of the city. Peterborough City Council and the admission body confirm that the purpose of the Peterborough Investment Partnership is not to make a profit and the admission body has sufficient links with the scheme employer for the admission body and the scheme employer to be regarded as having a community of interest. A group of staff was transferred from the scheme employer to the admission body and Community admission agreement has been put in place.

- 2.4 A body which falls under paragraph 1(d)(i) of Part 3 of Schedule 2 is an admission body that is providing a service, in connection with the function of a scheme employer, as the result of a transfer of service or assets by means of a contract or other arrangement.
- 2.5 The Regulations require that applications for bodies, assessed by officers as complying with paragraph 1(d)(i), and who agree to meet the terms of the admission agreement must be accepted. The Regulations also allow Funds to enter into backdated admission agreements.
- 2.6 There are a number of backdated admission agreements within this report. This is due either to difficulties in getting both the scheme employer and admitted body to sign the admission agreement. Older cases were previously closed down but we were asked to reopen the cases by the scheme employer. Officers have worked closely with these employers over recent months to bring these cases to completion.
- 2.7 The Pension Fund Committee is asked to note the admission of the following bodies into the Cambridgeshire Pension Fund under paragraph 1(d)(i) and to approve the sealing of the admission agreements.

Date	New Admission Body	Background information
01/09/2017	Compass Contract Services Limited (Anglian Learning Trust)	Anglian Learning Trust have entered into a contract with Compass Contract Services Limited to provide catering services in their academies. As a result, a group of employees were transferred to the admission body and a pass through admission agreement has been put in place, with the liabilities retained by the Trust. This agreement has been backdated to 1 September 2017 and backdated contributions have were expected prior to this Meeting. A verbal update will be provided.

Date	New Admission Body	Background information
01/08/2018	Aramark Limited (Cambridge Regional College)	Cambridge Regional College have entered into a contract with Aramark Limited to provide catering services. As a result, a group of employees were transferred to the admission body and a full admission agreement has been put in place. This agreement has been backdated to 1 August 2018 and backdated contributions have been collected.
01/08/2019	Lunchtime Company Limited (Cambridge Primary Education Trust)	Cambridge Primary Education Trust have entered into a contract with Lunchtime Company Limited to provide catering services in their academies. As a result, a group of employees were transferred to the admission body and a pass through admission agreement has been put in place, with the liabilities retained by the Trust. This agreement has been backdated to 1 August 2019 and backdated contributions have been collected.
01/08/2019	ABM Catering Limited (St Augustine's C of E Voluntary Aided Junior School)	St Augustine's C of E Voluntary Aided Junior School, a Peterborough LEA school, have entered into a contract with ABM Catering Limited to provide catering services. As a result, a group of staff were transferred to the new admission body and a pass through admission agreement has been put in place, with the liabilities retained by the City Council. This agreement has been backdated to 1 August 2019 and backdated contributions have been collected.
01/01/2020	Easy Clean Contractors Limited (Arbury Primary School)	Arbury Primary School, a Cambridgeshire LEA school, have entered into a contract with Easy Clean Contractors Limited to provide cleaning services. As a result, a group of staff were transferred to the new admission body and a pass through admission agreement has been put in place with the liabilities retained by the Council. This agreement has been backdated to 1 January 2020 and backdated contributions have been collected.
01/01/2020	ABM Catering Limited (Priory Junior School)	Priory Junior School, a Cambridgeshire LEA school, have entered into a contract with ABM Catering Limited to provide catering services. As a result, a group of staff were transferred to the new admission body and a pass through admission agreement has been put in place with the liabilities being retained by the Council. This agreement has been backdated to 1 January 2020 and backdated contributions have been collected.

Date	New Admission Body	Background information
05/04/2020	ABM Catering Limited (Holywell C of E Primary School)	Holywell C of E Primary School, a Cambridgeshire LEA school, have entered into a contract with ABM Catering Limited to provide catering services. As a result, a group of staff were transferred to the new admission body and a pass through admission agreement has been put in place with the liabilities being retained by the Council. This agreement has been backdated to 5 April 2020 and backdated contributions have been collected.
01/10/2020	City Culture Peterborough Limited	Peterborough City Council entered into a contract with City Culture Peterborough Limited to manage the city's culture and heritage facilities. As a result, a group of staff were transferred to the new admission body and a pass through admission agreement has been put in place with the liabilities being retained by the City Council. This agreement has been backdated to 1 October 2020 and backdated contributions have been collected.
01/07/2020	Aspens Service Limited (Brampton Village Primary School)	Aspens Service Limited is a former admission body whose last active member opted out of the scheme. The admission has been re-opened and backdated to 1 July 2020 after the eligible employee re-joined the scheme. The backdated contributions from 1 July 2020 have been collected.
01/08/2020	Centre 33	Cambridgeshire County Council entered into a contract with Centre 33 to provide assessments of and support services to young carers. As a result, a single member of staff was transferred to the new admission body and a pass through admission agreement has been put in place with the liabilities retained by the Council. This agreement has been backdated to 1 August 2020 and backdated contributions have been collected. This body also appears in section 3 (Cessations) of this report as the transferring member has since left the Scheme.
01/09/2020	Hertfordshire Catering Limited	Hertfordshire Catering Limited has entered into a contract with a number of LEA schools to provide catering services. As a result, a group of employees were transferred to the admission body and separate pass through admission agreements have been put in place for each separate contract. A list of the separate admission agreements can be found in appendix 1. These agreements have been backdated to 1 September 2020 and backdated contributions have been collected.

Date	New Admission Body	Background information
01/04/2021	Goshen Multiservices Limited	Cambridge City Council have entered into a contract with Goshen Multiservices Limited to provide cleaning services. As a result, a group of employees were transferred to the admission body and a full admission agreement has been put in place. A bond is required for this admission, and a bond agreement will be put in place in due course.
01/04/2021	Industrial Site Maintenance Limited	Cambridge City Council has entered into a contract with Industrial Site Maintenance Limited to provide cleaning services. As a result, a group of employees were transferred to the admission body and a full admission agreement has been put in place. This agreement will be backdated to 1 April 2021 and backdated contributions will be collected once the agreement is sealed.

3. Cessations

3.1 Spurgeons

- 3.1.1 Spurgeons were admitted to the Fund under a full agreement on 1st April 2012, after entering a contract to provide children's services.
- 3.1.2 On 17th January 2021, the last active member was transferred out from Spurgeons. A surplus of £385K has been identified by the Fund Actuary, officers will now assess whether an exit credit should be paid and if so, the value of that exit payment, in line with paragraph 64 of the Regulations.

3.2 Lunchtime Company Limited (Fulbourn Primary School)

- 3.2.1 Lunchtime Company Limited were admitted to the Fund under a pass through agreement on 1st May 2017 after entering a contract to provide the catering services in Fulbourn Primary School.
- 3.2.2 Their service contract ended on 12th February 2021. No exit payment or credit will be required as the pension liabilities were retained by Cambridgeshire County Council.

3.3 ABM Catering Limited (Abbots Ripton CoE Primary School)

- 3.3.1 ABM Catering Limited were admitted to the Fund under a pass through admission agreements on 1st January 2018 after entering a contract to provide the catering services in Abbots Ripton CoE Primary School.
- 3.3.2 Their service contract ended on 31st December 2020. No exit payment or credit will be required as the pension liabilities were retained by Cambridgeshire County Council

3.4 Easy Clean Limited (Little Paxton Primary School)

- 3.4.1 Easy Clean Limited were admitted to the Fund under a pass through agreement on 1st June 2018, after entering a contract to provide catering services in Netherall School.
- 3.4.2 On 24th December 2020, the last active member left employment. No exit payment or credit will be required as the pension liabilities were retained by Cambridgeshire County Council.

3.5 Edwards & Blake Limited (Spring Common Academy)

- 3.5.1 Edwards & Blake Limited were admitted to the Fund under a pass through agreement on 1st June 2018, after entering a contract to provide catering services.
- 3.5.2 On 29th January 2021, the last active member left employment. No exit payment or credit will be required as the pension liabilities were retained by Spring Common Academy Trust.

3.6 Centre 33

- 3.6.1 Centre 33 were admitted to the Fund under a pass through agreement effective from 1 August 2020 after entering into a contract with Cambridgeshire County Council to provide assessments of and support to young carers.
- 3.6.2 On 31 August 2020, the last active member left employment. No exit payment or credit will be required as the pension liabilities were retained by Cambridgeshire County Council.

4. Relevant Pension Fund Objectives

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

Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. *Objective 5*

Ensure appropriate exit strategies are put in place in both the lead up to and termination of a scheme employer. *Objective 7*

5. Risk Management

- 5.1 The Pension Fund Committee are responsible for approving some admission bodies into the Fund as well as monitoring all admissions and cessations.
- 5.2 The risks associated with failing to monitor admissions and cessations have been captured in the Fund's risk register as detailed below.

Risk	Residual risk rating
Lack of understanding of employer responsibilities which could result in statutory and non-statutory deadlines being missed.	Green
Failure to administer the scheme in line with the regulations.	Green
Failure to provide relevant information to the Pension Fund Committee/Pension Board to enable informed decision making.	Green
Failure to assess and monitor the financial strength of an employer covenant to ensure employer liabilities are met.	Green

5.3 The Fund's full risk register can be found on the Fund's website:

[Pension Fund Risk Register hyperlink](#)

6. Finance & Resources Implications

- 6.1 Actuarial costs incurred by obtaining a calculation of the employer's contribution rate and opening funding position at commencement are recharged directly to the employer.
- 6.2 The employer contribution rate contains an allowance for administration charges, and the employer is charged a fee to recover the Funds administration costs of on boarding new employers and terminating ceased employers. This means that admissions and cessations should be cost neutral.
- 6.3 Employers who are unable to pay monies due during the course of active membership may result in unpaid liabilities being borne by other employers in the Fund.

7. Communication Implications

Direct Communications - Direct communications will be required to facilitate employer start up in the LGPS.

Direct communications will be required with the exiting employers.

Training - Training will need to be provided to new employers on a number of LGPS issues.

Website - New employers are given access to the employer's guidance available on the pension's website.

8. Legal Implications

- 8.1 Admitted bodies enter into an admission agreement with the administering authority in order to become an employer within the Cambridgeshire Pension Fund. This agreement sets out the statutory responsibilities of an employer, as provided for under the Regulations governing the LGPS.

9. Consultation with Key Advisers

- 9.1 Contribution rate and bond assessments are undertaken by Hymans Robertson, the Fund Actuary.
- 9.2 A precedent admission agreement has been drafted by Eversheds, specialist pension legal advisers in consultation with LGSS Law.

10. Alternative Options Considered

- 10.1 None available.

11. Appendix

- 11.1 Appendix 1: List of admission agreements for Hertfordshire Catering Limited

Checklist of Key Approvals

Has this report been cleared by Section 151 Officer? Sarah Heywood – 8/7/2021

Has this report been cleared by Head of Pensions? Mark Whitby – 25/6/2021

Has the Chair of the Pension Fund Committee been consulted? Councillor Whelan – 8/7/2021

Has this report been cleared by Legal Services? Fiona McMillan – 28/6/2021

Appendix 1: Admission Agreements for Hertfordshire Catering Limited

New Admission Body	Contracts
Hertfordshire Catering Limited	Petersfield C of E Aided Primary School
	Meldreth Primary School
	Hatton Park Primary School
	Hauxton Primary School
	Harston & Newton Community Primary School
	Barrington C of E VC Primary School

