



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

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Appendix A – ACCESS Annual Report

Chair's Foreword

It gives me great pleasure to introduce the Cambridgeshire Pension Fund Annual Report and Statement of Accounts for 2020-21. It has been a year like no other, but that has not stopped the Pension Fund in continuing to deliver its high service.

I would like to thank our previous Chair Councillor Terry Rogers, for his hard work and dedication to the Fund over the last four years, as well as all the current and previous members of the Pension Fund Committee.

I'd also like to take this opportunity to thank the staff of the Cambridgeshire Pension Fund and the Employers within the Fund for their work over the last year which has seen all of them adapt to the new situation of working from home, and despite this they continue to deliver their high service standards to our customers.

The key stakeholders are our scheme members; which has increased to over 89,000 active, pensioner and deferred members of the scheme from the previous year's figure of over 85,000. These members rely on us to look after their valuable pension rights and we have taken steps to ensure that our scheme members continue to receive the same experience as they have in previous years.

Initiatives designed to increase member engagement saw an increase in the number of members registering for their online pension account of 22% from December 2020 (19,740) to June 2021 (24,160), enhancing both the members ability to manage their pension and our ability to communicate with members quicker and more securely through their online account. The transition from annual to monthly data provision by scheme employers, has been a key focus and 96.39% of employers now provide us with a monthly return improving the timeliness of data provision, allowing members to see more up to date information about their pension through their online account and improving our ability to administer the Fund in an efficient manner.

Following the impact of the Covid-19 pandemic on the 2019-20 financial accounts we have seen a resurgence in valuation of the fund from £3.00bn as at the 31st March 2020 to £3.90bn on 31st March 2021. This figure not only sees growth of 30.0% on the previous year, but also sees growth on our pre-pandemic valuation of £3.19bn on 31st March 2019 of 22.3%.

The Fund continues its commitment to the ACCESS asset pool with 60% of its assets pooled, and this figure will continue to rise in the coming years.

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

Councillor Alison Whelan

Chair of the Cambridgeshire Pension Fund Committee
Dated: 29/07/2022

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 in respect of the Pension Fund

The Cambridgeshire County Council is required to:

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

The Chief Finance Officer's Responsibilities

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

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

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

The Chief Finance Officer has also:

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

Certificate of Accounts

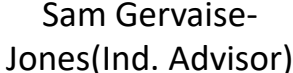
I certify that this Statement of Accounts presents a true and fair view of the financial position of the Pension Fund at 31 March 2021 and of its income and expenditure for the year 2020-21, and authorise the accounts for issue.

Mr T Kelly

Chief Finance Officer
(Section 151 Officer)
Dated: 29/07/2022

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	*Subfunds managed by Link Fund Solutions in the ACCESS Pool (page 30)	

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 Kent – 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

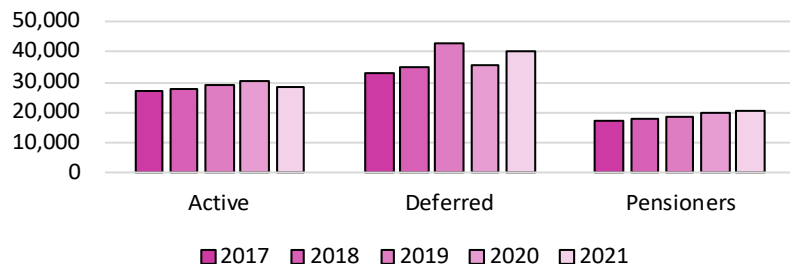
Cambridgeshire County Council is responsible for administering the Cambridgeshire Pension Fund, which is available to employees of the County Council, organisations with a statutory right to be in the scheme (scheduled bodies) and organisations, such as charities, which the County Council has admitted under its discretionary powers (admitted bodies). As well as organisations that can admit their employees to the LGPS by passing their resolution (nominate employees for access to the LGPS).

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

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 shared service partnership between Cambridgeshire County council and Northamptonshire County Council 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 (total members for Northamptonshire and Cambridgeshire Pension Funds divided by full time equivalent staff members).

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

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

Scheme Administration Tools

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

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

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

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

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

Scheme Administration (continued)

Scheme Framework

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

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

Employers' contribution rates are set by the Fund's Actuary every three years following the valuation of the Fund, in order to maintain the solvency of the Fund. The last valuation took place as at 31 March 2019. The results of the valuation were a funding level of 100% and an average primary employer contribution rate of 18.4% (31 March 2016: 18.1%). The primary rate includes an allowance of 0.6% (31 March 2016: 0.6%) of the pensionable pay for the Fund's expenses. The average employee contribution rate is 6.3% (31 March 2016: 6.3%) of pensionable pay.

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

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

In December 2018 the Court of Appeal ruled against the Government in the two linked cases of Sargeant and McCloud (which for the purposes of the LGPS has generally been shortened to "McCloud"), relating to the Firefighter unfunded pension schemes and the Judicial pension arrangements.

In essence, the Court held that the transitional protections, which were afforded to older members when the reformed schemes were introduced in 2015, constituted unlawful age discrimination. It was announced on the 27th June 2019 that the Government has been denied the right to appeal.

It was subsequently announced that any remedy resulting from the McCloud case would also apply to the LGPS in the form of a small increase in benefits for some members. A MHCLG consultation on the required amendments to the LGPS regulations was issued on 16th July 2020 for a period of 12 weeks. It is anticipated that amendments to members benefits will not commence until the earliest of 1 April 2021.

Scheme Administration (continued)

The below table compares the 2008 and the 2014 schemes.

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

Scheme Administration (continued)

Pension Fund Committee and Local Pension Board membership

The following table shows the attendance of Committee and Board members at applicable Pension Fund Committee, Investment Sub-Committee and Local Pension Board meetings during 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 Fund Committee - Investment Sub-Committee	5 meetings of 5 4 meetings of 4	4 Sessions
Councillor Ian Gardener – vice Chairman	- Pensions Fund Committee - Investment Sub-Committee	5 meetings of 5 4 meetings of 4	4 Sessions
Councillor Mike Shellens	- Pensions Fund Committee - Investment Sub-Committee	5 meetings of 5 3 meetings of 4	4 Sessions
John Walker	- Pensions Fund Committee - Investment Sub-Committee	5 meetings of 5 4 meetings of 4	8 Sessions
Councillor David Seaton	- Pensions Fund Committee - Investment Sub-Committee	2 meetings of 5 3 meetings of 4	2 Sessions
Lee Phanco (Appointed to ISC August 2020)	- Pensions Fund Committee - Investment Sub-Committee	5 meetings of 5 1 meeting of 3	1 Sessions
Councillor Peter Downes	Pensions Fund Committee	5 meetings of 5	2 Sessions
Councillor Anne Hay	Pensions Fund Committee	4 meetings of 5	3 Sessions
Councillor Richard Robertson	Pensions Fund Committee	5 meetings of 5	3 Sessions
Matthew Pink	Pensions Fund Committee	4 meetings of 5	2 Sessions
Councillor David Jenkins (Appointed December 2020)	Pensions Fund Committee	0 meetings of 2	0 Sessions
Liz Brennan (Substitute)	Pensions Fund Committee	0 meetings of 5	0 Sessions
Councillor Simon King - Chairman	Local Pension Board	3 meetings of 3*	12 Sessions
David Brooks (Retired November 2020)	Local Pension Board	2 meetings of 3*	1 Sessions
Councillor Elisa Meschini	Local Pension Board	3 meetings of 3*	3 Sessions
Councillor Denis Payne	Local Pension Board	3 meetings of 3*	12 Sessions
Barry O'Sullivan	Local Pension Board	3 meetings of 3*	5 Sessions
John Stokes	Local Pension Board	3 meetings of 3*	3 Sessions
Val Limb	Local Pension Board	1 meeting of 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 2020-21
- Communications Strategy
- Administration Strategy
- Data Improvement Policy
- Investment Strategy Statement

Management and Financial Performance

The Team

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

- **Operations** – maintain member records, calculate benefits and pensions payable.
Contact: Pensions@westnorthants.gov.uk
- **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 and investment accounting.
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 on the [Pensions Ombudsman](#) website.

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

Nature of dispute	Stage 1	Stage 2
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 Qualifying Recognised Overseas Pension Scheme 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 Chair of the PFC represent the Fund on the AJC, supported by Fund officers working in the ACCESS Officers Working Group (OWG).

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

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

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

Management and Financial Performance (continued)

Risk Management

The Cambridgeshire Pension Fund has both a risk strategy and a risk register in place to identify, evaluate, mitigate and monitor risks associated with the activities that the Fund carries out. Risk is managed through regular reporting to both the Pension Fund Committee and Local Pension Board. Identified risks are recorded in the Risk Register, a copy of which can be found at: [Risk Register](#)

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

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

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

Investment Risk

The Fund's Investment Strategy Statement, which is reviewed annually, sets out the Fund's investment strategy which incorporates evaluation of key investment risks.

In addition the Statement of Accounts section of this document, provides further information about Investment risks and how they apply to the Investment Assets held by the Fund.

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

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

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

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

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

At year end all Investment Managers, including Link Fund Solutions who are the Operator of the ACCESS pool (page 30), are required to provide ISAE 3402 Service Organisation Control Reports which are made available to external audit.

Risk Assurance

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

Management and Financial Performance (continued)

Financial Performance

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

Performance Indicators	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	0	0
Profit/(loss) on disposal and changes in market value of investments	69,000	836,312
Net return on investments	109,000	867,718
Net increase/(decrease) in assets during the year	114,851	900,566

Management expenses per active member are shown below:

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

Variance Analysis

- Contribution differences reflects employers paying their three year deficit in the first year following the 2019 Valuation.
- 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 36.

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

Management and Financial Performance (continued)

Performance Indicators

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

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

	Cases completed in the year	Cases completed within KPI target	% of Cases completed within KPI target
Deaths – initial letter acknowledging death of member <i>KPI: 5 working days, Legal requirement: 2 months</i>	754	751	99%
Deaths – letter notifying amount of dependant’s pension <i>KPI: 5 working days, Legal requirement: 2 months</i>	375	366	98%
Estimates – letter notifying estimate of retirement benefits to employee <i>KPI: 10 working days, Legal requirement: 2 months</i>	572	542	95%
Retirements – process and pay pension benefits on time <i>KPI: 5 working days, Legal requirement: 2 months</i>	447	423	95%
Deferment – calculate and notify deferred benefits <i>KPI: 15 working days, Legal requirement: N/A</i>	2249	2078	92%
Transfers in – Letter detailing transfer in <i>KPI: 10 working days, Legal requirement: 2 months</i>	314	299	95%
Transfers out – letter detailing transfer out <i>KPI: 10 working days, Legal requirement: 3 months</i>	427	402	94%

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%

¹Excludes 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 31st 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 31st 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 (Nursery School) (CCC)	17,431	68,306	85,737		S*
Houghton Primary School (CCC)	19,107	75,090	94,197		S*
Huntingdon Nursey 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 & Nurse 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 Fund's assessment of the suitability of different types of investments;
- c) the Fund's approach to risk, including the ways in which risks are assessed and managed;
- d) the Fund's approach to pooling investments;
- e) the Fund's policy on how social, environmental and corporate governance considerations are taken into account; and
- f) the Fund's policy on the exercise of the rights (including voting rights) attaching to investments.

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

The Fund adopts a long-term perspective, focussing its investment strategy to generate sustainable returns on a risk adjusted basis to grow the Fund's assets to reflect its equally long-term future liabilities. 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 as at 31st March 2021, the ACCESS Pool has significant scale with assets of £56bn (of which 57% has been pooled) serving 3,400 employers with 1.1 million members including 300,000 pensioners.

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

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

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 59.9% 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	0.0	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 fee savings for the 2020-21 financial year resulting from the asset pooling agenda exceed £2.8m.

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	6,584	21	6,605	7,174	2,208	9,382	15,987
Performance Fee	0	8,465	8,465	3,092	598	3,690	12,155
Broker commissions	0	218	218	15	0	15	233
Other explicit costs	0	97	97	262	267	529	626
Implicit/indirect transaction costs	0	3,067	3,067	0	1,113	1,113	4,180
Administration	141	111	252	886	320	1,206	1,458
Governance and Compliance	0	15	15	442	349	791	806
Other	139	-128	11	495	981	1,476	1,487
Total	6,864	11,866	18,730	12,366	5,836	18,202	36,932

Investment Policy and Performance (continued)

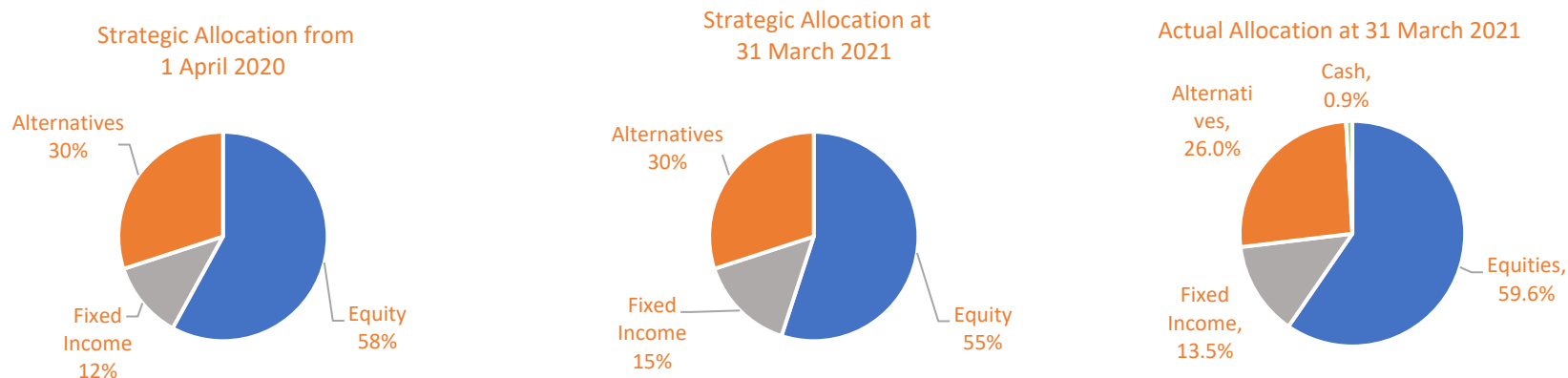
Investment Allocation and Performance

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 Fund Committee in March 2019 aimed to reduce the Fund's reliance upon, and the associated risks, of a large allocation to equities whilst retaining sufficient exposure to growth assets. The strategy focused on a reduction in equities and an increase in Alternative assets (such as Private equity and Infrastructure) and a flexible allocation to fixed income. The ISC subsequently reviewed the regional mix within the equity allocation and as a result reduced the exposure to UK Equities in conjunction with the roll-out of sub-funds offered by the ACCESS pool ACS. The Fund 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	13.2
Link Fund Solutions - ACCESS Global Stock	316.6	10.6	486.7	12.6
Link Fund Solutions – ACCESS Global Equity (Longview)	266.4	8.9	362.1	9.4
River & Mercantile	36.9	1.2	-15.3	-0.4
UBS Passive Global Equity	780.4	26.2	872.0	22.6
BlueBay Asset Management	0.0	0.0	183.4	4.7
M&G Investments	0.0	0.0	182.5	4.7
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	6.5
Adams Street	86.9	3.0	131.9	3.4
Allianz	19.2	0.6	19.7	0.5
AMP debt	41.0	1.4	45.5	1.2
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	15.2	0.4
Equitix	37.2	1.2	32.2	0.8
HarbourVest	69.4	2.3	123.9	3.2
IFM Infrastructure	60.9	2.0	62.8	1.6
JP Morgan	0.0	0.0	59.2	1.5
M&G	110.4	3.7	119.0	3.1
Partners Group	39.3	1.3	41.8	1.1
UBS Infrastructure	14.0	0.5	10.7	0.3
Cash	34.7	1.2	36.4	0.9
TOTAL	2,979.6	100.0	3,864.9	100.0

Investment Policy and Performance (continued)

Total Fund Performance

The total investment return for the Fund over the financial year was 26.5% net of fees 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 8.6% p.a over the three years to 31 March 2021, 10.4% p.a over the five years to 31 March 2021, and 8.3% p.a 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	17.4	39.1	-21.7	15.4	14.1	-1.3	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

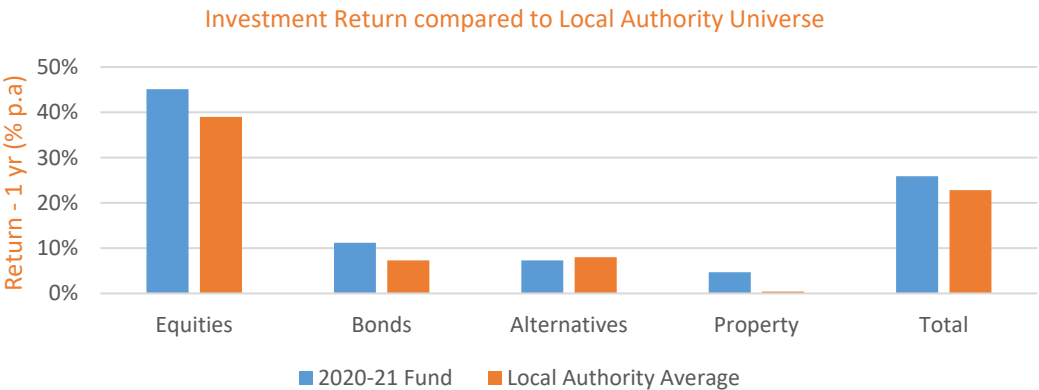
n/a = Not invested for the full period therefore no meaningful performance measure is available

Investment Policy and Performance (continued)

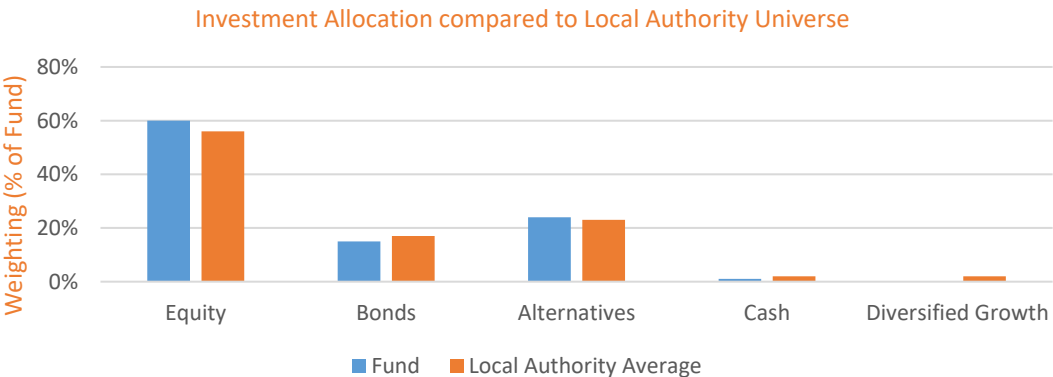
Performance in Comparison with Local Authority Universe

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 26.5% net of fees 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)

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.

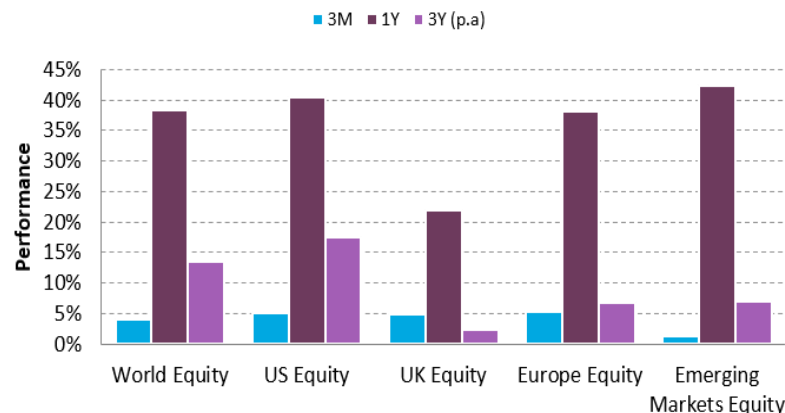
The surge was spearheaded by US equities, which posted their best quarterly returns in more than 20 years. European equities followed a similar path and emerging market equities rallied, recording their strongest quarterly return in over a decade, with US dollar weakness amplifying returns.

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 31st 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

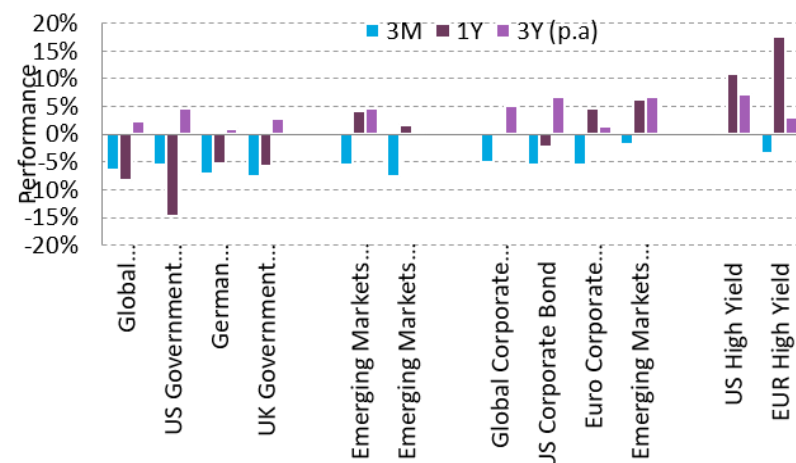
Fixed Income markets told a similar story to equities in Q2 2020, with US investment grade bonds rebounding. Risk sentiment improved as COVID-19 infection rates declined, while monetary and fiscal easing provided additional fuel to markets. European investment grade followed suit and aggregate spreads 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 31st 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 Pension Fund 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 Pension Fund 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



Building a better
working world

INDEPENDENT AUDITOR'S STATEMENT TO THE MEMBERS OF CAMBRIDGESHIRE COUNTY COUNCIL ON THE PENSION FUND FINANCIAL STATEMENTS

Opinion

We have examined the pension fund financial statements for the year ended 31 March 2021, which comprise the Fund Account, the Net Assets Statement and the related notes.

In our opinion, the pension fund financial statements are consistent with the full annual statement of accounts of Cambridgeshire County Council for the year ended 31 March 2021 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

Respective responsibilities of the Chief Finance Officer and the auditor

As explained more fully in the '*Statement of Responsibilities, Certificate and Approval of Accounts*', the Chief Finance Officer is responsible for the preparation of the pension fund's financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

Our responsibility is to report to you our opinion on the consistency of the pension fund financial statements within the pension fund annual report with the pension fund financial statements in the statement of accounts of Cambridgeshire County Council, and its compliance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

We also read the other information contained in the pension fund annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the pension fund financial statements. The other information consists only:

- Preface;
- Scheme Administration;
- Management and Financial Performance;
- Investment Policy and Performance; and
- Actuarial Information.

We conducted our work in accordance with Auditor Guidance Note 07 – Auditor Reporting, issued by the National Audit Office. Our report on the administering authority's full annual statement of accounts describes the basis of our opinion on those financial statements.

Mark Hodgson (Key Audit Partner)

Ernst & Young LLP (Local Auditor)

Cambridge

Dated: 29/07/2022

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	Note 7	154,534
6,704 Transfers in from other pension funds	Note 8	22,232
133,175		176,766
-107,863 Benefits	Note 9	-109,596
-10,119 Payments to and on account of leavers	Note 10	-11,632
-117,982		-121,228
15,193	Net additions/(withdrawals) from dealing with members	55,538
-19,004 Management expenses	Note 11	-22,690
-3,811	Net additions/(withdrawals) including fund management expenses	32,848
Returns on investments:		
34,447 Investment income	Note 13	31,406
-2 Taxes on income		0
-225,559 Profit and (losses) on disposal of investments and changes in the value of investments	Notes 14a and 17b	836,312
-191,114	Net return on investments	867,718
-194,925	Net increase/(decrease) in the net assets available for benefits during the year	900,566
3,192,594 Opening net assets of the scheme		2,997,669
2,997,669	Closing net assets of the scheme	3,898,235

Notes on pages 46 to 76 form part of the financial statements.

Net Asset Statement

31-Mar-20 £000		Notes	31-Mar-21 £000
3,081,595	Investment assets		3,913,043
-101,964	Investment liabilities		-48,160
2,979,631	Total net investments	Note 14	3,864,883
27,209	Current assets	Note 21	39,679
-9,171	Current liabilities	Note 22	-6,327
18,038	Net Current Assets		33,352
2,997,669	Closing net assets of the scheme	Note 17a	3,898,235

Notes on pages 46 to 76 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.
- Resolution/Designated bodies – These are organisations that can admit their employees to the LGPS by passing their resolution (nominate employees for access to the LGPS) Parish/Town Council are under this category.

As at 31 March 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

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 $1/49$ th or $1/98$ th for those members who have taken up the 50/50 option and pay proportionately lower contributions.

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

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

2. BASIS OF PREPARATION

The statement of accounts summarises the Fund's transactions for the 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 at year ending March 2022 was 114%.

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Account – Revenue Recognition

Contribution Income

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

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

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

Transfers to and from Other Schemes

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

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

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

Investment Income

i) Interest income

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

ii) Dividend income

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

iii) Distributions from pooled funds

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

Notes to the Pension Fund Accounts (continued)

Investment Income (continued)

iv) Movement in the net market value of investments

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

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 2020-21 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 £612.3m. 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 £756.2m to £468.4m.

6. EVENTS AFTER THE BALANCE SHEET DATE

Following the imposition of sanctions by the UK and other governments, Russian listed equity markets closed and Russian stocks have been excluded from major indices. As a result of these actions, the Fund has received assurances from its partners involved regarding the cessation of all new purchases of Russian securities until further notice.

The extent of direct Russian-based investment within the Cambridgeshire Pension Fund as at 31 December 2021 is estimated £5.2m or below for the Fund. This constitutes a non-adjusting event under IAS 10.

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
0	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
0 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 plus £15k fee scale variations paid during 2021-22).

Notes to the Pension Fund Accounts (continued)

12. INVESTMENT MANAGEMENT EXPENSES

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

	Management fees	Performance related fees	Transaction costs	Other costs	Total
	£000	£000	£000	£000	£000
2019/20					
Bonds	207	0	0	0	207
Equities	757	0	122	0	879
Pooled Investments	7,200	0	0	440	7,640
Pooled property investments	508	0	334	15	857
Private equity	3,527	1,175	0	371	5,073
Custody fees	0	0	0	17	17
Total	12,199	1,175	456	843	14,673

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	0
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	0
2,029,182	Pooled investments	2,761,795
225,063	Pooled property investments	237,190
500,810	Private equity/infrastructure	688,334
31,585	Cash deposits	66,353
138,546	Derivatives contracts: Options	2,152
722	Investment income due	247
3,081,595	Total investment assets	3,913,043
Investment liabilities		
-101,964	Derivatives contracts: Options	-48,160
-101,964	Total investment liabilities	-48,160
2,979,631	Net investment assets	3,864,883

Notes to the Pension Fund Accounts (continued)

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

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

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	0	3,846	-316	-3,530	0
• Purchased/written options	0	-	0	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			0	722
• Amount receivable for sales	1,910			0	0
• Spot FX contracts	0			160	0
• Amounts payable for purchases of investments	-345			0	0
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	32.50%	Link Fund Solutions	1,358,174	35.1%
853,507	28.60%	UBS Global Asset Management	957,079	24.8%
1,822,806	61.10%	Total Investments managed under Pool Governance	2,315,253	59.9%
Investments managed outside Pool Governance:				
86,935	2.9%	Adams Street Partners	131,898	3.4%
19,193	0.6%	Allianz Global Investors	19,736	0.5%
40,979	1.4%	AMP Capital	45,488	1.2%
0	0.0%	BlueBay Asset Management	183,388	4.7%
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	15,225	0.4%
69,438	2.3%	HarbourVest Partners (UK)	123,900	3.2%
60,937	2.0%	IFM Infrastructure	62,786	1.6%
0	0.0%	JP Morgan	59,218	1.5%
55,411	1.9%	M&G Investments	247,048	6.4%
55,022	1.9%	M&G Real Estate	54,400	1.5%
39,246	1.3%	Partners Group (UK)	41,798	1.1%
192,269	6.5%	River and Mercantile Group	141,770	3.7%
373,605	12.5%	Schroders Investment Management	252,654	6.5%
13,958	0.5%	UBS Infrastructure	10,710	0.3%
34,732	1.2%	Cash with custodian	36,435	0.9%
1,156,825	38.9%	Total Investments managed outside Pool Governance	1,549,630	40.1%
2,979,631	100.0%	Net investment assets	3,864,883	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	12.5%
LF ACCESS Global Equity - J O Hambro	386,254	12.9%	509,482	13.1%
LF ACCESS Global Equity - Longview	266,447	8.9%	362,023	9.3%
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				138,545		2,152
Liabilities						
Equity written	One to three months	Put	0	0	-203,057	-285
Equity written	Over three months	Put	-222,053	-98,506	0	0
Equity written	One to three months	Call	0	0	-154,327	-47,875
Equity written	Over three months	Call	-168,826	-3,457	0	0
Total liabilities				-101,963		-48,160
Net purchased/written options				36,582		-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 at fair value through profit and loss of the Pension Fund grouped into levels 1 to 3, based on the level at which the fair value is observable:

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

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	0	155,686	0	155,686
Equities	1	0	0	1
Pooled Investments	2,422	2,026,760	0	2,029,182
Pooled Property Investments	0	0	225,063	225,063
Private Equity/Infrastructure	0	55,023	445,787	500,810
Derivatives	0	138,546	0	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	688,334	23.5%	850,092	526,576
Property	237,190	14.2%	270,871	203,509
Total Assets	925,524		1,120,963	730,085

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	0	15,821	-4,215	1,812	-1,291	237,190
Private equity and infrastructure - equity	58,000	0	0	0	18,000	0	76,000
Private equity and infrastructure - other	387,787	55,000	137,005	-55,395	64,974	22,963	612,334
Total	670,850	55,000	152,826	-59,610	84,786	21,672	925,524

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	0	0	156,972	0	0
1	0	0	0	0	0
2,029,182	0	0	2,761,795	0	0
225,063	0	0	237,190	0	0
500,810	0	0	688,334	0	0
138,546	0	0	2,152	0	0
0	40,661	0	0	90,818	0
0	722	0	0	247	0
0	18,133	0	0	15,214	0
3,049,288	59,516	0	3,846,443	106,279	0
Financial liabilities					
0	0	-101,964	0	0	-48,160
0	0	0	0	0	0
0	0	-9,171	0	0	-6,327
0	0	-111,135	0	0	-54,487
3,049,288	59,516	-111,135	3,846,443	106,279	-54,487
2,997,669 Total			3,898,235		

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	918,956
4,461	Amortised cost – realised gains on de-recognition of assets	5
Financial liabilities:		
33,052	Fair value through profit and loss	-82,590
0	Amortised cost – realised losses on de-recognition of assets	-59
-225,559	Total gains/(losses)	836,312

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:

e Asset Type	Value as at 31-Mar-21 £000	% (rounded) Change	Value on Increase £000	Value on Decrease £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	688,334	23.5%	850,092	526,576
Cash and other investment balances	36,698	0.3%	36,808	36,588
Total Assets	3,864,883		4,502,312	3,227,454

31-Mar-20 Asset Type	Value as at 31-Mar-20 £000	% (rounded) Change	Value on Increase £000	Value on Decrease £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 31-Mar-21 £000	Impact of 1% decrease £000	Impact of 1% increase £000
Cash and cash equivalents	66,353	66,353	66,353
Cash balances	24,465	24,465	24,465
Index-linked securities	156,972	158,542	155,402
Fixed interest securities	430,436	434,740	426,132
Total change in assets available	678,226	684,101	672,351

Exposure to interest rate risk	Asset values 31-Mar-20 £000	Impact of 1% decrease £000	Impact of 1% increase £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 hedges its currency exposures on equity investments by transferring into currency hedged share classes of its passive equity funds.

Notes to the Pension Fund Accounts (continued)

Currency risk – sensitivity analysis

Following analysis of historical data with the Fund's advisers, the Council considers the likely volatility associated with foreign exchange rate movements to be 9.8% (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	Potential market movement	Value on increase	Value on decrease
	31-Mar-21			
	£000	£000	£000	£000
Overseas equities - Hedged	548,469	0	548,469	548,469
Overseas equities - Unhedged	1,681,752	164,812	1,846,564	1,516,940
Overseas fixed income	430,436	42,183	472,619	388,253
Overseas cash fund	1,046	103	1,149	943
Total	2,661,703	207,097	2,868,800	2,454,606

Assets exposed to currency risk	Value at	Potential market movement	Value on increase	Value on decrease
	31-Mar-20			
	£000	£000	£000	£000
Overseas equities - Hedged	577,099	0	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	0	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 £925.5m, which represented 23.9% 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 £m		31-Mar-21 £m
-4,305	Present value of promised retirement benefits	-5,774
2,998	Fair value of scheme assets (bid value)	3,898
-1,307	Net liability	-1,876

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 % p.a.	Assumption	31-Mar-21 % 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	8,173
361 Utmost	403
8,014	8,576

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:-

- John Walker
- Lee Phanco

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

Cambridge and Counties Bank

The Fund is joint owner, along with Trinity Hall, Cambridge, of Cambridge and Counties Bank (CCB). As the Fund has no controlling interest in the Bank and it is included within the Fund's financial statements as a minority interest. Each shareholder is entitled to appoint one shareholder Non Executive Director to the Board of CCB. The Fund is represented by an Officer of the Pension Fund, for which CCB paid £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 Authorised Contractual Scheme.

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

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

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

CASH EQUIVALENTS Assets which are readily convertible into cash.

CIPFA Chartered Institute of Public Finance and Accountancy

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

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

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

COUPON The regular payment made on bonds.

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

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

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

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

DEFICIT An outcome as a result of taking away all expenses from income. Additionally, the Fund is in deficit when the liabilities are larger than assets.

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

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

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

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

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

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

Glossary (continued)

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

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

GMP Guaranteed Minimum Pension.

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

IDRP Internal Dispute Resolution Procedures

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

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

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

ISC Investments Sub-Committee.

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

LPB Local Pension Board.

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

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

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

PFC Pension Fund Committee.

PLSA Pensions and Lifetime Savings Association.

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

RAG Red, Amber and Green.

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

SAB Scheme Advisory Board.

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

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

SURPLUS An outcome as a result of taking away all expenses from income. Additionally, the Fund is in surplus when the assets are larger than liabilities.

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

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

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

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

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