



# **Cambridgeshire County Council Pension Fund Annual Report Year Ended 31 March 2022**

# Contents

## 1. PREFACE

Chair's Foreword	<a href="#">Page 3</a>
Statement of Responsibilities	<a href="#">Page 4</a>
Scheme Management, Advisors & Partners	<a href="#">Page 5</a>

## 2. SCHEME ADMINISTRATION

Pension Fund Administration	<a href="#">Page 7</a>
Membership	<a href="#">Page 7</a>
Scheme Administration Tools	<a href="#">Page 7</a>
Scheme Framework	<a href="#">Page 8</a>
Committee & Board Membership	<a href="#">Page 10</a>
Policies & Strategy Statements	<a href="#">Page 11</a>

## 3. MANAGEMENT AND FINANCIAL PERFORMANCE

The Team	<a href="#">Page 12</a>
Complaints and Appeals	<a href="#">Page 12</a>
Managing Decision Making	<a href="#">Page 13</a>
Risk Management	<a href="#">Page 14</a>
Financial Performance	<a href="#">Page 15</a>
Performance Indicators	<a href="#">Page 16</a>
Contributors to the Fund	<a href="#">Page 18</a>

## 4. INVESTMENT POLICY AND PERFORMANCE

Investment Policy	<a href="#">Page 30</a>
Pooling	<a href="#">Page 31</a>
Asset Allocation	<a href="#">Page 33</a>
Investment Performance	<a href="#">Page 35</a>
TCFD Reporting	<a href="#">Page 37</a>
Investment Consultants Annual Review	<a href="#">Page 42</a>

## 5. ACTUARIAL INFORMATION

Report by Actuary	<a href="#">Page 47</a>
-------------------	-------------------------

## 6. AUDIT OPINION

Report by Auditors	<a href="#">Page 50</a>
--------------------	-------------------------

## 8. GLOSSARY

Glossary of Terms	<a href="#">Page 53</a>
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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 2021-22.

Staff responsible for the management and administration of the Cambridgeshire Pension Fund have striven to deliver continuing high standards of performance to our scheme members, scheme employers and other stakeholders throughout the year.

Our scheme members increased to over 92,000 active, pensioner and deferred members from the previous year's figure of just over 89,000. Scheme members rely on us to look after their valuable pension rights during their lifecycle of scheme membership.

The Fund has seen further growth of 10.4%, ending this year with a fund valuation of £4.3bn as of 31<sup>st</sup> March 2022, compared to £3.9bn as of 31<sup>st</sup> March 2021.

This is despite the volatile market situation caused by the Russian invasion of Ukraine at the end of the financial year. Whilst first and foremost a human tragedy, the ongoing war in Ukraine is likely to lead to high inflation and challenging times for the Fund over the next year, with the effects not fully felt during 2021-22.

The Fund has worked hard during the year to develop an enhanced responsible investment (RI) policy, which forms part of our overall investment strategy. The new RI policy sets out our approach to sustainable responsible investment and will help us manage the carbon and climate risks impacting our investments better.

The Fund has carefully chosen an ambitious decarbonisation pathway for its portfolio of investments that will enable the Fund to reach net zero carbon emissions by 2050 or earlier whilst still ensuring its ability to pay benefits when they fall do is not compromised. Further information on this important work can be found in section Investment Policy and Performance of this annual

report and within the investment pages on the Fund's website.

The Fund has continued to progress work within the ACCESS pool, increasing our pooled assets to 62% as of 31<sup>st</sup> March 2022, with further assets in the pipeline to be pooled in the future.

The Fund has also been busy preparing, collating and analysing data in preparation for the next 3 year valuation cycle.

After another successful year for the Fund, I would like to once again thank the hard work of the Pension Fund Committee and its Investment Sub-Committee, members of the Local Pension Board, the Chief Finance Officer, the Head of Pensions and all the staff involved in the administration and management of the Cambridgeshire Pension Fund.

Councillor Alison Whelan

Chair of the Cambridgeshire Pension Fund Committee

# Statement of Responsibilities

## Introduction

This Annual Report and Statement of Accounts sets out the arrangements by which the Local Government Pension Scheme operates, reports changes which have taken place and reviews the investment activity and performance of the Cambridgeshire County Council Pension Fund ("Fund") during the year.

The Statement of Accounts has been prepared in accordance with the CIPFA/LASAAC Code of Practice for Local Authority Accounting in the United Kingdom 2021-22.

The accounts summarise the transactions of the Fund and deal with the net assets at the disposal of the Pension Fund Committee members. The accounts do not take account of the obligation to pay future benefits which fall due after year end. The actuarial position of the Fund which takes into account these obligations is available on the Fund's website, [2019 Valuation Report](#)

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

The Cambridgeshire County Council is required to:

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

## The Chief Finance Officer's Responsibilities

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

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

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

The Chief Finance Officer has also:

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

## Certificate of Accounts

I certify that this Statement of Accounts presents a true and fair view of the financial position of the Pension Fund at 31 March 2022 and of its income and expenditure for the year 2021-22, and authorise the accounts for issue.

## Mr T Kelly

Chief Finance Officer  
(Section 151 Officer)  
Dated: XXXXXXXXXXXX

# Scheme Management, Advisors and Partners

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

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

# Scheme Management & Key Officers

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

Mark Whitby – Head of Pensions

Ben Barlow – Investments and Fund Accounting Manager

Richard Sultana – Systems and Projects Manager

Akhtar Pepper – Operations Manager

Cory Blose – Employer and Communications Manager

Joanne Kent – Governance and Compliance Manager

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

### **Ben Barlow**

Investments and Fund Accounting Manager,  
Pension Services

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

Telephone: 07831 123167



Enquiries relating to management and administration should be directed to:

### **Mark Whitby**

Head of Pensions, Pension Services

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

Telephone: 07990 556197



Registered Pension Scheme Number: 10038487

# Scheme Administration

## Introduction

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

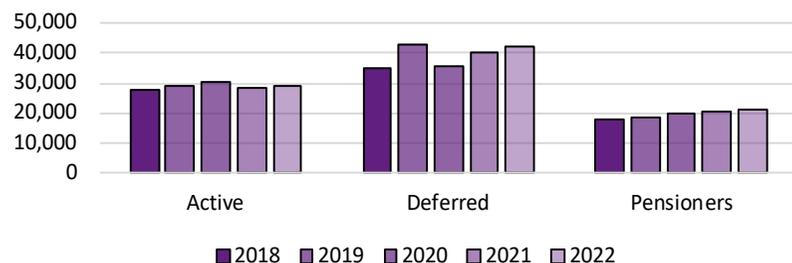
The Fund is a qualifying scheme under the automatic enrolment regulations and can be used by employers to automatically enrol eligible employees, and every three years re-enrol anyone who opts out of the scheme.

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

## Membership

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

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



## Pension Fund Administration

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

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

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

## Scheme Administration Tools

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

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

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

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

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

# Scheme Administration (continued)

## Scheme Framework

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

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

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

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

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

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

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

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

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

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

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

# Scheme Administration (continued).

The below table compares the 2008 and the 2014 schemes.

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

# Scheme Administration (continued)

## Pension Fund Committee and Local Pension Board membership

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

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

\*Not in appointment for the entire period.

# Scheme Administration (continued)

## Policies and Strategy Statements

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

[Key Documents](#)

### The following policies were in place during the financial year

- Administering Authority Discretions
- Administration Strategy
- Admitted Bodies Scheme Employers and Bulk Transfers Policy
- Annual Business Plan & Medium Term Strategy 2021-2024
- Anti-Fraud and Corruption Policy
- Cambridgeshire Pension Fund Training Strategy
- Cash Management Strategy
- Communications Plan
- Communications Strategy
- Conflict of Interest Policy for Cambridgeshire Pension Fund Board
- Data Improvement Policy
- Employer Data Retention Policy
- Funding Strategy Statement
- Governance Policy and Compliance Statement
- Investment Strategy Statement
- Overpayment of Pension Policy
- Payment of Pension Contributions Policy
- Reporting Breaches of the Law to the Pensions Regulator Policy
- Risk Register
- Risk Strategy

### Statement/Policy Changes in 2021-22

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

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

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

# Management and Financial Performance

## The Team

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

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

## Complaints

Should you have a complaint about the service, we will do our best to put things right. To access support, please contact

[Pensions@westnorthants.gov.uk](mailto:Pensions@westnorthants.gov.uk), telephone 01604 366537, or write to:

Pensions Service – Governance Team

One Angel Square,

Angel Street

Northampton

NN1 1ED

## Appeals

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

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

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

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

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

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

# Management and Financial Performance (continued)

## Managing Decision Making

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

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

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

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

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

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

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

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

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

# Management and Financial Performance (continued)

## Risk Management

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

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

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

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

## Investment Risk

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

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

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

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

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

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

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

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

## Risk Assurance

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

# Management and Financial Performance (continued)

## Financial Performance

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

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

Management expenses per active member are shown below:

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

## Variance Analysis

- Investment Management expenses forecast is understated as this does not include pooled fees deducted from market value.
- The 2021-22 forecast for profit/loss on disposal and changes in market value of investments assumed the actuarial target would be achieved. The actual market experience is explained in the investments consultant's review (page 42).

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.

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

# Management and Financial Performance (continued)

## Contributions

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

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

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

## Recovery of Overpayments of Pension

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

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

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

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

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

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

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

# Management and Financial Performance (continued)

## Contributors to the Fund

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

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

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

The table, left, shows employers in the fund as at the 31<sup>st</sup> March 2022, the breakdown of contributions by employer shown below will have different numbers of employers to the statement of accounts, as employers joined and left the fund throughout the year, an active or ceased column has been added to show this movement. Where contributions exist for ceased employers, this will be where prior year adjustments have been made within 2021-22, or contribution receipts recorded within the period.

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

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

# Management and Financial Performance (continued)

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

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

# Management and Financial Performance (continued)

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

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

# Management and Financial Performance (continued)

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

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

# Management and Financial Performance (continued)

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

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

# Management and Financial Performance (continued)

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

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

# Management and Financial Performance (continued)

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

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

# Management and Financial Performance (continued)

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

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

# Management and Financial Performance (continued)

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

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

# Management and Financial Performance (continued)

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

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

# Management and Financial Performance (continued)

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

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

# Management and Financial Performance (continued)

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

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

# Investment Policy and Performance

## Introduction

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

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

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

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

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

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

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

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

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

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

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

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

# Investment Policy and Performance (continued)

## Role of Investment Managers

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

## Active focus

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

## Custodian

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

## Asset Pooling

The Fund is working with ten like-minded LGPS funds to implement the ACCESS asset pool in response to the Government’s LGPS reform agenda. The main aim is to encouraged LGPS Funds to work together to form asset pools to “pool investments to significantly reduce costs, while maintaining investment performance.” Individually, the participating funds have a strong performance history and potential for substantial benefits for a group of successful, like-minded authorities collaborating and sharing their collective expertise. Collectively as at 31<sup>st</sup> March 2022, the ACCESS Pool has significant scale with assets of £60bn (of which 58.5% has been pooled) serving 3,500 employers with 1.2 million members including 310,000 pensioners.

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

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

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

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

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

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

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

# Investment Policy and Performance (continued)

## The Costs of Pooling

The costs of setting up the ACCESS pool and the operating costs of the pool are collected by a nominated ACCESS authority and re-charged in equal shares to the eleven ACCESS funds. Cambridgeshire's share of costs is reported within Oversight and Governance costs in Note 11 to the Statement of Accounts and comprises the following:

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

## Cost Savings

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

## Cost Transparency

The analysis below shows the investment expenses incurred during financial year 2021-22 between expenses incurred in respect of Pooled Assets held in the ACCESS Pool and those assets held outside of the pool. Direct costs include: invoiced costs and costs deducted from the value of fund, or from income generated, in accordance with the fee agreement in place with each manager and explicit transaction costs. Indirect costs include: implicit costs and third-party fees and charges. These are indicative estimates provided by Investment Managers as the reporting practices for the Cost of Transparency are still evolving.

## Cost Transparency - Continued

	Asset Pool			Non- Asset Pool			Fund Total
	Direct	Indirect	Total	Direct	Indirect	Total	
	£000	£000	£000	£000	£000	£000	£000
Investment Management Fee	7,745	271	8,016	8,132	1,825	9,957	17,973
Performance Fee	0	5,288	5,288	4,137	2,464	6,601	11,889
Broker commissions	0	348	348	18	6	24	372
Other explicit costs	0	91	91	604	793	1,397	1,488
Implicit/indirect transaction costs	0	4,304	4,304	0	738	738	5,042
Administration	295	0	295	525	758	1,283	1,578
Governance and Compliance	34	0	34	464	148	612	646
Other	-24	37	13	200	1,937	2,137	2,150
<b>Total</b>	<b>8,050</b>	<b>10,339</b>	<b>18,389</b>	<b>14,080</b>	<b>8,669</b>	<b>22,749</b>	<b>41,138</b>

# Investment Policy and Performance (continued)

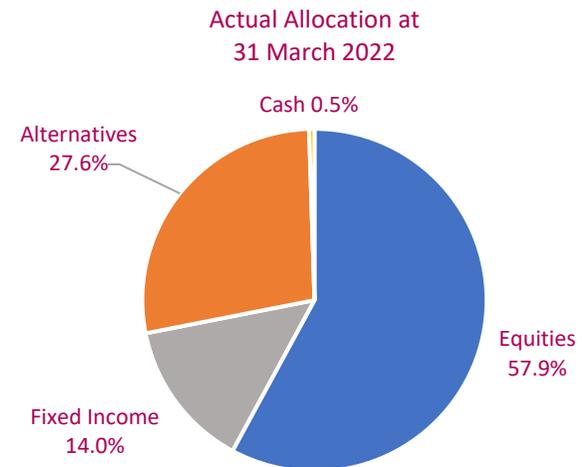
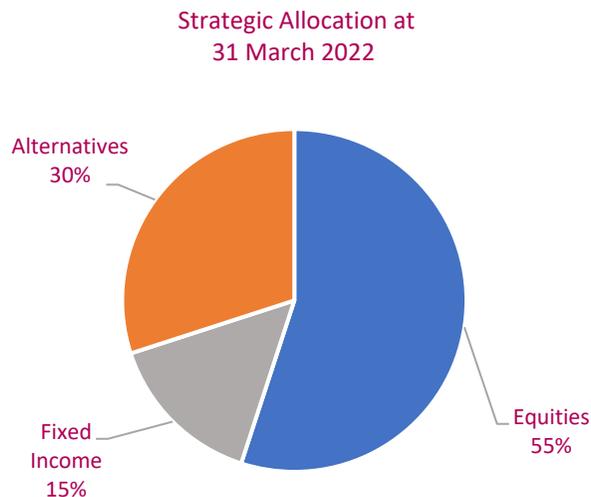
## Investment Allocation and Performance

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

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

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

The charts below show the Strategic Asset Allocation at the start and close of the financial year compared to the actual allocation of assets at 31 March 2022.



# Investment Policy and Performance (continued)

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

## Value of investments at the balance sheet date

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

# Investment Policy and Performance (continued)

## Total Fund Performance

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

## Performance of Managers

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

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

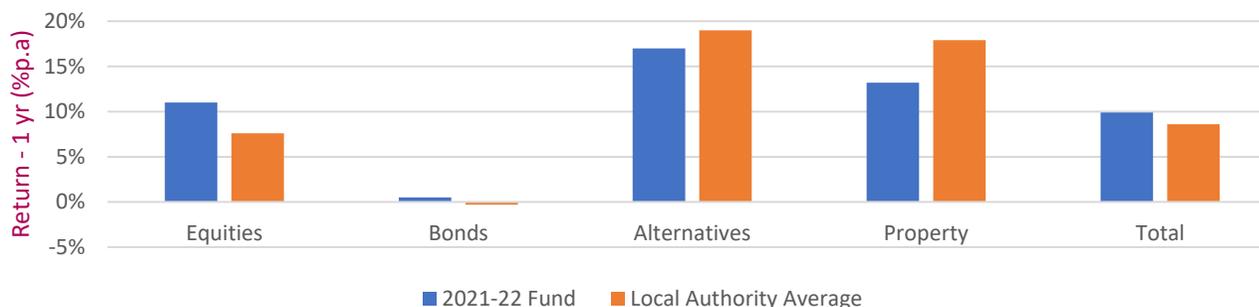
# Investment Policy and Performance (continued)

## Performance in Comparison with Local Authority Universe

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

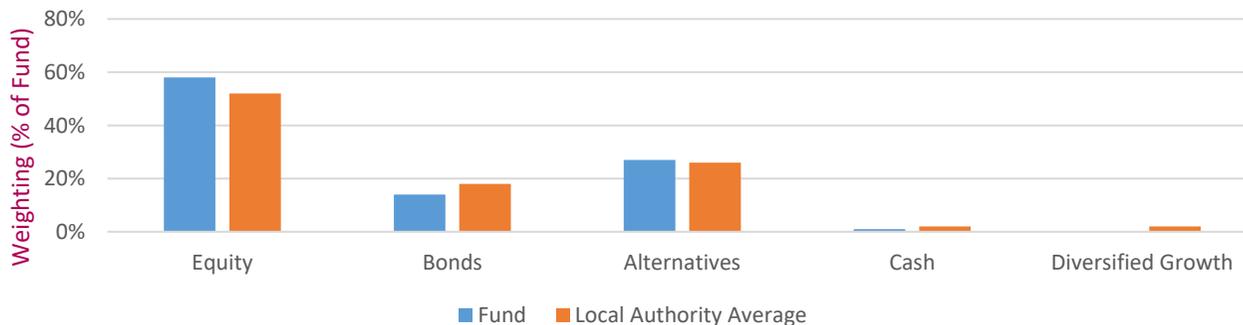
In 2021-22 the Fund's performance of 9.9% net of fees over the financial year was ranked 26<sup>th</sup> percentile out of the 63 Funds participating in the Universe. The investment return achieved was influenced by the Fund's holding of a higher proportion of Global Equities.

### Investment Return compared to Local Authority Universe



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 Allocation compared to Local Authority Universe



# Investment Policy and Performance (continued)

## Climate Change Report

### Executive summary

The Fund recognises the systemic risk associated with climate change as well as the County Council's targets in this regard and the views and aspirations of other scheme employers and scheme members.

In order to manage this systemic risk and to align with its support of the Paris Agreement and a "just transition", the Fund currently expects that its investment portfolio will be net carbon neutral by 2050 at the latest, in line with UK Government's targets.

The Fund is working to produce climate change reporting that complies with the Task Force on Climate-Related Financial Disclosures (TCFD) framework, expected to become mandatory for LGPS Funds in the coming years. This report provides a summary of the Fund's position as it relates to climate change, assessed across the four pillars under the TCFD Framework:

- **Governance:** How the Pension Fund Committee maintains oversight and incorporates climate change into its decision making;
- **Strategy:** How potential future climate warming scenarios could impact the Fund;
- **Risk Management:** How climate-related risk is incorporated in the Fund's broader risk management processes; and
- **Metrics and Targets:** How the Committee measures, and monitors progress against different climate related indicators known as metrics and targets.

### Governance

The Administering Authority has delegated to the Pension Fund Committee ("Committee") the power to determine and maintain the

Fund's strategies, policies and procedures. Implementation of the strategy and the monitoring of performance is delegated to the Investment Sub-Committee ("ISC"), for which the membership is drawn from the Committee.

Research into how climate-related risks and opportunities impact financial markets is constantly evolving and expanding. The Committee or its ISC receives training on a regular basis to keep up-to-date with developments and will allocate time on meeting agendas to cover items such as climate-change scenario analysis or reporting of metrics.

During the Fund year, the Committee or ISC received various training sessions covering climate-related investment risks and reporting requirements in line with the TCFD recommendations. The Committee acknowledges that the reporting of climate-related risk is relatively new and the collective experience of the Committee and ISC will grow over time.

Climate change will form an explicit agenda item at least annually for the Committee or ISC when the Fund's annual climate change / TCFD report is updated. It will also be covered as part of other agenda items as part of a wider discussion of funding or investment strategy, or as part of the investment manager appointment and review discussions.

### Strategy

Given the uncertainty around the timing and impact of climate-related transition and physical risks, the ISC considered three climate scenarios or 'warming pathways' i.e. the expected degrees of warming of the atmosphere by the end of the century relative to pre-industrial levels, to help test the resiliency of the Fund's investment strategies at the strategic level.

# Investment Policy and Performance (continued)

Whilst a lower warming pathway (2°C scenario) is one in which governments, businesses and society should aim for as a minimum, there is a possibility that a failure to reduce GHG emissions quickly enough could set off irreversible feedback loops that significantly warms the planet (as modelled by 3°C and 4°C scenarios).

**The Fund will be impacted by climate change, regardless of the scenario that unfolds.**

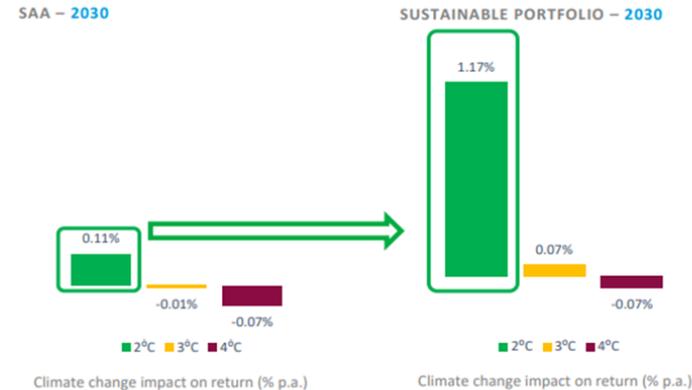
## Resilience of the Fund's investment strategy

The table below shows how a 2°C scenario leads to enhanced projected returns for the Fund's investment strategy versus 3°C or 4°C scenarios, with the greatest Impact over the period to 2030.

Warming pathway scenario	Year	Climate change impact on return (% per year)
2°C	2030	0.12%
2°C	2050	-0.06%
2°C	2100	-0.08%
3°C	2030	-0.01%
3°C	2050	-0.06%
3°C	2100	-0.10%
4°C	2030	-0.08%
4°C	2050	-0.14%
4°C	2100	-0.18%

## Transition opportunities emerge from a 2°C scenario

The graphic to the right illustrates the benefits of investing sustainably (i.e. in a portfolio broadly aligned with the Fund's investment strategy but where asset class exposures are mapped to sustainable equivalents).



Under the 2°C scenario, to 2030, the Sustainable Portfolio is expected to benefit by up to +16.2% on a cumulative basis, compared with the Fund's current investment strategy.

## Key findings of the analysis

Investing for a 2°C scenario is both an imperative and an opportunity the Fund should address.

- An imperative, since, for nearly all asset classes and timeframes, a 2°C scenario leads to enhanced projected returns versus 3°C or 4°C and a better investment outcome.
- An opportunity, since, although incumbents can suffer losses in a 2°C scenario, there are many notable investment opportunities enabled in a low-carbon transition, including sustainability themed investments in listed and private equities to infrastructure and fixed income.

Climate scenario analysis is an ever evolving space and, as such, the scenarios modelled and reported may be subject to review in future periods. It is important to note that the modelling may understate the true level of risk due to the uncertainty around the future economic impacts of climate change.

# Investment Policy and Performance (continued)

## Risk Management

This section summarises the primary climate-related risk management processes and activities carried out for the Fund. These assist with understanding the materiality of climate-related risks, both in absolute terms and relative to other risks that the Fund is exposed to.

Governance	<p>The Fund recognises the systemic risk associated with climate change as well as the County Council’s targets in this regard and the views and aspirations of other scheme employers and scheme members.</p> <p>The Fund has acknowledged the risk to the Fund of climate change in its Risk Register: “As long-term investors, the Fund believes climate risk has the potential to significantly alter the value of the Fund’s investments.”</p> <p>The Officers maintain a Climate Action Plan which is reviewed and updated on a regular basis. This document forms part of the ISC’s wider business plan and summarises the progress, actions and outcomes of scheduled climate-related investment projects and tasks.</p>
Strategy	<p>The Fund’s advisers will take climate-related risks and opportunities into account as part of the wider strategic investment advice provided to the Committee and ISC. This includes highlighting the expected change in climate-risk exposure through proposed asset allocation changes, both from the top-down level (via climate scenario analysis) and bottom-up (via climate-related metrics). Climate scenario analysis for the investments of the Fund will be reviewed periodically.</p>

Reporting	<p>The ISC will receive an annual climate dashboard providing an update on climate-related metrics and progress against targets in respect of the assets held in the Fund. The ISC may use the information to engage with the Fund’s investment managers.</p> <p>A quarterly stewardship monitoring report is being introduced in 2022-23 which summarises how the investment managers choose to vote and engage on climate-related issues (among other key engagement priorities).</p>
Manager selection and retention	<p>The ISC, with advice from its advisers, will consider an investment manager’s firm-wide and strategy-specific approach to managing climate-related risks and opportunities when either appointing a new manager, in the ongoing review of a manager’s appointment, or as a factor when considering the termination of a manager’s appointment.</p>

### What are the climate-related risks and opportunities?

The Fund has considered two types of climate-related risks and opportunities in its climate scenario analysis:

#### 1. Transition risks and opportunities

This covers the potential financial and economic risks and opportunities from the transition to a low-carbon economy (i.e. one that has a low or no reliance on fossil fuels), in areas such as:

- Policy and legislation
- Market
- Technology
- Reputation

# Investment Policy and Performance (continued)

Risks include the possibility of future restrictions, or increased costs, associated with high carbon activities and products.

There are also opportunities, which may come from the development of low-carbon technologies. In order to make a meaningful impact on reducing the extent of global warming, most transition activities need to take place over the next decade and certainly in the first half of this century.

## 2. Physical risks and opportunities

The higher the future level of global warming, the greater physical risks will be in frequency and magnitude. Physical risks cover:

- Physical damage (storms; wildfires; droughts; floods)
- Resource scarcity (water; food; materials; biodiversity loss)

Physical risks are expected to be felt more as the century progresses though the extent of the risks is highly dependent on whether global net zero greenhouse gas emissions are achieved by 2050.

There are investment opportunities, for example, in newly constructed infrastructure and real estate that are designed to be resilient to the physical impacts of climate change, as well as being constructed and operated in a way that have low or no net carbon emissions. There are also opportunities for investment in those companies or industries that focus on energy conservation and resource efficiency.

## Metrics and targets

### Metrics

The primary metrics that are used by the Fund to measure climate-related impact are:

- Absolute emissions. This is the total emissions of seven major GHGs associated with the investments held (carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulphur hexafluoride and nitrogen trifluoride).

- Carbon footprint. This is the total emissions per million pounds invested.
- Weighted average carbon intensity (WACI). This is the total emissions per million pounds of sales

### Limitations of emissions data

The Fund is aware of issues around data quality, in particular carbon data for many private companies, governments and asset classes is not currently sufficiently robust to set targets against. The Fund has therefore focused on the listed equity portfolio initially, given data quality is more robust within this asset class and it comprises a majority of the Fund's strategic investment portfolio. The Fund will seek to include other asset classes in its carbon reporting as this data quality improves over time.

The Fund is also aware that Scope 3 emissions data, i.e. covering indirect emissions from the value chain such as those embedded in material inputs or freight, is an area that needs development and as such it is not included in the Fund's target-setting process. However, the Fund will continue to collect this data to inform its engagement with investment managers.

### Targets

The Fund's overall climate-related objective is to align its portfolio with a 'pursue efforts towards 1.5°C' objective - i.e. net zero by 2050 or earlier, with an aspiration of achieving a net zero position by 2045.

The Fund uses absolute emissions as the base line measure for a de-carbonisation pathway as it:

- Gives a 'real world' measure of the amount of carbon the Fund's portfolio is responsible for emitting
- Less likely to be susceptible to skews from carbon offsetting
- Less impacted by other external factors such as corporate sales due to changes in wholesale prices e.g. oil and gas prices

# Investment Policy and Performance (continued)

On this basis, the Fund has also set interim targets for the listed equity portfolio in order to make progress towards the Fund's overall climate objective:

1. Emissions reductions of 23% (from the 2021 baseline) by 2024
2. Emissions reductions of 57% (from the 2021 baseline) by 2030

## Carbon reporting dashboard

The Fund's metrics, initially measured in 2021 and to be used as a baseline for future targets, are set out in a publicly available carbon reporting dashboard<sup>1</sup> :

The 2021 metrics are based on Scope 1 and 2 emissions data for the listed equity portfolio.

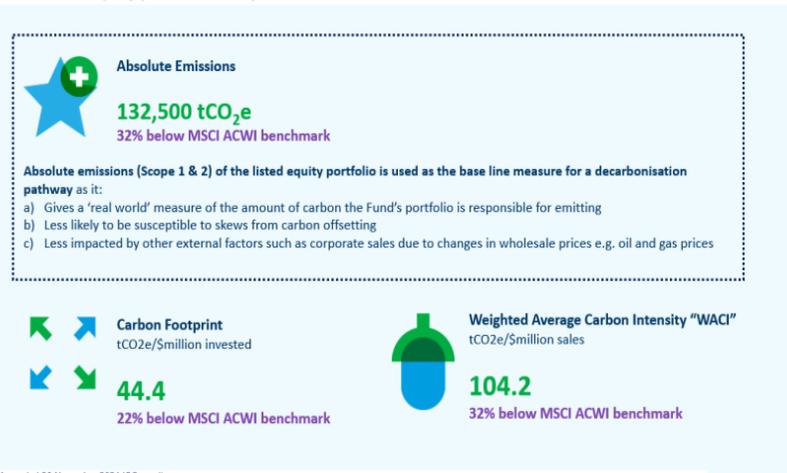
The dashboard will be updated on an annual basis.

### Setting a de-carbonisation pathway Agreed Fund Climate Metrics\*

Listed equity portfolio – Scope 1 & 2

tCO<sub>2</sub>e = metric tonnes in carbon dioxide equivalent

Scope 1: "direct" emissions from owned or controlled sources  
Scope 2: "indirect emissions from the generation for purchased energy  
Scope 3: indirect emissions from the value chain (e.g. embedded in material inputs, freight, etc.)



\* Agreed at 30 November 2021 ISC meeting  
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1 <https://pensions.northamptonshire.gov.uk/app/uploads/2022/04/CarbonReportingDashboardCPF.pdf>

# Investment Policy and Performance (continued)

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

Sam Gervaise-Jones, CFA

May 2022

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

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

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

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

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

### Market Activity

#### Equities

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

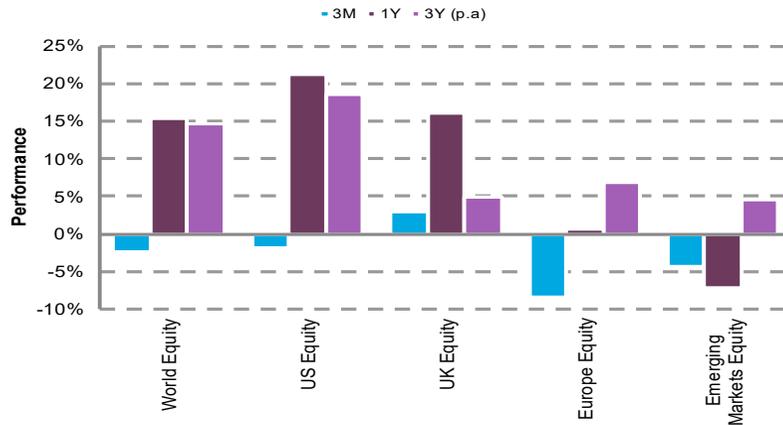
gradually reopened, which helped boost corporate earnings. US equity markets indices reached record highs. Growth in GDP, consumption, and industrial activity continued to strengthen; contributing to a significant jump in headline inflation risk as the US Consumer Price Index for All Urban Consumers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

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

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

# Investment Policy and Performance (continued)

## Performance of Equity Markets to 31 March 2022



### Indices Used

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

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

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

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

### Bonds

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

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

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

# Investment Policy and Performance (continued)

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

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

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

## Indices Used

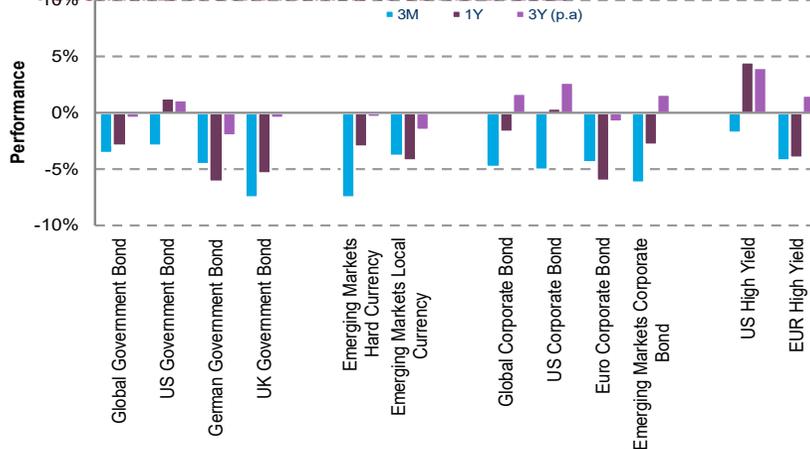
World Equity: Barclays GlobalAgg Treasury TR (GBP Unhedged), ICE BofA ML US Treasury (GBP Unhedged), ICE BofA ML German Government (GBP Unhedged), ICE BofA ML UK Gilt (GBP Unhedged), JPM EMBI GLOBAL DIVERSIFIED TR (GBP Unhedged), JPM GBI-EM Global Div TR (GBP Unhedged), Barclays Global Agg Corporate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

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

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

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

Performance of Bond Markets to 31 March 2022



# Investment Policy and Performance (continued)

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

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

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

## Fund Activity

### Responsible Investment

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

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

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

### Fund Performance

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

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

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

# Investment Policy and Performance (continued)

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

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

## Outlook

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

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

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

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

# Actuarial Information

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

This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2013. It has been prepared at the request of the Administering Authority of the Fund for the purpose of complying with the aforementioned regulation.

### Description of Funding Policy

The funding policy is set out in the Administering Authority’s Funding Strategy Statement (FSS), dated March 2020. In summary, the key funding principles are as follows:

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

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable.

For employers whose covenant was considered by the Administering Authority to be sufficiently strong, contributions have been stabilised to have a sufficiently high likelihood of achieving the funding target over 20 years.

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

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

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

Each employer had contribution requirements set at the valuation, with the aim of achieving full funding within a time horizon and probability measure as per the FSS. Individual employers’ contributions for the period 1 April 2020 to 31 March 2023 were set in accordance with the Fund’s funding policy as set out in its FSS.

### Principal Actuarial Assumptions and Method used to value the liabilities

Full details of the methods and assumptions used are described in the 2019 valuation report.

### Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date; and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

# Actuarial Information (continued)

## Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value. The key financial assumptions adopted for the 2019 valuation were as follows:

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

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's Vita Curves with improvements in line with the CMI 2018 model, an allowance for smoothing of recent mortality experience and a long-term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	22.0 years	24.0 years
Future Pensioners*	22.7 years	25.5 years

\*Aged 45 at the 2019 Valuation.

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

## Experience over the period since 31 March 2019

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

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

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

# Actuarial Information (continued)

## Extract from the Actuarial Valuation Report

### Executive Summary

We have carried out an actuarial valuation of the Cambridgeshire Pension Fund (“the Fund”) as at 31 March 2019. The results are presented in this report and are briefly summarized below.

### Funding Position

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

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

The improvement in funding position between 2016 and 2019 is mainly due to strong investment performance over the inter-valuation period, coupled with the positive impact on the liabilities of actual pay and benefit growth being lower than expected.

### Contribution Rates

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

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

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

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

Douglas Green FFA

Robert McInroy FFA

15 March 2020

For and on behalf of Hymans Robertson LLP

# Audit Opinion

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# Audit Opinion (continued)

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# Audit Opinion (continued)

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# 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.