



Complete Agenda

Democratic Service
Swyddfa'r Cyngor
CAERNARFON
Gwynedd
LL55 1SH

Meeting

PENSION BOARD

Date and Time

1.00 pm, THURSDAY, 20TH JULY, 2023

Location

Virtual Meeting

*** NOTE**

*** For public access to the meeting, please contact us***

Contact Point

Lowri Haf Evans

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(DISTRIBUTED 12/07/23)

PENSION BOARD

MEMBERSHIP

EMPLOYER REPRESENTATIVES

Sioned Parry (Conwy County Borough Council)

Edward Michael (Isle of Anglesey County Council)

Councillor Beca Roberts (Gwynedd Council)

MEMBER REPRESENTATIVES

Hywel Eifion Jones (retired – formerly Isle of Anglesey County Council)

Osian Richards (Gwynedd Council)

Anthony Deakin (retired - formerly Conwy County Borough Council)

AGENDA

1. ELECT CHAIR

To elect Chair for 2023 / 2024

2. ELECT VICE CHAIR

To elect Vice Chair for 2023 / 2024

3. APOLOGIES

To receive any apologies for absence

4. DECLARATION OF PERSONAL INTEREST

To receive any declaration of personal interest

5. URGENT ITEMS

To note any items which are urgent business in the opinion of the Chairman so that they may be considered

6. MINUTES

5 - 10

The Chairman shall propose that the minutes of the meeting of this committee held on March 6th 2023 be signed as a true record.

7. GWYNEDD PENSION FUND'S DRAFT STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023

11 - 55

To consider and receive the Pension Fund Statement of Accounts (subject to audit) for 2022/23.

8. PENSION FUND INVESTMENT PERFORMANCE 2022/23

56 - 60

To consider the report and note the information.

9. PENSION BOARD CHAIR DRAFT REPORT FOR GWYNEDD PENSION FUND'S ANNUAL GENERAL REPORT

61 - 64

To consider the content of the draft report

10. PENSION ADMINISTRATION

65 - 72

To consider and accept the report

11. AMENDED WORK PLAN

73 - 74

To consider the work program and suggest additional items or changes.

PENSION BOARD 06-03-2023

Present: H. Eifion Jones (Member Representative), Osian Richards (Member Representative), Cllr Beca Roberts (Employer's Representative) and Sharon Warnes (Member Representative).

Officers: Dafydd Edwards (Fund Director), Dewi Morgan (Head of Finance Department), Delyth Jones-Thomas (Investment Manager), Meirion Jones (Pensions Manager) and Lowri Haf Evans (Democracy Services Officer).

Others invited

Councillor Ioan Thomas - Vice-chair of the Pensions Committee

1. APOLOGIES

Apologies were received from Sioned Parry (Employer Representative)

2. DECLARATION OF PERSONAL INTEREST

None to note

3. URGENT ITEMS

a) ARRANGEMENTS FOR RE-APPOINTMENT OF MEMBERS TO THE PENSION BOARD

It was noted that arrangements for the re-appointment of members to the Pension Board had commenced, with three existing Members having applied to return. It was expressed that Cllr Beca Roberts did not need to apply as the Cyngor Gwynedd Representative, as the appointment was very recent and was protected. It was highlighted that Mrs Sharon Warnes had chosen not to apply to continue as a Member, so that she could give her time to other committees and give new Members an opportunity to come forward. She noted that she had enjoyed her period on the Pension Board and the Fund Director reiterated his sincerest gratitude to her for her priceless commitment to the Board's work since its establishment in 2015. The Chair of the Board noted his thanks on behalf of the Board for Sharon's valuable contribution to the Board's work and she was wished well for the future.

b) Cllr Beca Roberts was congratulated for winning the Future Star award at the 2023 Plaid Cymru conference in Llanelli.

c) Mr Dafydd Edwards, Fund Director, was wished a happy retirement. It was noted that Mr Dafydd Edwards had been responsible for the Fund for 20 years - his contribution and good work was acknowledged in Gwynedd and beyond. Mr D Edwards gave thanks for the kind words and thanked the team for their support over the years.

4. MINUTES

The Chair signed the minutes of the previous Board meeting held on 18 January 2023 as a true record.

5. MINUTES OF THE PENSIONS COMMITTEE AND MATTERS ARISING

Submitted, for information, the minutes of the Pensions Committee, dated 21 November 2022.

6. FUNDING STRATEGY STATEMENT

Submitted - the report of the Investment Manager explaining the requirement on the Fund to review the Funding Strategy Statement every three years, following the triennial valuation. The proposal was to publish the Funding Strategy Statement before 31 March 2023.

It was highlighted that the main purpose of the statement was to reflect the valuation's factors and weigh up the affordability to the employers, with the long-term liquidity objectives of the Fund. It was explained, as part of the review, that the administrative authority had to consult with every employer that were a part of the plan, with the fund actuary and advisors, and any other persons considered to be suitable. The Statement (draft) was submitted to the Board as part of the consultation before it was formally adopted by the Pensions Committee at the end of the month.

It was noted that the Document was a long and technical document, and had been prepared in detailed consultation with Hymans and the Fund officers. Reference was made to the statement as well as a number of accompanying policies. It was explained that the accompanying policies were previously incorporated in the document, but on this occasion, the Strategy referred to the policies as appendices. This would make it easier to find / amend them, when information would need to be reached or policies updated, without having to adapt the entire Strategy.

It was reported that positive responses had been received by many employers, and that they appreciated the reduction in their contributions.

Members gave thanks for the report. The new framework to the Strategy was welcomed - despite it being a detailed and technical document, this order was easier to follow.

A suggestion was accepted that there was a need to refer to climate issues in the Funding Strategy Statement, in order to highlight that the Gwynedd Pension Fund was prudent when considering climate issues, which was now a priority area in the responsible investment field. In response to the comment, the Fund Director noted that there would be more information about responsible investment in the Investment Strategy Statement that would be submitted alongside this Statement, but it was agreed to add a reference to responsible investment and climate matters in part 1.4 of the Funding Strategy Statement also, before submitting this to the Pensions Committee on 27 March 2023.

RESOLVED to support the Statement with the addition about responsible investment.

7. APPROVING THE 2023/24 BUDGET

The Investment Manager submitted, for information, the budget for the Pensions Administration Unit and Investment Unit for the 2023-2024 financial year. It was noted that the budget had been approved by the Pensions Committee on 18 January 2023.

Reference was made to one adjustment in the Pensions Administration Unit budget, following the regrading of one post and the increments of other staff members. It was noted that the budget did not include Investment Manager or Consultant fees, as they varied significantly. Nevertheless, it was noted that there was an intention to look at this aspect of the work when going out to tender for advisor and actuary contracts / fees in the future, and should there be a pattern to the costs, a budget could be established to cover those costs.

The officer was thanked for the report.

In response to a question regarding the inclusion of the Wales Pensions Partnership (WPP) costs in the budget, it was noted that the WPP Business Plan would be submitted to the Pensions Committee, which would include an equal contribution amount that every Fund paid to maintain and administer the Partnership only, whilst the costs of asset manager fees would vary with the scale and performance of our investments.

RESOLVED to accept the report and note the information.

8. POLICY ON REPORTING ON BREACHES OF THE LAW

Submitted – the report of the Pensions Manager expressing, as part of the Good Governance project, that the Fund was required to produce a policy in relation to Recording Breaches of the Law. It was noted that the policy had been drafted by Hymans Robertson jointly with Fund officers, and a consultation was held with the Cyngor Gwynedd Monitoring Officer.

It was highlighted that the report included information about the policy and procedures for identifying, monitoring and, where appropriate, reporting cases of breaches of the law as required in the Pensions Act 2004 and detailed in the Pensions Regulator Code of Practice 14 - Governance and administration of public service pension schemes

The officer was thanked for the report.

In response to members' observations and feedback, it was noted that:-

- In the context of the 'responsibility of the Council's elected members', the need to ensure the clarity of the wording was expressed and to ask Hymans whether it applies to co-opted members who are Members of the Pensions Committee. The need to ensure consistency in the use of the word Cyngor Gwynedd ("the Council") was also noted.
- In response to a suggestion to add a paragraph that would refer to collaboration with the Police and the likelihood of calling them in to a case of a breach of the law, the Head of Finance noted that there would be a need initially to identify whether a breach or criminal breach had happened. For example, a case of fraud would be considered under the Financial Procedure Rules. The need to refer to the Financial Rules was accepted in the policy on Reporting on Breaches of the Law, and highlight that there is a need to read the Regulations hand in hand with the Policy.

RESOLVED to accept the information and note the comments, suggesting that the amendments to the Policy are implemented before the final Policy is submitted to the Pensions Committee on 27-03-23.

9. RISK REGISTER

The risk register was presented to the Board, so that they could scrutinise and understand the risk that were relevant to the Pension Fund. The first risk register was submitted to the Board in 2017 with a view for it to be reviewed regularly. As the register had not been submitted since 2019, a decision had been made to carry out a detailed review of the register. It was reported, following a number of recent changes in the pensions world that reviewing the register involved amending some scores, introducing new risks and archiving some historical risks. It was reiterated that the register was an operational document and the intention was to review it regularly and submit an update to the Board when risks arise.

The officer was thanked for the report.

During the discussion, the following matters were noted as ones requiring attention:

- That training needed to be added as one of the mitigation steps for risk 2.1 *Members of the Committee and Investment Officers making inappropriate decisions as a result of insufficient information from markets and investments and insufficient actuarial advice*
- Deleting Denbighshire Council and including Cyngor Gwynedd in 7.2 *All transactions comply with the financial rules of Denbighshire Council and they are the subject of an independent authorisation.*
- That reference is needed to the long-term impacts, e.g. the economy - despite it being an aspect with a longer period to manage, it can impact investment. In response, although part 2 of the register addresses returns, it was agreed to add the suggestion as a mitigation point.
- It was agreed that risks 2.3, 2.15 and 4.1 were to be archived.
- Propose that the Board receives an update every 6 months and if an issue arises in the meantime, that this is addressed by the Board.

RESOLVED

- **To accept and note the information**
- **That the register is presented to the Board every 6 months (any matter arising in the meantime to be addressed by the Board)**

10. REPORT ON CASH FLOW MODELLING PROJECTIONS

The Investment Manager submitted a report in response to the need to project the expected cash flow of the Fund over a long-term period, so that it is possible to understand the sensitivity of the Fund's net cash flow position in a number of inflation scenarios.

In the context of assets, it was noted that the triennial valuation had highlighted that the Fund would be in a very healthy position of positive cash flow for 6-20 years. Therefore, it was noted that the Fund would not need to consider converting some of the investments into assets that would pay a regular income (in order to pay the pensioners). Attention was drawn to the types of income and regular expenditure occurring within the Fund, as well as the cash flow position of recent years, which highlighted the positive position.

Reference was made to the report provided by Hymans Robertson assessing the situation as well as a *scenario analysis* that they had created to identify when the Fund was likely to be in a negative cash flow position. Three different scenarios were considered, and it was concluded that the first year when the Fund could face a negative position was 2029, provided that inflation would continue at a very high level.

It was noted that this was a better position than the majority of other LGPS funds and was good news for the Fund, although they were fully aware of the need to be cautious of the risks (such as monitoring changes in membership, considering inflation and keeping the cash flow in mind when considering the investment strategy).

Members expressed their thanks for the report, and the exercise carried out by Hymans Robertson was appreciated.

RESOLVED to accept and note the information.

11. REVIEW OF STRATEGIC OBJECTIVES FOR THE FUND'S INVESTMENT CONSULTANTS

Submitted - the report of the Investment Manager, reporting on the progress against the current objectives as well as the objectives for the future. It was reported, following a review of the of the investment consulting and fiduciary management markets, the Competition and Markets Authority had noted that Pension Scheme Trustees should set objectives for their investment consultants, and clearly stipulate the expectations upon them. The exercise was also considered to be an element of good governance.

It was reported that Hymans was delivering good work, providing quarterly reports for the investment panel (including a responsible investment rating for every manager), comprehensive reports for the investment panels, offering practical advice and performing in accordance with the objectives. It was explained that this last year had been busy with the consultants providing further advice on the investment strategy to restructure the Fund's strategic assets allocation following the valuation. It was reiterated that this had been important and detailed work and there had been good collaboration. It was also reported, now that responsible investment was a key area, that Hymans had worked with the Fund's officers on reviewing the responsible investment policy, advising on new investments and providing a response to the TCFD consultation with quarterly reports including a responsible investment scale for each Manager.

Although Hymans did not provide training as part of its direct contract with the Gwynedd Fund, it was noted that appropriately timed training was available through the Wales Pension Partnership, with significant contributions from Hymans.

Whilst accepting also that the fees were high (which was also true for some other companies in the market), a wish was highlighted to receive an estimate of the cost of the work that was agreed to in advance.

Reference was made to the current objectives as well as the progress made against those objectives in 2022. It was highlighted that two new objectives had been added and that the Pensions Committee, at its meeting on 18 January 2018, had approved all objectives

RESOLVED to accept and note the information.

12. TRAINING PLAN

The Investment Manager submitted a report, providing a summary of the training given to Members during 2022/23, as well as a request to scrutinise the 2023/24 Training Plan for the Gwynedd Pension Fund, before it was submitted to the Pensions Committee on 27 March 2023.

It was considered that the 2022/23 Training Plan had been successful and the Members were thanked for attending the various conferences and training sessions of the Wales Pensions Partnership - it was noted that the attendance rate amongst the Members was very good. It was reiterated that the 2023/24 Training Plan followed the same process as the previous year and that every effort would be made to identify the relevant and appropriate training needs - invitations to be sent out to Members soon.

RESOLVED to accept and note the information.

13. THE PENSIONS REGULATOR: PUBLIC SERVICE GOVERNANCE PROCEDURE SURVEY 2022/23

The Pensions Regulator Survey to receive the Board's feedback on the governance arrangements of the Gwynedd Pension Fund was submitted. It was explained that the closing date for responses was 17 February 2023, however, the deadline had been extended by the Regulator in order to receive input from this meeting.

The Pensions Manager explained that a draft response based on the Board's responses to the previous Survey had been submitted, but that Members were required to agree, challenge or amend the response to correspond with the activities and developments in 2022/23.

During the discussion, the following matters were noted as ones requiring attention:

- Needed to answer 'YES' to A3 and A4 - resources had now been received and therefore remove the tick in B4 'lack of resource/time' and add a tick to the 'Remediation associated with McCloud work' box.
- That sections G, H and I were new additions and a way to place focus on what needed to be actioned

After completing the adaptations, the Pensions Manager was asked to submit the Survey to the Regulator.

The meeting commenced at 1.00pm and concluded at 3.20pm.

MEETING DATE	PENSION BOARD 20 JULY 2023
TITLE	Gwynedd Pension Fund's Draft Statement of Accounts for the year ended 31 March 2023
PURPOSE	Present and note – <ul style="list-style-type: none">• Draft Statement of Accounts
RECOMMENDATION	Receive the information
AUTHOR	Delyth Jones-Thomas, Investment Manager

1. INTRODUCTION

This report introduces the statutory Statement of Accounts for the 2022/23 financial year, which provides details of the Pension Fund's financial activities during the year which ended on 31 March 2023.

The document in Appendix A is the draft Statements of Accounts in the statutory format.

2. AUDIT BY AUDIT WALES

The draft accounts here are currently subject to audit by Audit Wales. It is possible that some changes will be necessary before a final version is submitted for approval by the Pensions Committee.

3. RECOMMENDATION

The Pension Board is asked to receive the Pension Fund Statement of Accounts (subject to audit) for 2022/23.

Gwynedd Pension Fund

STATEMENT OF ACCOUNTS 2022/23

Subject to Audit

NARRATIVE REPORT

Introduction

Gwynedd Pension Fund's accounts and notes for the year 2022/23 are presented here on pages 5 to 43.

The accounts consist of the Gwynedd Pension Fund Account and Net Assets Statement.

These accounts are supported by this Narrative Report, the Accounting Policies and various notes to the accounts.

The Pension Fund accounts, and accompanying notes, summarise the financial transactions and net assets related to the provision of pensions and other benefits payable to former employees of all the Fund's employers, including Anglesey, Conwy and Gwynedd Councils, Snowdonia National Park Authority, Police and Crime Commissioner for North Wales, Cartrefi Conwy, Adra, various town and community councils, and other scheduled and admitted bodies.

The Statement of Accounts and further information is available on Gwynedd Pension Fund's website www.gwyneddpensionfund.wales.

The Fund has two important statements which set out the strategies for ensuring pensions are funded now and in the future as follows:

- Funding Strategy Statement – the statement sets out the fund-specific strategy which will identify how employer pensions liabilities are best met going forward. It is reviewed every three years after the triennial actuarial valuation and includes individual employer rates for the following period.
- Investment Strategy Statement - the statement sets out the types of investments and broad limits on each type of investment.

Both these statements are available on the Fund's website under the investments section.

An Actuarial Valuation is required every three years to establish the level of assets available to pay pensions now and in the future. The most recent valuation was at 31 March 2022 and any changes to employers' contributions will be made from 1 April 2023 onwards.

Further information relating to the accounts is available from:

Delyth Jones-Thomas
Investment Manager
01286 679128

Finance Department
Cyngor Gwynedd
Council Offices
Caernarfon
Gwynedd
LL55 1SH

It is part of the Fund's policy to provide full information relating to the Fund's affairs. In addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection will be notified on the Pension Fund website at the appropriate time.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

THE PENSION FUND'S RESPONSIBILITIES

Cyngor Gwynedd as administrating authority (effectively the trustee) for Gwynedd Pension Fund 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 Cyngor Gwynedd, that "Section 151 Officer" is the Head of Finance. It is also the administrating authority's responsibility to manage its affairs to secure economic, efficient and effective use of its resources, to safeguard its assets, and to approve the Statement of Accounts.



26th June 2023

Councillor Stephen Churchman

Pensions Committee Chair

THE HEAD OF FINANCE'S RESPONSIBILITIES

The Head of Finance is responsible for the preparation of the Pension Fund 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 the statement of accounts, the Head of Finance has selected suitable accounting policies and then applied them consistently; has made judgements and estimates that were reasonable and prudent; and complied with the Code.

The Head of Finance has also kept proper accounting records which were up to date, and has taken reasonable steps for the prevention and detection of fraud and other irregularities.

RESPONSIBLE FINANCIAL OFFICER'S CERTIFICATE

I certify that the Statement of Accounts has been prepared in accordance with the arrangements set out above, and presents a true and fair view of the financial position of Gwynedd Pension Fund at 31 March 2023 and the Pension Fund's income and expenditure for the year then ended.



16th June 2023

Dewi Morgan CPFA

Head of Finance, Cyngor Gwynedd

GWYNEDD PENSION FUND ACCOUNTS

THE FUND ACCOUNT

31 March 2022 £'000	Notes	31 March 2023 £'000
Dealings with members, employers and others directly involved in the Fund		
82,971	Contributions 7	89,762
4	Other Income 8	4
2,664	Transfers in from other pension funds 9	6,773
85,639		96,539
(66,979)	Benefits 10	(72,108)
(3,683)	Payments to and on account of leavers 11	(3,121)
(70,662)		(75,229)
14,977	Net additions/ (withdrawals) from dealings with members	21,310
(16,525)	Management Expenses 12	(12,729)
(1,548)	Net additions/ (withdrawals) including fund management expenses	8,581
Returns on investments		
26,170	Investment income 13	30,940
223,010	Profit and losses on disposal of investments and changes in the market value of investments 14	(53,153)
249,180	Net returns on investments	(22,213)
247,632	Net Increase/ (Decrease) in the net assets available for benefits during the year	(13,632)
2,528,129	Opening net assets of the scheme	2,775,761
2,775,761	Closing net assets of the scheme	2,762,129

The notes on pages 7 to 43 form part of these Financial Statements

NET ASSETS STATEMENT

31 March 2022		Notes	31 March 2023
£'000			£'000
2,761,271	Investment assets	14	2,742,933
303	Cash deposits	14	963
(285)	Investment liabilities	14	(960)
2,761,289	Total net investments		2,742,936
17,828	Current assets	20	22,454
(3,356)	Current liabilities	21	(3,261)
2,775,761	Net assets of the fund available to fund benefits at the end of the reporting period		2,762,129

The Financial Statements do not take into account the Fund's liability to pay pensions and other benefits to all the present contributors to the Fund after the financial year-end, but rather summarises the transactions and net assets of the Fund. The liabilities of the Fund are taken into account in the periodic actuarial valuations of the Fund (most recently as at 31 March 2022) and are reflected in the levels of employers' contributions determined at the valuation, so that the Fund will be able to meet future liabilities. The actuarial present value of promised retirement benefits is shown in Note 19.

NOTES TO THE GWYNEDD PENSION FUND ACCOUNTS

NOTE I – DESCRIPTION OF FUND

The Gwynedd Pension Fund (“the Fund”) is part of the Local Government Pension Scheme (LGPS) and is administered by Cyngor Gwynedd.

a) General

The Fund is governed by the Public Service Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

- the Local Government Pension Scheme Regulations 2013 (as amended);
- the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended);
- the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

It is a contributory defined benefit pension scheme administered by Cyngor Gwynedd to provide pensions and other benefits for pensionable employees of Cyngor Gwynedd, two other local authorities and other scheduled, resolution and admission bodies within the former Gwynedd County Council area. Teachers, police officers and firefighters are not included as they are in other national pension schemes. The Fund is overseen by the Pensions Committee, which is a committee of Cyngor Gwynedd.

b) Membership

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

- Scheduled bodies, which are local authorities and similar bodies whose staff are automatically entitled to be members of the Fund.
- Resolution bodies, which are city, town and community councils. They have the power to decide if their employees can join the LGPS and pass a resolution accordingly.
- Admission bodies, which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admission bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

NOTE I – DESCRIPTION OF FUND (continued)

The following bodies are active employers within the Pension Fund:

Scheduled Bodies	
Cyngor Gwynedd	Snowdonia National Park Authority
Conwy County Borough Council	Bryn Elian School
Isle of Anglesey County Council	Emrys ap Iwan School
Police and Crime Commissioner for North Wales	Pen y Bryn School
Llandrillo – Menai Group	Eirias High School
GwE	North and Mid Wales Trunk Road Agency
North Wales Economic Ambition Board	
Resolution Bodies	
Llanllfni Community Council	Ffestiniog Town Council
Bangor City Council	Llandudno Town Council
Abergele Town Council	Llangefni Town Council
Colwyn Bay Town Council	Menai Bridge Town Council
Beaumaris Town Council	Towyn and Kinmel Bay Town Council
Holyhead Town Council	Tywyn Town Council
Caernarfon Town Council	Conwy Town Council
Llanfairfechan Town Council	Llanrwst Town Council (joined 26/09/2022)
Admission Bodies	
Adult Learning Wales	North Wales Society for the Blind
Adferiad Recovery	Community and Voluntary Support Conwy
Holyhead Joint Burial Committee	Careers Wales North West
Cwmni'r Fran Wen	Mantell Gwynedd
Menter Môn	Medrwn Môn
Ynysmaengwyn	
Community Admission Bodies	
Cartrefi Conwy	Adra
Byw'n Iach	
Transferee Admission Bodies	
ABM Catering	A E & A T Lewis
Kingdom Services Group	Chartwells

NOTE I – DESCRIPTION OF FUND (continued)

Membership details are set out below:

	31 March 2022	31 March 2023
Number of employers	46	47
Number of employees in scheme		
County Council	14,691	15,246
Other employers	3,966	4,058
Total	18,657	19,304
Number of pensioners		
County Council	9,281	9,647
Other employers	2,017	2,133
Total	11,298	11,780
Deferred pensioners		
County Council	10,512	11,019
Other employers	2,028	2,141
Total	12,540	13,160
Unclaimed benefits		
County Council	2,142	2,595
Other employers	283	378
Total	2,425	2,973
Undecided Leavers		
County Council	5,455	4,480
Other employers	737	513
Total	6,192	4,993
Total number of members in pension scheme	51,112	52,210

c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the Local Government Pension Scheme Regulations 2013 and ranged from 2.75% to 12.5% of pensionable pay for the financial year ending 31 March 2023. Employer contributions are set based on triennial actuarial funding valuations. The valuation relating to this year was at 31 March 2019. The employer contribution rates range from 7.7% to 36.1% of pensionable pay.

NOTE 1 – DESCRIPTION OF FUND (continued)

d) Benefits

Prior to 1 April 2014 pension benefits under the LGPS were based on final pensionable pay and length of pensionable service, summarised below:

	Service pre-1 April 2008	Service post-31 March 2008
Pension	Each year worked is worth 1/80 x final pensionable salary.	Each year worked is worth 1/60 x final pensionable salary.
Lump sum	Automatic lump sum of 3 x salary. In addition, part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

From 1 April 2014, the Fund became a career average scheme as summarised below:

	Service post-31 March 2014
Pension	Each year worked is worth 1/49 x career average revalued earnings (CARE)
Lump Sum	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

Accrued pension is increased annually in line with the Consumer Prices Index.

There are a number of other benefits provided under the scheme including early retirement, disability pensions and death benefits. For more details, please refer to the Gwynedd Pension Fund scheme handbook available from Cyngor Gwynedd's Pensions Section.

NOTE 2 – BASIS OF PREPARATION

The Statement of Accounts summarises the Fund's transactions for the 2022/23 financial year and its position at year-end as at 31 March 2023. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on a going concern basis.

Paragraph 3.3.1.2 of the Code requires disclosure of any accounting standards issued but not yet adopted. No such accounting standards have been identified for 2022/23.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits that fall due after the end of the financial year nor do they take into account the actuarial present value of promised retirement benefits. The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS) 19 basis, is disclosed at Note 19 of these accounts.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Account – revenue recognition

a) Contribution Income

Normal contributions are accounted for on an accrual basis as follows:

- Employee contributions rates are set in accordance with LGPS regulations, using common percentage rates for all schemes that rise according to pensionable pay.
- Employer contributions are set at the percentage rate recommend by the fund actuary for the period to which they relate.

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

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

b) Transfers to and from other schemes

Transfer in and out relate to members who have joined or left the fund.

Individual transfers in/ out are accounted for when received or paid. Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see below) to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In (Note 9).

Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

c) Investment income

i) Interest income

Interest income is recognised in the Fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination.

ii) Dividend income

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

iii) Distributions from pooled funds including property

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

iv) Movement in the net market value of investments

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund account – expense items

d) Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities, providing that payment has been approved.

e) Management expenses

The fund discloses its management expenses in line with CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses (2016), as shown below. All items of expenditure are charged to the fund on an accrual basis as follows:

Administrative expenses

All staff costs of the pensions administration team are charged direct to the Fund. Council recharges for management, accommodation and other overhead costs are also accounted for as administrative expenses of the fund.

Oversight and governance costs

All costs associated with oversight and governance are separately identified, apportioned to this activity and charged as expenses to the fund.

Investment management expenses

Investment fees are charged directly to the fund as part of management expenses and are not included in, or netted off from, the reported return on investments. Where fees are netted off returns by investment managers, these expenses are grossed up to increase the change in value of investments.

Fees charges by external investment managers and custodians are set out in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

Transaction costs are associated with the acquisition or disposal of fund assets and are disclosed in the notes to the accounts.

f) Taxation

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net assets statement

g) Financial assets

All investment assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the fund becomes party to the contractual acquisition of the asset. Any gains or losses on investment sales arising from changes in the fair value of the asset are recognised in the fund account.

The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirement of the Code and IFRS 13 (see note 14). For the purposes of disclosing levels of fair value hierarchy, the fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/ Investment Association, 2016).

h) Foreign currency transactions

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

i) Cash and cash equivalents

Cash comprises cash in hand and demand deposits and includes amounts held by the fund's external managers. All cash balances are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

j) Financial liabilities

A financial liability is recognised in the net asset statement on the date the fund becomes legally responsible for that liability. The fund recognises financial liabilities relating to investment trading at fair value and any gains and losses arising from changes in the fair value of the liability between contract date, the year-end date and the eventual settlement date are recognised in the fund account as part of the change in value of investments.

Other financial liabilities classed as amortised cost are carried in the net assets statement at the value of the outstanding principal at 31 March each year. Any interest due not yet paid is accounted for on an accruals basis and included in administration costs.

k) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the fund actuary in accordance with the requirements of IAS 19 and relevant actuarial standards.

As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the net assets statement (Note 19).

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Additional voluntary contributions

Gwynedd Pension Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from those of the Pension Fund. There are three AVC funds. They are held with Clerical Medical, Utmost Life and Standard Life. The AVC providers secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in these arrangements each receive an annual statement made up to 31 March confirming the amounts held in their account and the movements in year.

AVCs are not included in the accounts in accordance with Section 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed for information only in Note 22.

m) Contingent assets and contingent liabilities

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by future events. A contingent liability arises where an event prior to the year end has created a possible financial obligation whose existence will only be confirmed or otherwise by future events. Contingent liabilities can also arise when it is not possible at the Balance Sheet to measure the value of the financial obligation reliably.

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

NOTE 4 – CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Unquoted private equity and infrastructure investments

The fair value of private equity investments and infrastructure are inherently based on forward-looking estimates and judgements involving many factors. Unquoted private equities and infrastructure are valued by the investment managers using guidelines set out by IFRS accounting standards. The value of unquoted securities at 31 March 2023 was £234.2 million (£226.1 million at 31 March 2022).

Pension fund liability

The pension fund liability is calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS 19. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 18. This estimate is subject to significant variances based on changes to the underlying assumptions.

NOTE 5 – ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts. Estimates and assumptions take account of historical experience, current trends and future expectations. However, actual outcomes could be different from assumptions and estimates made.

The items in the net assets statement for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits (Note 19)	Estimation of the net liability to pay pension depends on a number of complex judgements relating to the discount rate used, salary increases, changes in retirement ages, mortality rates and return on fund assets. Hymans Robertson is engaged to provide the fund with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. However, the assumptions interact in complex ways.
Private equity and infrastructure	Private equity and infrastructure investments are valued at fair value in accordance with British Venture Capital Association guidelines (December 2018). These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total private equity and infrastructure investments in the financial statements are £234.2 million. There is a risk that this investment may be under or overstated in the accounts.

NOTE 6 – EVENTS AFTER THE REPORTING DATE

There are no significant events after the year end to report.

NOTE 7 – CONTRIBUTIONS RECEIVED

By category

2021/22		2022/23
£'000		£'000
19,703	Employees' contributions	21,519
	Employers' contributions:	
63,233	• Normal contributions	68,243
35	• Deficit recovery contributions	0
63,268	Total employers' contributions	68,243
82,971	Total contributions receivable	89,762

By type of employer

2021/22		2022/23
£'000		£'000
27,650	Cyngor Gwynedd	29,489
50,205	Other scheduled bodies	54,733
1,716	Admission bodies	1,901
2,892	Community admission bodies	3,087
161	Transferee admission bodies	154
313	Resolution bodies	398
34	Closed funds*	0
82,971		89,762

* Closed funds – These are contributions received from Ynys Môn Citizens Advice Bureau and Conwy Citizens Advice Bureau which were admitted bodies but are now closed funds.

NOTE 8 – OTHER INCOME

2021/22		2022/23
£'000		£'000
2	Interest on deferred contributions	2
2	Income from divorce calculations	2
4		4

NOTE 9 – TRANSFERS IN FROM OTHER PENSION FUNDS

2021/22		2022/23
£'000		£'000
2,664	Individual transfers	6,773
2,664		6,773

NOTE 10 - BENEFITS PAID

By category

2021/22		2022/23
£'000		£'000
52,087	Pensions	56,010
13,123	Commutation and lump sum retirement benefits	13,789
1,769	Lump sum death benefits	2,309
66,979		72,108

By type of employer

2021/22		2022/23
£'000		£'000
20,183	Cyngor Gwynedd	21,934
31,868	Other scheduled bodies	34,788
1,651	Admission bodies	1,384
1,217	Community admission bodies	1,365
104	Transferee admission bodies	59
109	Resolution bodies	273
11,847	Closed funds	12,305
66,979		72,108

NOTE 11 – PAYMENTS TO AND ON ACCOUNT OF LEAVERS

2021/22		2022/23
£'000		£'000
138	Refunds to members leaving service	172
3,545	Individual transfers	2,949
3,683		3,121

NOTE 12 – MANAGEMENT EXPENSES

2021/22		2022/23
£'000		£'000
14,788	Investment management expenses	10,593
1,373	Administrative costs	1,588
364	Oversight and governance costs	548
16,525		12,729

NOTE 12a – INVESTMENT MANAGEMENT EXPENSES

2022/23	Management Fees £'000	Transaction Costs £'000	Total £'000
Pooled Funds			
Fixed Income	332	0	332
Equities	2,001	551	2,552
Other Investments			
Pooled Property	1,974	0	1,974
Private Equity	2,062	0	2,062
Infrastructure	3,401	0	3,401
	9,770	551	10,321
Custody Fees			272
Total			10,593

2021/22	Management Fees £'000	Transaction Costs £'000	Total £'000
Pooled Funds			
Fixed Income	297	0	297
Equities	2,420	693	3,113
Other Investments			
Pooled Property	1,744	0	1,744
Private Equity	6,445	0	6,445
Infrastructure	2,937	0	2,937
	13,843	693	14,536
Custody Fees			252
Total			14,788

The management fees disclosed above include all investment management fees directly incurred by the Fund including those charged on pooled investment vehicles. There are no performance-related fees paid to investment managers. In addition to these costs, indirect costs are incurred through the bid-offer spread on investment sales and purchases. They are reflected in the cost of investment purchases and in the proceeds of sales of investments in Note 14a.

The WPP Global Opportunities, Multi Asset Credit, Absolute Return Bond and Emerging Market funds are investments which are appointed via a manager of manager approach which have their own underlying fees. The return for this mandate are net of the underlying manager fees which is reflected in Note 14a within the Change in Market value- for transparency, the fees in 2022/23 were £2,366,210 (£1,881,000 in 2021/22).

NOTE 12b- ADMINISTRATIVE COSTS

2021/22		2022/23
£'000		£'000
652	Direct employee costs	686
344	Other direct costs	449
377	Support services, including IT	453
1,373		1,588

Administrative costs include amounts charged to the Pension Fund by Cyngor Gwynedd for staff costs, support services and accommodation.

NOTE 12c- OVERSIGHT AND GOVERNANCE COSTS

2021/22		2022/23
£'000		£'000
117	Actuarial fees	234
49	Investment consultancy fees	72
9	Performance monitoring service	11
36	External audit fees	40
18	Pensions Committee and Local Pension Board	33
135	Wales Pensions Partnership	158
364		548

NOTE 12d- WALES PENSION PARTNERSHIP

The Investment Management Expenses in Note 12a are fees payable to Link Fund Solutions (the WPP operator) and include fund manager fees (which also includes the operator fee and other associated costs), transaction costs and custody fees. These costs are based on each Fund's percentage share of WPP pooled assets and are deducted from the NAV.

The oversight and governance costs in Note 12c are the annual running costs of the pool which includes the host authority costs and other external advisor costs. These costs are funded equally by all eight of the local authority Pension Funds in Wales.

The following fees are included in Note 12 in relation to the Wales Pension Partnership and further details on the WPP can be found in the Annual Report.

	2021/22	2022/23
	£'000	£'000
Investment Management Expenses		
Fund Manager fees	2,286	2,268
Transaction costs	693	551
Custody fees	227	247
	3,206	3,066
Oversight and governance costs		
Running Costs	135	158
Total	3,341	3,224

NOTE 13 – INVESTMENT INCOME

2021/22		2022/23
£'000		£'000
4,430	Fixed Income	6,581
12,141	Equities	13,109
2,090	Private Equity	3,182
280	Infrastructure	0
7,213	Pooled property investments	7,817
16	Interest on cash deposits	251
26,170	Total before taxes	30,940

The Gwynedd Pension Fund has two bank accounts which are held as part of Cyngor Gwynedd's Group of Bank Accounts. The overall surplus cash held in the Group of Bank Accounts is invested on a daily basis. At the end of the financial year, Cyngor Gwynedd pays interest over to the Pension Fund, based on the Fund's daily balances over the year.

The Pension Fund also has a Euro account to deal with receipts and payments in Euros and to minimise exchange transactions and relevant costs.

NOTE 14 – INVESTMENTS

31 March 2022 £'000		31 March 2023 £'000
	Investment assets	
	Pooled Funds	
551,777	Fixed income	586,703
1,730,845	Equities	1,700,745
	Other Investments	
252,521	Pooled property investments	221,297
158,711	Private equity	166,622
67,417	Infrastructure	67,566
2,761,271		2,742,933
303	Cash deposits	963
2,761,574	Total investment assets	2,743,896
	Investment liabilities	
(285)	Amounts payable for purchases	(960)
(285)	Total investment liabilities	(960)
2,761,289	Net investment assets	2,742,936

NOTE 14a – RECONCILIATION OF MOVEMENTS IN INVESTMENTS AND DERIVATIVES

2022/23	Market value at 1 April 2022	Purchases during the year	Sales during the year	Change in market value during the year	Market value at 31 March 2023
	£'000	£'000	£'000	£'000	£'000
Pooled investments	2,282,622	59,691	(25,000)	(29,865)	2,287,448
Pooled property investments	252,521	18,715	0	(49,939)	221,297
Private equity / infrastructure	226,128	25,540	(35,240)	17,760	234,188
	<u>2,761,271</u>	<u>103,946</u>	<u>(60,240)</u>	<u>(62,044)</u>	<u>2,742,933</u>
Cash deposits	303				963
Amounts payable for purchases of investments	(285)				(960)
Fees within pooled vehicles				8,891	
Net investment assets	2,761,289			(53,153)	2,742,936

2021/22	Market value at 1 April 2021	Purchases during the year	Sales during the year	Change in market value during the year	Market value at 31 March 2022
	£'000	£'000	£'000	£'000	£'000
Pooled investments	2,108,945	151,612	(116,647)	138,712	2,282,622
Pooled property investments	194,581	19,038	0	38,902	252,521
Private equity / infrastructure	211,643	38,945	(56,756)	32,296	226,128
	<u>2,515,169</u>	<u>209,595</u>	<u>(173,403)</u>	<u>209,910</u>	<u>2,761,271</u>
Cash deposits	146				303
Amounts payable for purchases of investments	(126)				(285)
Fees within pooled vehicles				13,100	
Net investment assets	2,515,189			223,010	2,761,289

NOTE 14b – ANALYSIS OF INVESTMENTS

Investments analysed by fund manager

Market Value at 31 March 2022			Market Value at 31 March 2023		
£'000	%		£'000	%	
1,496,425	54.2	Wales Pension Partnership	1,501,286	54.8	
851,675	30.9	BlackRock	842,157	30.7	
226,128	8.2	Partners Group	234,188	8.5	
75,739	2.7	UBS	74,865	2.7	
72,139	2.6	Lothbury	57,297	2.1	
39,450	1.4	Threadneedle	34,103	1.2	
18	0.0	Veritas	0	0.0	
2,761,574	100.0		2,743,896	100.0	

The following investments represent more than 5% of the net assets of the Fund:

Market Value at 31 March 2022			Market Value at 31 March 2023		
£'000	%		£'000	%	
454,098	16.4	WPP Global Opportunities Fund	430,059	15.6	
430,749	15.5	WPP Global Growth Fund	426,908	15.5	
353,857	12.7	WPP Absolute Return Bond	386,103	14.0	
346,072	12.5	Black Rock ACS World Low Carbon Fund	331,802	12.0	
239,314	8.6	Black Rock Aquila Life UK Equity Index Fund	246,433	8.9	
200,811	7.2	Black Rock Aquila Life GI Dev Fundamental Fund	207,927	7.5	
197,920	7.1	WPP Multi Asset Credit Fund	200,600	7.3	

NOTE 14c – STOCK LENDING

The Fund's investment strategy permits stock lending subject to specific approval. The income earned by the fund through stock lending was £109,916 (£126,800 in 2021/22). Currently the Fund has total quoted equities of £40.6m on loan. These equities continue to be recognised in the Fund's financial statements. No liabilities are associated with the loaned assets.

NOTE 15 – FAIR VALUE- BASIS OF VALUATION

All investment assets are valued using fair value techniques based on the characteristics of each instrument, where possible using market- based information. There has been no change in the valuation techniques used during the year.

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

Level 1 - where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities, comprising quoted equities, quoted bonds and unit trusts.

Level 2 - where quoted market prices are not available, or where valuation techniques are used to determine fair value based on observable data.

Level 3 - where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

NOTE 15 – FAIR VALUE- BASIS OF VALUATION (continued)

Description of Asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the Valuations provided
Cash and cash equivalents	Level 1	Carrying value is deemed to be fair value because of the short- term nature of these financial instruments	Not required	Not required
Pooled investments- equity funds	Level 2	The 'NAV' (net asset value) is calculated based on the market value of the underlying assets	Evaluated price feeds	Not required
Pooled investments- fixed income	Level 2	The 'NAV' is calculated based on the market value of the underlying fixed income Securities	Evaluated price feeds	Not required
Pooled property funds	Level 2	Closing bid price where bid and offer prices are published; closing single price where single price is published	'NAV'- based set on a forward pricing basis	Not required
Private equities	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines 2018 and the IPEV Board's Special Valuation Guidance (March 2020)	<ul style="list-style-type: none"> • EBITDA multiple • Revenue multiple • Discount for lack of marketability • Control premium 	Valuations could be affected by changes to expected cashflows or by differences between audited and unaudited accounts
Infrastructure	Level 3	Valued using discounted cashflow techniques to generate a net present value	Discount rate and cashflow used in the models	Rate of inflation, interest, tax and foreign exchange

Sensitivity of assets valued at level 3

The values reported in the Level 3 valuations represent the most accurate estimation of the portfolio values as at 31 March 2023. Any subjectivity related to the investment value is incorporated into the valuation, and the sensitivity analysis can be seen in Note 17.

Transfers between levels 1 and 2

There were no transfers between levels 1 and 2 investments during 2022/23.

NOTE 15a – FAIR VALUE HIERARCHY

The values of the investment in private equity are based on valuations provided by the general partners to the private equity funds in which Gwynedd Pension Fund has invested. These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS and US GAAP.

The following table provides an analysis of the financial assets and liabilities of the pension fund grouped into Levels 1 to 3, based on the level at which the fair value is observable.

Values at 31 March 2023	Quoted market price Level 1 £'000	Using observable inputs Level 2 £'000	With significant unobservable inputs Level 3 £'000	Total £'000
Financial assets at fair value through profit and loss				
Fixed income	0	586,703	0	586,703
Equities	0	1,700,745	0	1,700,745
Pooled property investments	0	221,297	0	221,297
Private equity	0	0	166,622	166,622
Infrastructure	0	0	67,566	67,566
Cash deposits	963	0	0	963
	963	2,508,745	234,188	2,743,896
Financial liabilities at fair value through profit and loss				
Payables for investment purchases	(960)	0	0	(960)
Total	3	2,508,745	234,188	2,742,936

NOTE 15a – FAIR VALUE HIERARCHY (CONTINUED)

Values at 31 March 2022	Quoted market price Level 1 £'000	Using observable inputs Level 2 £'000	With significant unobservable inputs Level 3 £'000	Total £'000
Financial assets at fair value through profit and loss				
Fixed income	0	551,777	0	551,777
Equities	0	1,730,845	0	1,730,845
Pooled property investments	0	252,521	0	252,521
Private equity	0	0	158,711	158,711
Infrastructure	0	0	67,417	67,417
Cash deposits	303	0	0	303
	303	2,535,143	226,128	2,761,574
Financial liabilities at fair value through profit and loss				
Payables for investment purchases	(285)	0	0	(285)
Total	18	2,535,143	226,128	2,761,289

NOTE 15b – RECONCILIATION OF FAIR VALUE MEASUREMENTS WITHIN LEVEL 3

	Market Value 1 April 2022 £'000	Transfers out of Level 3 £'000	Purchases during the year £'000	Sales during the year £'000	Unrealised gains/ (losses) £'000	Realised (gains)/ losses £'000	Market Value 31 March 2023 £'000
Private Equity	158,711	0	14,620	(4,852)	6,675	(8,532)	166,622
Infrastructure	67,417	0	10,920	(12,481)	11,085	(9,375)	67,566
Total Level 3	226,128	0	25,540	(17,333)	17,760	(17,907)	234,188

	Market Value 1 April 2021 £'000	Transfers out of Level 3 £'000	Purchases during the year £'000	Sales during the year £'000	Unrealised gains/ (losses) £'000	Realised (gains)/ losses £'000	Market Value 31 March 2022 £'000
Private Equity	165,423	0	23,050	(22,550)	23,275	(30,487)	158,711
Infrastructure	46,220	0	15,895	(3,488)	9,021	(231)	67,417
Total Level 3	211,643	0	38,945	(26,038)	32,296	(30,718)	226,128

NOTE 16 - CLASSIFICATION OF FINANCIAL INSTRUMENTS

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of financial assets and liabilities by category and net assets statement heading. No financial assets were reclassified during the accounting period.

As at 31 March 2022			As at 31 March 2023		
Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost	Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost
£'000	£'000	£'000	£'000	£'000	£'000
Financial assets					
2,282,622			2,287,448		
252,521			221,297		
158,711			166,622		
67,417			67,566		
	14,481			19,255	
	3,650			4,163	
2,761,271	18,131	0	2,742,933	23,418	0
		(3,641) Creditors			(4,222)
0	0	(3,641)	0	0	(4,222)
2,761,271	18,131	(3,641)	2,742,933	23,418	(4,222)

NOTE 16a – NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

31 March 2022		31 March 2023	
Fair value		Fair value	
£'000		£'000	
Financial assets			
209,909	Fair value through profit and loss	(62,044)	
0	Loans and receivables	0	
209,909	Total financial assets	(62,044)	
Financial liabilities			
0	Fair value through profit and loss	0	
0	Financial liabilities at cost	0	
0	Total financial liabilities	0	
209,909	Net financial assets	(62,044)	

NOTE 17 – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Risk and risk management

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

Responsibility for the Fund's risk management strategy rests with the Pensions Committee. Risk management policies are established to identify and analyse the risks faced by the Pension's Fund operations, then reviewed regularly to reflect changes in activity and market conditions.

a) Market risk

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

The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising investment return.

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

The Fund manages these risks in two ways:

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

Other price risk

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

The Fund is exposed to share price risk. The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored to ensure it is within the limits set in the Fund investment strategy.

NOTE 17 – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

Other price risk – sensitivity analysis

Following analysis of historical data and expected investment return movement during the financial year, in consultation with the Fund's investment advisors, the Fund has determined that the following movements in market price risk are reasonably possible for the 2021/22 and 2022/23 reporting period.

Asset type	Potential market movement (+/-)	
	31 March 2022	31 March 2023
	%	%
UK Equities	19.9	18.2
Global Equities	20.1	19.0
Emerging Markets Equities	27.0	24.4
Private Equity	31.2	31.2
Absolute Return Bond	2.8	2.7
Infrastructure	14.6	16.0
Property	15.0	15.5
Diversified Credit	7.4	7.8
Cash	0.3	0.3
Total Fund	14.3	13.3

The potential volatilities disclosed above are consistent with a one-standard deviation movement in the change of value of the assets over the latest three years. The total fund volatility takes into account the expected interactions between the different asset classes shown, based on the underlying volatilities and correlations of the assets, in line with mean variance portfolio theory.

NOTE 17 – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

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

Asset type	Value as at 31 March 2023 £'000	Percentage change %	Value on increase £'000	Value on decrease £'000
UK Equities	246,433	18.2	291,284	201,583
Global Equities	1,396,696	19.0	1,662,068	1,131,324
Emerging Markets Equities	57,616	24.4	71,674	43,557
Private Equity*	166,622	31.2	218,608	114,636
Absolute Return Bonds	386,103	2.7	396,528	375,679
Infrastructure*	67,566	16.0	78,377	56,756
Property	221,297	15.5	255,598	186,996
Diversified Credit	200,600	7.8	216,246	184,953
Cash	19,255	0.3	19,313	19,197
Debtors and Creditors	(59)	0.0	(59)	(59)
Total assets available to pay benefits	2,762,129		3,209,637	2,314,622
*Level 3 assets	234,188		296,985	171,392

Asset type	Value as at 31 March 2022 £'000	Percentage change %	Value on increase £'000	Value on decrease £'000
UK Equities	239,314	19.9	286,937	191,690
Global Equities	1,431,729	20.1	1,719,508	1,143,952
Emerging Markets Equities	59,802	27.0	75,948	43,655
Private Equity*	158,711	31.2	208,228	109,193
Absolute Return Bonds	353,857	2.8	363,765	343,949
Infrastructure*	67,417	14.6	77,260	57,574
Property	252,521	15.0	290,399	214,643
Diversified Credit	197,920	7.4	212,566	183,274
Cash	14,481	0.3	14,525	14,438
Debtors and Creditors	9	0.0	9	9
Total assets available to pay benefits	2,775,761		3,249,145	2,302,377
*Level 3 assets	226,128		285,488	166,767

Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's interest rate risk is routinely monitored in accordance with the Fund's risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks.

NOTE 17 – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

The Fund's direct exposure to interest rate movements as at 31 March 2022 and 31 March 2023 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value:

Asset type	As at 31 March 2022	As at 31 March 2023
	£'000	£'000
Cash and cash equivalents	14,178	18,292
Cash balances	303	963
Pooled Fixed Income	551,777	586,703
Total	566,258	605,958

Interest rate risk sensitivity analysis

The Fund recognises that interest rates can vary and can affect both income to the Fund and the value of net assets available to pay benefits. A 1% movement in interest rates is consistent with the level of sensitivity applied as part of the Fund's risk management strategy. The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 1% change in interest rates:

Asset type	Carrying amount as at 31 March 2023	Change in year in the net assets available to pay benefits	
		+1%	-1%
		£'000	£'000
Cash and cash equivalents	18,292	183	(183)
Cash balances	963	10	(10)
Pooled Fixed Income *	586,703	5,867	(5,867)
Total change in assets available	605,958	6,060	(6,060)

* A change of 1% in interest rate does not have a direct impact on fixed interest securities but does have a partial impact as calculated in the tables above.

Asset type	Carrying amount as at 31 March 2022	Change in year in the net assets available to pay benefits	
		+1%	-1%
		£'000	£'000
Cash and cash equivalents	14,178	142	(142)
Cash balances	303	3	(3)
Pooled Fixed Income *	551,777	5,518	(5,518)
Total change in assets available	566,258	5,663	(5,663)

* A change of 1% in interest rate does not have a direct impact on fixed interest securities but does have a partial impact as calculated in the tables above.

The impact that a 1% change in interest rates would have on interest received is minimal as the average interest rate received on cash during the year was 2.04% amounting to interest of £210,338 for the year.

NOTE 17 – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

A 1% increase in interest rates will not affect the interest received on fixed income assets but will reduce their fair value, as shown in the tables above. Changes in interest rates do not impact on the value of cash / cash equivalents but they will affect the interest income received on those balances. Changes to both the fair value of assets and income received from investments impact on the net assets to pay benefits but as noted above this does not have a significant effect on the Fund.

Currency risk

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

The Fund has made commitments to private equity and infrastructure in foreign currency (€393.2 million and \$88.6 million). These commitments are being drawn down on request from the investment manager over a number of years. The current commitments still outstanding are shown in Note 24. The risk is that the pound is weak relative to the dollar and euro at the time of the drawdown and then strengthens when the Fund is fully funded. The Fund has been funding the commitments since 2005 and therefore the liability is balanced out over a long period.

The Fund's currency rate risk has been calculated based on the volatility of the currencies which would affect the value of the investments and any cash held in those currencies.

Currency risk – sensitivity analysis

Following analysis of historical data in consultation with the Fund investment advisors, the likely volatility associated with foreign exchange rate movements has been calculated with reference to the historic volatility of the currencies and their relative amounts in the Fund's investments.

The 1 year expected standard deviation for an individual currency as at 31 March 2023 is 9.9%. The equivalent rate for the year ended 31 March 2022 was 9.5%. This analysis assumes that all other variables, in particular interest rates, remain constant.

NOTE 17 – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

The tables below show a breakdown of the Fund's exposure to individual currencies as at 31 March 2023 and at the end of the previous financial year:

Currency exposure - by asset type	Carrying amount as at 31 March 2023	Change in year in the net assets available to pay benefits	
		Value on increase	Value on decrease
	£'000	£'000	£'000
Global Equities	1,396,696	1,534,969	1,258,423
Emerging Markets Equities	57,616	63,320	51,912
Private Equity	166,622	183,118	150,127
Absolute Return Bonds	386,103	424,328	347,879
Infrastructure	67,566	74,255	60,877
Diversified Credit	200,600	220,459	180,740
Total change in assets available	2,275,203	2,500,449	2,049,958

Currency exposure - by asset type	Carrying amount as at 31 March 2022	Change in year in the net assets available to pay benefits	
		Value on increase	Value on decrease
	£'000	£'000	£'000
Global Equities	1,431,729	1,567,744	1,295,716
Emerging Markets Equities	59,802	65,483	54,120
Private Equity	158,711	173,788	143,633
Absolute Return Bonds	353,857	387,473	320,240
Infrastructure	67,417	73,822	61,013
Diversified Credit	197,920	216,722	179,118
Total change in assets available	2,269,436	2,485,032	2,053,840

b) Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities.

In essence, the Fund's entire investment portfolio is exposed to some form of credit risk. However, the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

NOTE 17 – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

The benchmark for the concentration of the funds held with investment managers is as follows:

Investment Manager	Percentage of Portfolio
BlackRock	29.5%
Wales Pension Partnership Emerging Markets	2.5%
Wales Pension Partnership Global Growth	14.0%
Wales Pension Partnership Global Opportunities	14.0%
Wales Pension Partnership Multi Asset Credit	7.5%
Wales Pension Partnership Absolute Return Bond	15.0%
Property (UBS, Threadneedle, Lothbury, BlackRock)	10.0%
Partners Group	7.5%

All investments held by investment managers are held in the name of the Pension Fund so, if the investment manager fails, the Fund's investments are not classed amongst their assets.

Contractual credit risk is represented by the net payment or receipt that remains outstanding. The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties.

In order to maximise the returns from short-term investments and cash deposits, the Council invests any temporarily surplus funds in its bank accounts along with any surplus funds in the Gwynedd Pension Fund bank accounts. An appropriate share of the interest earned is paid to the Pension Fund and any losses on investment are shared with the Pension Fund in the same proportion. Due to the nature of the banking arrangements, any surplus cash in the Pension Fund bank accounts is not transferred to the Council's bank accounts.

Deposits are not made with banks and financial institutions unless they are rated independently and meet the Council's credit criteria. The Council has also set limits as to the maximum percentage of deposits placed with any one class of financial institution. In addition, the Council invests an agreed percentage of funds in the money markets to provide diversification. Money market funds chosen all have AAA rating from a leading ratings agency.

NOTE 17 – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

Employers in the Fund are not currently assessed for their creditworthiness or individual credit limits set. There is risk of being unable to collect contributions from employers with no contributing members (e.g. risk associated with employers with a small number of declining contributing members) so the Administering Authority monitors membership movements on an annual basis.

New employers to the Fund will need to agree to the provision of a bond or obtain a guarantee to reduce the risk of future financial loss to the Fund in the event of not being able to meet its pension liability on cessation. As shown in Note 25 two employers have provided bonds. Any future liabilities falling on the Fund as a result of cessation are borne by the whole Fund and spread across all employers. This is done to ensure that actuarial recovery periods and amounts are kept at a manageable level for smaller employers.

This risk has increased by a legal judgement, which potentially indicates that employers with no contributing members cannot be charged contributions under the LGPS Administration Regulations. This ruling, however, does not affect the ability to collect contributions following a cessation valuation under Regulation 38(2). The Actuary may be instructed to consider revising the rates and Adjustments certificate to increase an employer's contributions under Regulation 38 of the LGPS (Administration) Regulations 2008 between triennial valuations.

c) Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Council therefore takes steps to ensure that the Pension Fund has adequate cash resources to meet its commitments to pay pensions and other costs and to meet investment commitments.

The Council has a cash flow system that seeks to ensure that cash is available if needed. In addition, current contributions received from contributing employers and members far exceed the benefits being paid. Surplus cash is invested and cannot be paid back to employers. The Fund's Actuary establishes the contributions that should be paid in order that all future liabilities can be met.

There is no limit on the amount that the Pension Fund bank account can hold. The amounts held in this account should meet the normal liquidity needs of the Fund. Any temporary surplus is invested by the Council in accordance with the Treasury Management Strategy Statement to provide additional income to the Pension Fund. Surplus cash is invested in accordance with the Statement of Investment Principles.

The Fund also has access to an overdraft facility through the Council's group bank account arrangements. This facility would only be used to meet short-term timing differences on pension payments. As these borrowings would be of a limited short-term nature, the Fund's exposure to credit risk is considered negligible.

NOTE 17 – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

The Fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets which will take longer than three months to convert into cash. As at 31 March 2023 the value of illiquid assets was £455m, which represented 16.4% of the total Fund assets (31 March 2022: £479m, which represented 17.2% of the total Fund assets).

Management prepares periodic cash flow forecasts to understand and manage the timing of the Fund's cash flows. The appropriate strategic level of cash balances to be held forms part of the Fund investment strategy.

All financial liabilities at 31 March 2023 are due within one year as was the case at 31 March 2022.

Refinancing risk

The key risk is that the Fund will be bound to replenish a significant proportion of its financial instruments at a time of unfavourable interest rates. The Fund does not have any financial instruments that have a refinancing risk as part of its treasury management and investment strategies.

NOTE 18 – FUNDING ARRANGEMENTS

In line with the Local Government Pension Scheme (Administration) Regulations 2013, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2022.

Description of Funding Policy

The funding policy is set out in the Administering Authority's Funding Strategy Statement and was reviewed as part of the 2022 valuation.

The key elements of the funding policy are:

- to take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependants
- to use a balanced investment strategy to minimize long-term cash contributions from employers and meet the regulatory requirement for long-term cost efficiency
- where appropriate, ensure stable employer contribution rates
- to reflect different employers' characteristics to set their contribution rates, using a transparent funding strategy
- to use reasonable measures to reduce the risk of an employer defaulting on its pension obligations.

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

NOTE 18 – FUNDING ARRANGEMENTS (continued)

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 17 years. Asset-liability modelling has been carried out which demonstrates that if these contribution rates are paid and future contribution changes are constrained as set out in the Funding Strategy Statement, there is at least a 70% likelihood that the Fund will achieve the funding target over 17 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 at 31 March 2022. This valuation revealed that the Fund's assets, which at 31 March 2022 were valued at £2,776 million, were sufficient to meet 120% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting surplus at the 2022 valuation was £468 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving their funding target within a time horizon and probability measure as per the Funding Strategy Statement. Individual employers' contributions for the period 1 April 2023 to 31 March 2026 were set in accordance with the Fund's funding policy as set out in its Funding Strategy Statement.

Principal Actuarial Assumptions and Method used to Value the Liabilities

Full details of the methods and assumptions used are described in the 2022 valuation report and Funding Strategy Statement.

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.

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 2022 valuation were as follows:

Financial assumptions	31 March 2022
Discount rate	4.1% pa
Salary increase	3.2% pa
Benefit increase (CPI)	2.7% pa

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of 1.50% pa. Based on these assumptions, the average future life expectancies at age 65 are as follows:

NOTE 18 – FUNDING ARRANGEMENTS (continued)

Mortality assumption	Male Years	Female Years
Current pensioners	21.1	24.0
Future pensioners (aged 45 at the 2022 valuation)	22.3	25.8

Copies of the 2022 valuation report and the Funding Strategy Statement are available on the Pension Fund's website www.gwyneddpensionfund.wales

Experience over the period since 31 March 2022

Markets continues to be disrupted by the ongoing war in Ukraine and inflationary pressures, impacting on investments returns achieved by the Fund's assets. High levels of inflation in the UK (compared to recent experience) have resulted in a higher than expected LGPS benefit increase of 10.1% in April 2023. Despite this, the funding level of the Fund is likely to be higher than reported at the 31 March 2022 funding valuation due to significant increases in interest rates which reduces the value placed on the Fund's liabilities.

The next actuarial valuation will be carried out as at 31 March 2025. The Funding Strategy Statement will also be reviewed at that time.

NOTE 19 - ACTUARIAL PRESENT VALUE OF PROMISED RETIREMENT BENEFITS

In addition to the triennial funding valuation, the Fund's actuary also undertakes a valuation of the Pension Fund liabilities, on an IAS19 basis every year using the same base data as the funding valuation rolled forward to the current financial year, taking account of changes in membership numbers and updating assumptions to the current year. This valuation is not carried out on the same basis as that used for setting Fund contribution rates and the Fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

In order to assess the value of the benefits on this basis the actuary has updated the actuarial assumptions (set out below) from those used for funding purposes (see Note 18) and has also used them to provide the IAS19 and FRS102 reports for individual employers in the Fund. The actuary has also valued ill health and death benefits in line with IAS19.

The actuarial present value of promised retirement benefits at 31 March 2022 and 2023 are shown below:

	31 March 2022	31 March 2023
	£m	£m
Active members	1,929	1,084
Deferred members	583	387
Pensioners	818	864
Total	3,330	2,335

As noted above, the liabilities above are calculated on an IAS19 basis and therefore differ from the results of the 2022 triennial funding valuation (see Note 18) because IAS19 stipulates a discount rate rather than a rate that reflects market rates.

NOTE 19 - ACTUARIAL PRESENT VALUE OF PROMISED RETIREMENT BENEFITS (continued)

Assumptions used

The financial assumptions used are those adopted for the Administering Authority's IAS19 report as shown below and are different as at 31 March 2022 and 2023. The actuary estimates that the impact of the change in financial assumptions to 31 March 2023 is to decrease the actuarial present value by £1,422m. It is estimated that the impact of the change in demographic and longevity assumptions is to decrease the actuarial present value by £55m.

	31 March 2022	31 March 2023
Assumption	%	%
Pension increase rate	3.20	2.95
Salary increase rate	3.50	3.45
Discount rate	2.70	4.75

The life expectancy for the longevity assumption is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 10% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Male Years	Female Years
Current pensioners	20.9	23.9
Future pensioners (assumed to be aged 45 at the latest valuation date)	21.9	25.6

All other demographic assumptions have been updated since last year and as per the latest funding valuation of the fund.

The sensitivities regarding the principal assumptions used to measure the liabilities are set out below:

Sensitivity to the assumptions for the year ended 31 March 2023	Approximate increase to liabilities	Approximate monetary amount
	%	£m
0.1% p.a. increase in the pension increase rate	2	41
0.1% p.a. increase in the salary increase rate	0	7
0.1% p.a. decrease in the real discount rate	2	47
1 year increase in member life expectancy	4	93

NOTE 20 – CURRENT ASSETS

31 March 2022 £'000		31 March 2023 £'000
483	Contributions due – employees	495
1,597	Contributions due – employers	1,617
1,570	Sundry debtors	2,050
3,650	Total debtors	4,162
14,178	Cash	18,292
17,828	Total	22,454

NOTE 21 – CURRENT LIABILITIES

31 March 2022 £'000		31 March 2023 £'000
1,697	Sundry creditors	2,078
1,659	Benefits payable	1,183
3,356	Total	3,261

NOTE 22 - ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVC)

The market value of the funds is stated below:

	Market value at 31 March 2022 £'000	Market value at 31 March 2023 £'000
Clerical Medical	4,670	4,576
Utmost Life	182	162
Standard Life	5	5
Total	4,857	4,743

AVC contributions were paid directly to the following manager:

	2021/22 £'000	2022/23 £'000
Clerical Medical	645	797
Total	645	797

NOTE 23 - RELATED PARTY TRANSACTIONS

Cyngor Gwynedd

The Gwynedd Pension Fund is administered by Cyngor Gwynedd. Consequently, there is a strong relationship between the Council and the Pension Fund.

The Council incurred costs of £1,474,104 (£1,318,514 in 2021/22) in relation to the administration of the Fund and was subsequently reimbursed by the Fund for these expenses. The Council is also one of the largest employers of members of the Fund and contributed £29.49m to the Fund in 2022/23 (£27.65m in 2021/22). At the end of the year, the Council owed £0.53m to the Fund which was primarily in respect of interest paid on the Pension Fund's balances and contributions for March 2023 and the Fund owed £1.47m to the Council which was primarily in respect of recharges to the Council for the administrative costs.

The Gwynedd Pension Fund has two bank accounts which are held as part of Cyngor Gwynedd's Group of Bank Accounts. The overall surplus cash held in the Group of Bank Accounts is invested on a daily basis. At the end of the financial year, Cyngor Gwynedd pays interest over to the Pension Fund, based on the Fund's daily balances over the year. During 2022/23, the Fund received interest of £210,338 (£14,183 in 2021/22) from Cyngor Gwynedd.

Governance

There is one member of the Pensions Committee who is in receipt of pension benefits from the Gwynedd Pension Fund during 2022/23 (committee member J.B. Hughes). In addition, committee members S.W. Churchman, R.W. Williams, J.B. Hughes, I. Thomas, G. Edwards, J.P. Roberts and R.M.Hughes are active members of the Pension Fund.

Two members of the Pension Board were in receipt of pension benefits from the Gwynedd Pension Fund during 2022/23 (board members H.E. Jones and S. Warnes). In addition, Board members B.Roberts, O. Richards, H. Trainor and S.E. Parry are active members of the Pension Fund.

Key Management Personnel

The key management personnel of the fund are the Fund Director and Head of Finance (s151).

The remuneration payable to key management personnel attributable to the fund is set out below:

31/03/2022 £'000		31/03/2023 £'000
7	Short-term benefits	38
1	Post-employment benefits	7
<hr/>		<hr/>
8		45

NOTE 24 - COMMITMENTS UNDER INVESTMENT CONTRACTS

Outstanding capital commitments (investments) at 31 March were as follows:

	Total commitments	Commitment at 31 March 2022	Commitment at 31 March 2023
	€'000	€'000	€'000
P.G. Direct 2006	19,224	0	0
P.G. Global Value 2006	50,000	3,477	3,477
P.G. Secondary 2008	15,000	1,960	1,960
P.G. Global Value 2011	15,000	2,096	2,096
P.G. Global Infrastructure 2012	40,000	7,019	7,019
P.G. Direct 2012	12,000	1,181	1,181
P.G. Global Value 2014	12,000	1,531	1,531
P.G. Direct Equity 2016	50,000	2,826	2,826
P.G. Global Value 2017	42,000	17,870	11,570
P.G. Global Infrastructure 2018	28,000	14,379	8,131
P.G. Direct Equity 2019	48,000	18,432	8,352
P.G. Direct Infrastructure 2020	32,000	24,800	20,320
P.G. Direct Equity V	30,000	0	30,000
Total Euros	393,224	95,571	98,463
	\$'000	\$'000	\$'000
P.G. Emerging Markets 2011	7,000	1,082	1,082
P.G. Secondary 2015	38,000	15,740	15,220
P.G. Direct Infrastructure 2015	43,600	9,598	7,640
Total Dollars	88,600	26,420	23,942

'PG' above refers to Partners Group, the investment manager which invests in 'alternatives' (private equity and infrastructure) on behalf of the Fund.

These commitments relate to outstanding call payments on unquoted limited partnership funds held in the private equity part of the portfolio. The amounts 'called' by these funds are irregular in both size and timing over a number of years from the date of the original commitment.

NOTE 25 – CONTINGENT ASSETS

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

NOTE 26 – CONTINGENT LIABILITIES

There are no contingent liabilities identified.

NOTE 27 – IMPAIRMENT LOSSES

There are no impairment losses identified

Agenda Item 8

MEETING:	PENSION BOARD
DATE :	20 JULY 2023
TITLE:	PENSION FUND INVESTMENT PERFORMANCE 2022/23
PURPOSE:	TO INFORM THE BOARD OF THE PERFORMANCE OF PENSION FUND INVESTMENTS
RECOMMENDATION:	NOTE THE INFORMATION
AUTHOR:	DELYTH JONES-THOMAS, INVESTMENT MANAGER

1. Introduction

The investment performance of individual asset managers is monitored by the Investment Panel on a quarterly basis. The asset managers are invited to present to the Panel in turn.

Whilst quarterly and annual monitoring takes place, it should be noted that pension fund returns over the longer term are the aim, and there will inevitably be some fluctuations from year to year, and more volatile performance from quarter to quarter. Generally, individual asset managers' performance is assessed over 3 years.

2. Pension Fund Investment Performance in 2022/23

As at 31st March 2023, the market value of the Pension Fund was £2,762 million with performance against the benchmark set out below:

	3 Months %	1 Year %
Fund	2.9	-1.5
Benchmark	2.7	-0.3
Relative Performance	+0.2	-1.2

During the year, the value of the Pension Fund has stabilised at £2.7 billion which is consistent with last year's value. The year has been challenging with the effect of the war in Ukraine and the effect of high inflation affecting the money markets. The Fund achieved a performance of -1.5%, although this was behind the benchmark, this was a strong performance in challenging circumstances and in the highest quartile of the LGPS funds in the official PIRC statistics for 2022/23.

Equity Investment Manager's Performance

The table below summarises the performance of the individual equity Investment Managers as at 31st March 2023:

	Market Value 31/03/23 £m	Performance 3 Months %	Performance 1 Year %
Black Rock Aquila Life UK Equity	246.4	3.1	3.0
Benchmark		3.1	2.9
Relative Performance		+0.0	+0.1
Black Rock ACS Low Carbon	331.8	3.2	-4.1
Benchmark		3.0	-4.7
Relative Performance		+0.2	+0.6
Black Rock Aquila Life Global Dev	207.9	1.6	3.5
Benchmark		1.4	3.0
Relative Performance		+0.2	+0.5
WPP Emerging Markets Fund	57.6	2.4	-10.6
Benchmark		1.1	-10.0
Relative Performance		+1.3	-0.6
WPP Global Growth Fund	426.9	5.5	-0.9
Benchmark		4.4	-1.4
Relative Performance		+1.1	+0.5
WPP Global Opportunities Fund	430.1	3.3	-0.3
Benchmark		4.4	-1.4
Relative Performance		-1.1	+1.1

Equity markets started the year strongly with investors encouraged by signs that inflation was being tamed and the prospect of China's reopening from Covid-19 restrictions boosting demand. In contrast, equities fell broadly in February amid slowing progress on inflation and resilient economic data, which implied interest rates may stay higher for longer.

Emerging Markets recorded a positive return in a volatile quarter but underperformed developed market equities. The first quarter of 2023 saw a dampening in risk appetite and doubts surrounding the strength of China's recovery following its reopening and the impact on global economic growth. Despite this, China's strength continued for another quarter as the market outperformed the broader emerging markets index for the second-successive quarter.

Fixed Income Manager's Performance

	Market Value 31/03/23 £m	Performance 3 Months %	Performance 1 Year %
WPP Multi Asset Credit Fund	200.6	3.3	-6.2
Benchmark		1.9	6.1
Relative Performance		+1.4	-12.3
WPP Absolute Return Bond Fund	386.1	1.0	2.1
Benchmark		1.4	4.3
Relative Performance		-0.4	-2.2

The fixed income funds launched in 2021 have had a challenging year with a negative start to 2022 from the global financial markets. Market volatility was driven by Russia's attack on Ukraine. During the period, inflation has been at its highest for decades leading to the US Federal Reserve and the Bank England increasing interest rates.

Property Investment Manager's Performance

The table below summarises the performance of the individual Property Asset Managers:

	Market Value 31/03/23 £m	Performance 3 Months %	Performance 1 Year %
UBS	74.9	1.8	-14.8
Lothbury Property Trust	57.3	-0.6	-20.5
Black Rock Property Fund	55.0	0.0	-15.7
Threadneedle Property Fund	34.1	0.5	-13.8
Threadneedle Property Unit Trust		-0.2	-13.7
Benchmark		-0.2	-14.5

Property returns have been mainly negative in the year with uncertainty over the long-term use of office buildings and high street shops. Growth has continued in the industrial and logistics areas as e-commerce continued to increase in popularity.

Partners Group

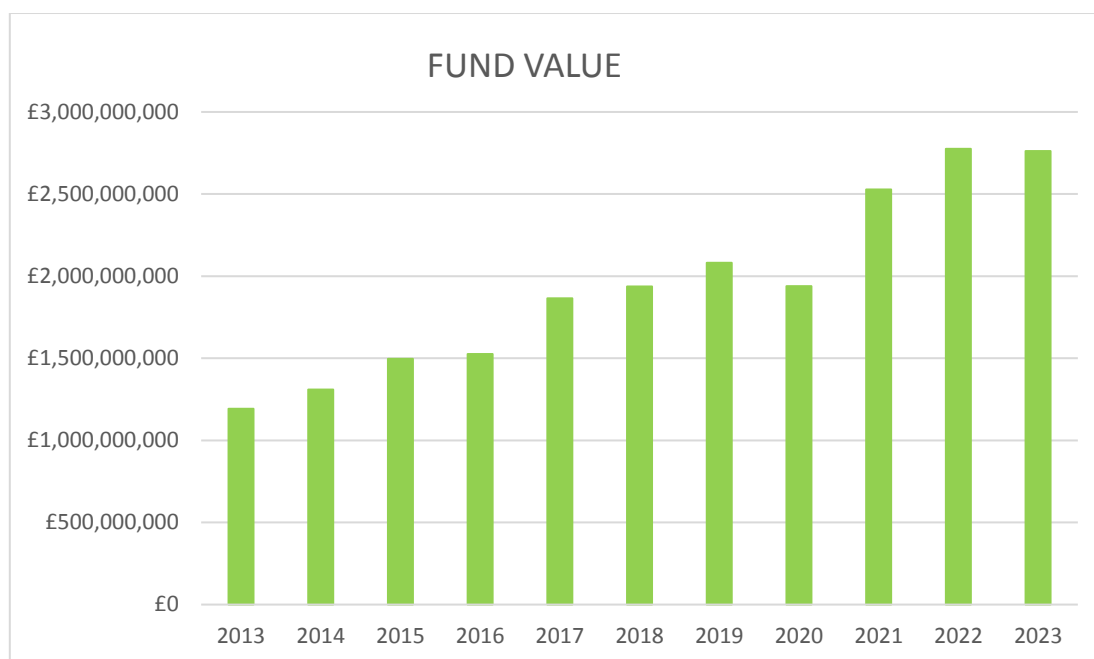
Partners Group is responsible for managing the Fund's private equity investments and infrastructure.

	Market Value 31/03/23 £m
Partners Private Equity	166.6
Partners Infrastructure	67.6
Total	234.2

Monitoring the performance of private equity and infrastructure investments is much more difficult than traditional assets, such as quoted bonds and equities. Private equity funds have a fixed life span of about 10-15 years. Real profits / returns can only be confirmed when individual assets are sold, so actual performance cannot be assessed until the fund is closed. The Fund's programme for private equity and infrastructure investments is reviewed annually by our consultants, Hymans Robertson.

3. Pension Fund historical performance over 10 years

The market value of the Gwynedd Pension Fund over recent years is shown in the graph below:

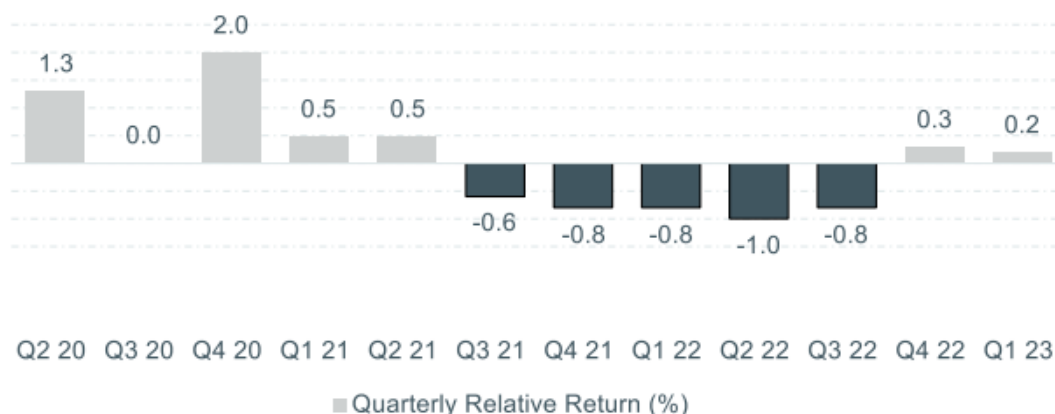


The Gwynedd Pension Fund is in a relatively healthy position with the value of the fund gradually increasing over time. The performance of the fund's investments has been lower than the benchmark in the year, mainly due to the performance of some of the equity, fixed income and property funds, but over a period of three years, the performance has been higher than the benchmark, as seen in the table below:

	1 Year %	3 Years % p.a.
Fund	-1.5	11.7
Benchmark	-0.3	11.4
Relative Performance	-1.2	+0.3

The 3 year performance of the Fund has been very strong and is in the 3rd position from all LGPS funds. The following chart shows the quarterly performance of the fund over the last 3 years.

Relative performance (quarterly)



It is widely recognised that longer-term performance is a more valid performance indicator than a single year because strategies designed for long-term good performance can occasionally suffer short-term losses.

4. Strategic Asset Allocation

The Fund undertook an investment strategy review following the results of the triennial valuation and new benchmark asset allocations were agreed. In particular, it was decided to reduce the benchmark allocation to equity growth assets by 10% and make new commitments to private debt and infrastructure funds being introduced by WPP. The Fund has also earmarked a 5% allocation to the WPP Global Credit Fund and this investment is expected to be completed during Q2 2023.

A plan has been developed to move the Fund towards the new benchmark allocations over the next 12 months.

5. Recommendation

The Board is asked to note the information.



Meeting:	Pension Board
Date:	20/07/2023
Title:	Pension Board Chair draft report for Gwynedd Pension Fund's annual general report
Purpose:	Assist the Chair to complete the annual report

Introduction

The Chairman of the Pension Board is required to submit an annual report as part of the Pension Fund's annual report and as part of the Fund's annual meeting.

This draft report (See **Appendix A**) has been prepared.

Timetable

The final report is required to be submitted by: 31/07/2023.

The fund's annual meeting will take place during the Autumn and all Board members are welcome to attend.

Content of draft report

The draft report has been written in line with the layout of the 2022 report. A number of factual statements have been left unchanged for the 2023 report but have been updated to take account of the topics discussed during the year.

Conclusion

Board members are asked to consider the content of the draft report in order to discuss its content and propose amendments at the meeting.

As noted above, the Chairman is required to submit the final report to Delyth Jones-Thomas, Investment Manager by 31/07/2023.

Appendix A

Annual Report of the Gwynedd Pension Board for 2022/23 (the year to 31 March 2023)

Background / Constitution

The Board was constituted under the Public Services Pensions Act 2013 and held its first meeting on 13th July 2015. The membership consists of three members representing scheme employers and three members representing scheme members (which include staff who contribute to the pension scheme and those who are retired and receiving a pension).

Over the period between 1st April 2022 and 31st March 2023, the Board has met virtually five times. Board members are invited as observers to meetings of the Pensions Committee and have agreed to take this role in turn in order to facilitate understanding as well as communication. This arrangement is reciprocated with the Chair of the Pensions Committee now attending Board meetings, where he is accountable, with officers for the governance and administration of the Fund. At times, the Board has asked for its views and recommendations to be submitted for consideration by the Committee.

Function of the Board

In accordance with legislation, the two primary functions of the Local Pension Board are to assist the administering authority (Gwynedd Council) to:

- i. ensure effective and efficient governance and administration of the LGPS, and
- ii. ensure compliance with relevant laws and regulation

Therefore, the Board is a monitoring, reviewing and assisting body, not a management or decision making body.

The Board operates under Terms of Reference agreed by Gwynedd Council (in a meeting of the full Council on the 5th March 2015).

It is supported by the Council's Member Support and Scrutiny Officer and reports are prepared and presented by officers including the Fund Director, Investment Manager, and the Fund's Pensions Manager.

The work of the Board

Once again, the last year has been a busy year for the senior staff of the Administration Authority with the valuation of the pension fund taking place. Therefore, Board members were aware of the need to prioritise requests for officers to prepare reports for the Board.

Attendance

During 2022/23 there was a change in the membership of the board with Councillor Aled Evans and Huw Trainor standing down as members of the board, and Councillor Beca Roberts joining the Board. Work will continue during 2023/24 to re-appoint members to the Board.

	04/04/2022	18/07/2022	03/10/2022	15/12/2022	06/03/2023
Councillor Aled Evans	✓				
H. Eifion Jones	✓	✓	✓	✓	✓
Osian Richards	✓	✓	✓	✓	✓
Huw Trainor	✓	✓	✓	✓	
Sharon Warnes	✓	✓		✓	✓
Sioned Evans Parry	✓	✓	✓		✓
Councillor Beca Roberts			✓		✓

Work Plan

In accordance with the work plan agreed in the previous year, reports on the following issues were received:

- Representation Policy
- Pension Fund Budget
- Investment Advisers objectives
- Responsible Investment Policy
- Investment performance of the Pension Fund
- Pension Administration
- Wales Pension Partnership
- Actuarial valuation
- Fund accounts
- Training plan
- Taskforce on climate related financial disclosures ('TCFD')
- Currency hedging
- A clean energy project in Wales
- A review of the Pension Fund's strategic asset allocation
- Wales Audit Report
- The McCloud case
- Pension dashboards programme
- Risk register
- Funding strategy statement
- Breach reporting policy
- Cash flow modeling projections
- Review strategic objectives for the fund's investment advisers

During the discussions, input was given and a number of comments were made by Board members which has assisted administrative authority officials to complete their work.

The Board completed the Pensions Regulator's public service governance survey. The survey was a mixture of factual questions and an opinion poll. Following discussion between Board members, the survey was presented to the Regulator within the specified time limit.

Board members also attended the Fund's valuation meeting in October 2022 and the Fund's virtual annual meeting in November 2022, and it was noted that the Fund has performed highly satisfactory compared to other LGPS funds.

The work plan for 2023/24 includes:

- General update on Pension Administration
- The Fund's Statement of Accounts
- Update on the McCloud project
- Update on the Wales Pension Partnership
- Risk Register
- Update on the Fund's actuarial valuation
- Update on the Fund's investment performance
- Pensions dashboard
- 2023/24 Budget
- 2023/24 Business plan
- 2023/24 Training plan

Training

During Board meetings all members of the Board were given details on the LGPS and its administration in Gwynedd through various presentations by the Fund Director, Investment Manager and Pensions Manager.

Members of the Board have also attended a number of virtual meetings and presentations. These include:

<u>Provider</u>	<u>Title</u>
Wales Pension Partnership	Private Market Asset Classes & the role of the Allocator
Wales Pension Partnership	Active Sustainable Equities
Wales Pension Partnership	Pool Knowledge: Governance & Administration
Wales Pension Partnership	Pool Knowledge: Roles & Responsibilities
Wales Pension Partnership	What Responsible Investment means for the WPP
Wales Pension Partnership	Stewardship Code and TCFD Reporting
Wales Pension Partnership	Progress of other LGPS pools
Wales Pension Partnership	Collaboration Opportunities
LGC	LGC Investment Seminar
LGC	LGC Investment and Pensions Summit
LAPFF	Annual Conference

Thanks

The Chair wishes to thank his fellow members on the Board, who have volunteered their time to the roles, and the relevant officers for their support.

Hywel Eifion Jones
Chair



Meeting:	Pension Board
Date:	20/07/2023
Title:	Pension Administration
Author:	Meirion Jones, Pensions Manager
Purpose:	For information only

1. Introduction

This report provides a general overview of pension administration over the past year. It contains information on the work carried out over the period and an update on various previously mentioned projects.

2. Performance Management

The Pension Fund is committed to improving its service delivery and will review the measures in place to monitor performance on an annual basis to identify where improvements can be made. Where areas of poor performance are identified, The Pension Service will review the reasons for poor performance and put in place appropriate processes to improve the level of service provision in the future. The service's core duties performance for 2022/23 compared to 2021/22 is as follows:

Core Activities	Performance in 2021/2022		Performance in 2022/2023	
	Number of cases	Average days taken	Number of cases	Average days taken
Average number of work days taken to send a quotation letter offering a transfer in	194	53.28	351	26.60
Average number of work days taken to send a quotation letter detailing a transfer out	205	28.63	218	17.11
Average number of work days taken to send process a refund of pension contributions	206	1.42	287	0.72
Number of working days on average taken to send a letter informing of the value of the deferred benefits	987	5.98	2,015	7.86
Average number of work days taken to send a letter informing value of benefits – estimates	1,714	1.33	2,056	1.16
Average number of work days taken to send a letter informing value of benefits – actual	683	0.99	797	0.84

Average number of work days taken to notify dependents benefits	264	1.84	385	1.61
Monthly pension payments processed and paid on time (figure based on number of payments in Month 12 of each year)	11,609	100%	11,999	100%
Number of cases where amended payments were necessary as a result of an error in the section	0	n/a	0	n/a

As can be seen, overall, the performance of the service has improved. The performance of sending a letter informing of the value of the deferred benefits has worsened slightly. The main reason for this is the fact that new staff have been appointed in 2022/23 to undertake this work and it has taken time to train them. Although the number of days has increased for this aspect of the work, we have processed 2,015 cases during 2022/23 to compare with 978 cases during 2021/22 and this helps to improve the accuracy of our data.

We will continue to work to improve the performance for all tasks during 2023/24.

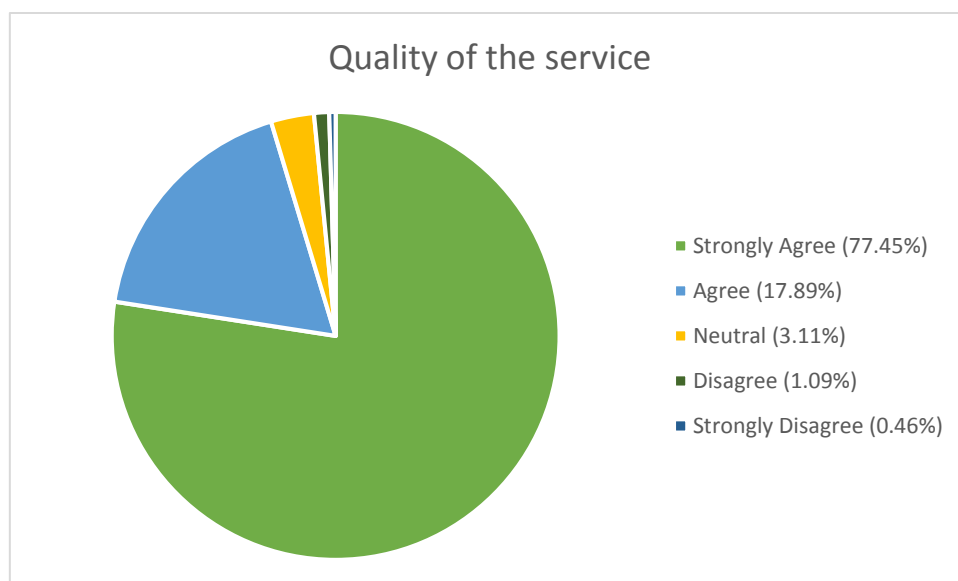
3. Member Satisfaction Survey

To ensure that we offer the best possible service to our members, a Member Satisfaction Survey is sent at the end of each process, e.g. retirements and payment of refunds for the members to give their opinion on the quality of the service received and their opinion about the service provided by the staff.

Here is a summary of the 2022/23 results:

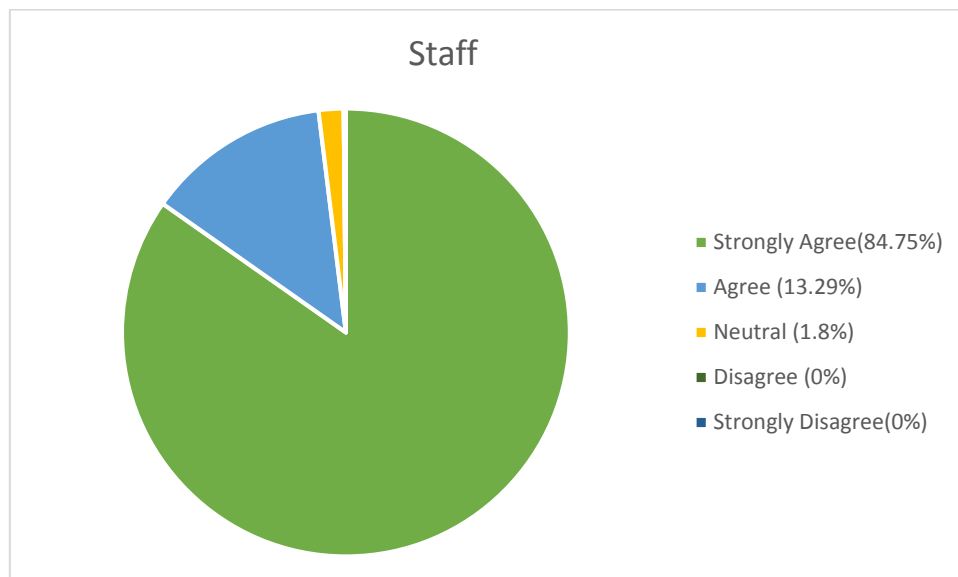
Quality of Service

The chart below shows the percentage of users who are satisfied with four aspects of the service's performance based on: i) Service as a whole; ii) clear information; iii) Quality of service; iv) Time to deal with the enquiry.



As can be seen, 95.34% of the users strongly agree or agree that the quality of the service provided is of a high standard.

The chart below shows the percentage of users who are satisfied with four aspects of staff performance based on: i) Courtesy; ii) Punctuality; iii) Assistance given; iv) level of knowledge.



As can be seen, a high percentage once again (98.04%) of the users strongly agree or agree that the quality of the service provided is of a high standard in relation to the staff.

4. Complaints

Fortunately, the number of complaints we receive is very low. Here are the details of the complaints we have received during 2022/23:

Ill-health Retirement: Members unhappy that their application to retire under the ill-health retirement option was not successful. This decision is outside the fund's control - These complaints are referred back to the relevant employer.

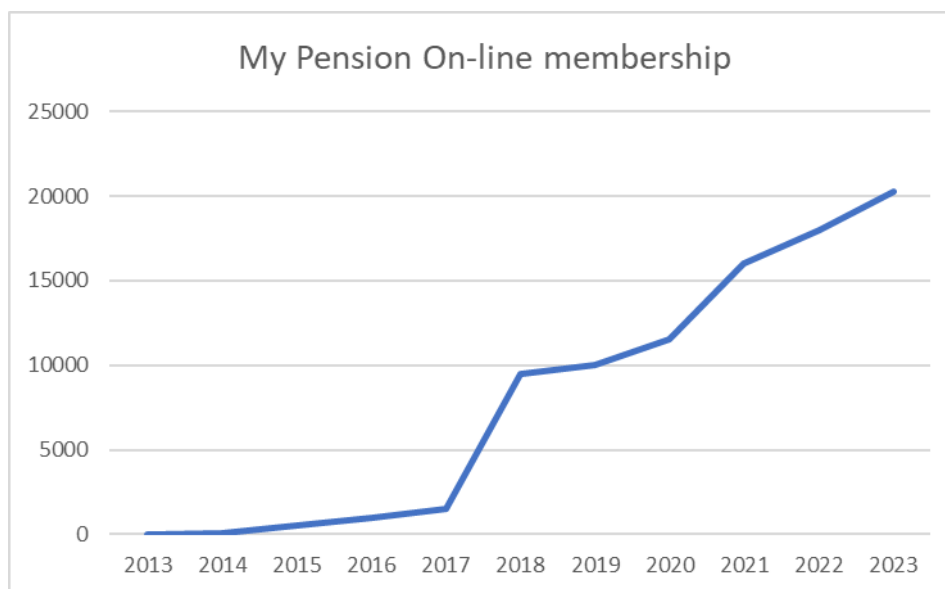
Delay in transferring pension benefits: A member was unhappy with the time taken to transfer her benefits out of the pension fund to another pension fund. When looking into the complaint it was clear that the delay was due to the other pension fund, and therefore this was out of the hands of the Gwynedd Pension Fund.

We correct any errors as soon as possible and try to change our processes, if appropriate, to avoid the same mistake happening again.

5. My Pension Online

The 'My Pension Online' system continues to be very popular, with a large number of members visiting the site daily.

Approximately 20,000 have registered for the service to date. The graph below shows an increase in the number of members joining the self-service system over the last 10 years:



The system allows members to:

- View and update personal details and addresses
- Find out how much benefits will be worth at retirement
- Calculate the amount of extra lump sum they can take in retirement
- View their service history, including any transmitted service
- View and update their nominated beneficiaries
- View their Annual Benefit Statements

We have recently introduced an option for pension fund pensioners to view their monthly pension slips online. A paper pension payment slip is only sent to members when there is a difference in pension payments of £5.00 compared to the previous month's pension payment, so the new service enables pensioners to see their pension slip every month from now on. We will stop sending paper slips to new pensioners and encourage current pensioners to stop receiving paper slips, but it is likely that a large number will be reluctant to change at the moment, so there is no intention of forcing everyone to change to the new system at this time.

We hope that a brand-new version of the system will be introduced during 2023/24 and we plan to carry on developing the options available to members.

6. The Pensions Regulator – Measuring Data

In 2015, the Pensions Regulator (tPR) took over responsibility for Public Sector Pension Schemes. Before that, in June 2010, the tPR published guidance on what they consider to be good practice to measure the presence of members' data.

Over the last few years we have been commissioning our software provider, Aquila Heywood to produce a Data Quality Report for our Fund every September. We now have software to run this report internally.

The report is divided into two sections:

- **Common Data:** e.g. name, address, NI number, gender, date of birth, status and start date
- **Scheme Specific Data:** e.g. benefits in the scheme, transfer details, AVC, salary details, contributions, service, lifetime allowance, annual allowance and GMP.

We provide below a summary of the results:

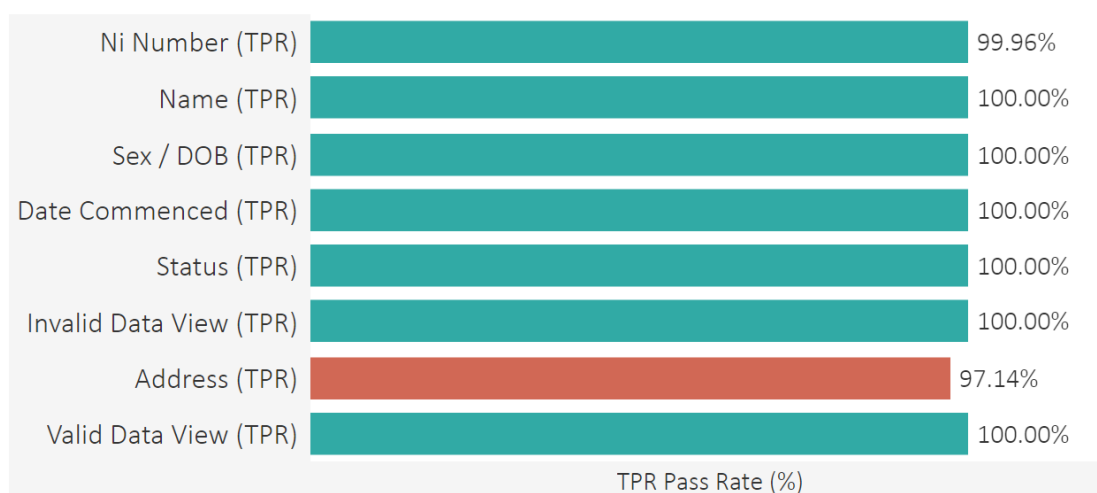
Summary of Common Data Results

The graph below shows Gwynedd's performance for each data category.

7 of the 8 categories achieved the highest benchmark of more than 98% with 5 categories not recording a single failure. The only category that did not reach the highest benchmark in question was **members' addresses** with a score of **97.14%**. With the exception of members' addresses, the general quality of common data in Gwynedd is of a high standard. In order to improve the member address score we will be working with a company called ATMOS to carry out work to track the address of members recorded as having "disappeared".

The percentage of member records without a common data failure is **97.9%** (97.7% last year) at the date of preparing this report (09/06/2023).

TPR Pass Rate % by Test Category

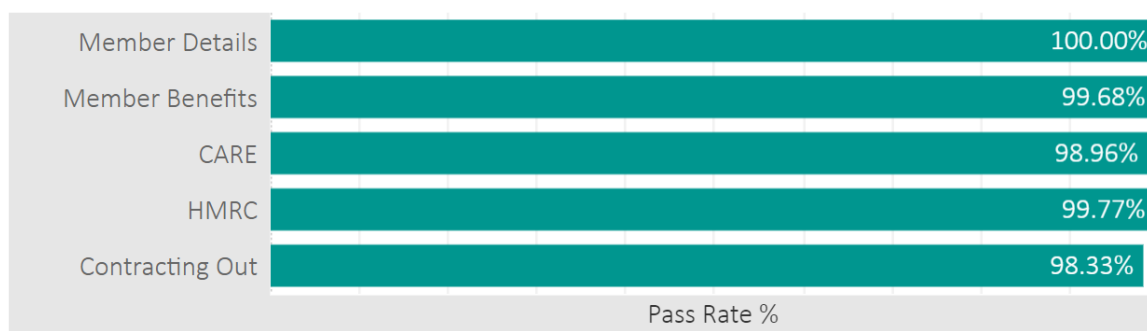


Summary of Scheme Specific Data Results

The graph below shows Gwynedd's performance for each data category against the agreed plan benchmarks.

The percentage of member records without individual data failure that is specific to the scheme is **98.78%** (94.89% last year) at the date of preparing this report.

Grand Total | TPR Pass Rate % by Test Category



An action plan is being developed in relation to the implementation of any data cleansing highlighted as part of this exercise and this data cleansing is expected to improve the data scores for next year.

7. Eisteddfod

The pension fund will have a stand at the National Eisteddfod in Boduan this year (stall 208).

We hope the Eisteddfod will be a good opportunity for us to meet the members of the pension fund face to face and try to encourage them to register for the My Pension Online service, complete forms and ask questions etc.

8. New logo

In preparing marketing material for the National Eisteddfod, we thought it would be a good idea to have a new logo designed for the Pension Fund as the current logo is now looking a bit dated.

Here is the current logo:



We commissioned a graphic designer in the IT department to come up with a new logo and gave him a theme of castles, mountains, and sea as we felt these 3 elements are common for Gwynedd, Anglesey and Conwy.

Please see below the ideas he has come up with:

Idea 1:



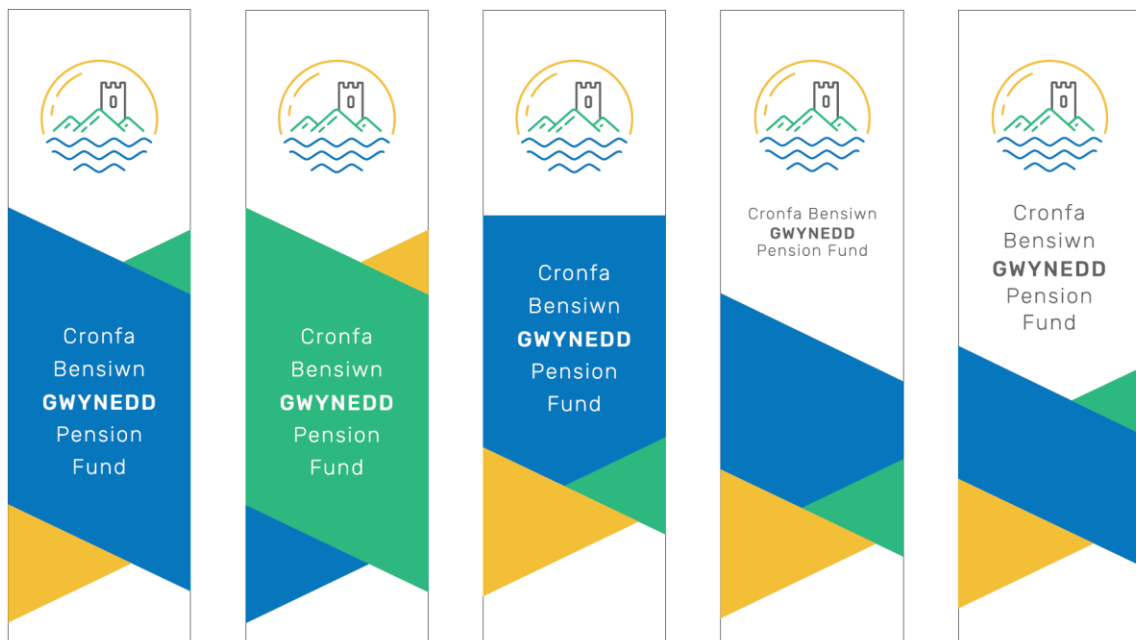
Idea 2:

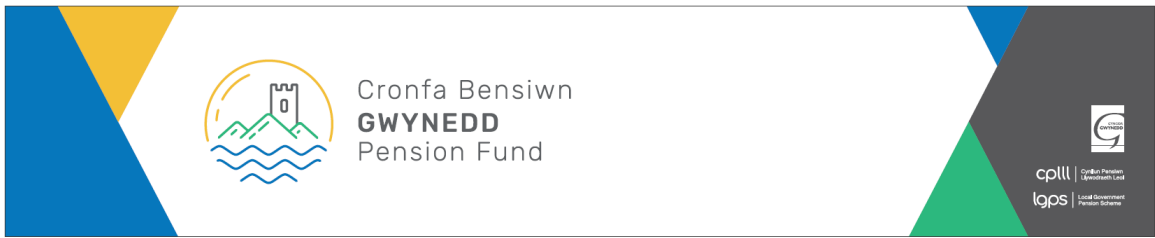


We like both designs and feel that we could utilise both ideas in different ways. Idea 1 could be used as the main logo and idea 2 could be use as page footer on annual reports and other publications etc.

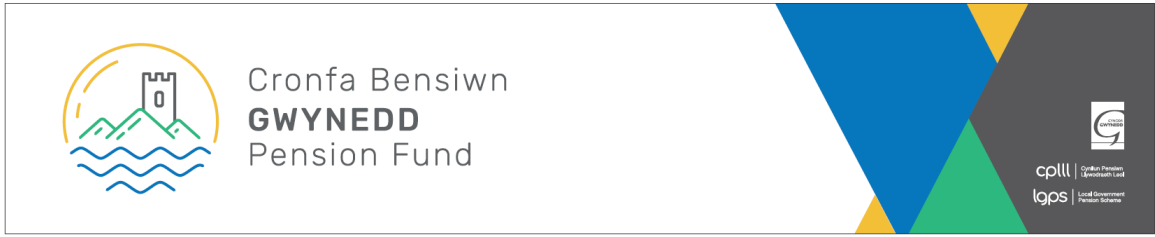


Due to time constraints with design and printing work, we did not have time to share the ideas with the Board and ask the Committee to approve the new logo, but the ideas were shared with the Chairman and Vice-chairman of the Committee and permission was received that they were happy to adopt the new logo.

Here are some ideas for marketing material the fund could use to promote the scheme:







Cronfa Bensiwn
GWYNEDD
Pension Fund



Cronfa Bensiwn
GWYNEDD
Pension Fund



Cronfa Bensiwn **GWYNEDD**



GWYNEDD Pension Fund



Meeting:	Pension Board
Date:	20/07/2023
Title:	Amended Work Plan
Purpose:	To form the Work Plan for the 2023/24 year
Author:	Meirion Jones, Pensions Manager

1. Introduction

Following setting the last work plan in April 2022 we now need suggestions for items to be included for the 2023/24 work plan.

2. Draft Work Plan

The work programme below has been drafted and includes the matters identified following consideration by the Board in previous meetings and matters arising.

WORK PLAN 2023/24

16 October 2023

- Update on the Wales Pension Partnership.
- Gwynedd Pension Fund's Annual Report.
- The Pension Fund Statement of Accounts.
- Matters arising from the Pensions Committee (if applicable).
- Review of SAB meetings (if applicable).
- Breaches of the law (if applicable).
- Report changes to the risk register (if applicable).

December 2023

- General update on Pensions Administration.
- Pension Dashboard.
- McCloud Project update.
- Gwynedd Pension Fund investment performance update
- Final Accounts for the year ended 31st March 2023.
- Matters arising from the Pensions Committee and AGM (if applicable)..
- Review of SAB meetings (if applicable).
- Breaches of the law (if applicable).
- Report changes to the risk register (if applicable).

Spring 2024

- Update on the Wales Pension Partnership.
- 2024/25 Budget.
- 2024/25 Business Plan.
- 2024/25 Training Plan.
- 2024/25 work plan.
- Matters arising from the Pensions Committee (if applicable).
- Review of SAB meetings (if applicable).
- Breaches of the law (if applicable).
- Report changes to the risk register (if applicable).

Issues arising during the year can be added to the programme as required e.g. internal audit reports or changes in regulations. Doubtless, there will be ideas from members who have attended relevant training and events.

3. Recommendation

Board members are asked to consider the above program and suggest additional items or changes