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## PENSIONS COMMITTEE 17/03/25

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Attendance:

Chair	Councillor Elin Hywel
Vice-chair	Councillor Ioan Thomas

Councillors:

Stephen Churchman, John Brynmor Hughes, Iwan Huws and Goronwy Edwards (Conwy County Borough Council)

Officers:

Dewi Morgan (Head of Finance), Ffion Madog Evans (Assistant Head of Finance – Accounting and Pensions), Delyth Jones-Thomas (Investment Manager), Meirion Jones (Pensions Manager) and Lowri Haf Evans (Democracy Services Officer)

Others invited:

Osian Richards (Pension Board Member – observer)

### 1. APOLOGIES

Apologies were received from Councillor Richard Medwyn Hughes, Councillor John Pughe Roberts and Councillor Robin Williams (Isle of Anglesey County Council)

### 2. DECLARATION OF PERSONAL INTEREST

None to note

### 3. URGENT ITEMS

None to note

### 4. MINUTES

The Chair accepted the minutes of the meeting held on 25 November 2024 as a true record.

### 5. TRAINING PLAN

A report was presented by the Investment Manager updating the Members on the 2024/25 training plan and setting out a brief training plan for 2025/26. It was considered that the 2024/25 plan had been successful, and the Members were thanked for attending the Wales Pensions Partnership (WPP) sessions and the Conferences which were praised as useful and timely.

When discussing the 2025/26 training plan, reference was made to the results of the Hymans Robertson National Knowledge Assessment completed by the Members recently. Members were reminded that Hymans Robertson had identified some areas that required further attention, as well as areas that the Members themselves had chosen. The Manager noted that a training session on actuarial assumptions and methods had already been held and that training on net zero and governance would be held soon. She elaborated that a pension administration item would be submitted regularly to the Committee and that it would be possible to provide training as required at the Investment Panels; the Members would also continue to receive training sessions by WPP, and could attend and receive information in several conferences and had the opportunity to receive online training.

The members thanked her for the report.

In response to a question regarding receiving a training session on Natural Capital, it was noted that this field had been included as a session with the Investment Panel.

## **RESOLVED**

**To accept the report and approve the 2025/26 Training Plan**

### **6. TREASURY MANAGEMENT STRATEGY STATEMENT FOR 2025/26**

A report was submitted by the Investment Manager highlighting the arrangement that all the Fund's surplus cash was pooled with Cyngor Gwynedd's financial balances and invested with counterparties in accordance with Cyngor Gwynedd's Treasury Management Strategy. At the end of the financial year, Cyngor Gwynedd would pay interest to the Pension Fund based on the Fund's daily balances over the year.

It was explained, in accordance with the Welsh Government's Statutory Guidance on Local Government Investments, that the Council was required to prepare an Annual Investment Strategy as part of its treasury management function. As good practice, it was considered that the Gwynedd Pension Fund (the "Fund") should adopt Cyngor Gwynedd's Treasury Management Strategy Statement (TMSS) for 2025/26, as revised for the purpose of the Pension Fund. Cyngor Gwynedd's TMSS for 2025/26 was approved by the full Council on 6 March 2025.

Members were reminded that the CIPFA code of practice and Welsh Government guidance made it mandatory for the Council to invest its money prudently and consider security and liquidity before seeking the highest rates of return or the highest yield, and to strike a balance with these factors. Reference was made to the sectors that had been approved for investment, e.g. local government, local authorities, banks, money market funds and pooled funds, as well as the investment deadlines for them. Reference was made to the projections of the Council's financial advisers, Arlingclose, and the Council's investment portfolio situation at the end of 2024.

The Committee was requested to adopt the Treasury Management Statement and confirm the request to allow the Pension Fund's surplus cash to continue to be pooled with the Council's general balances for the financial year from 1 April 2025 onwards.

The members expressed their thanks for the report.

During the ensuing discussion, the following observations were made by Members

- The report was now a regular item on the Committee's work programme

- The arrangement had already been approved by the Full Council

In response to a question, given that the report was now a regular item on the Committee's work programme and therefore whether the details of the deadlines / counterparty and sector restrictions had been reviewed, it was noted that the information was reviewed annually with every figure revised appropriately.

#### **RESOLVED:**

- **To adopt the attached Treasury Management Strategy Statement for 2025/26 as adapted for the purpose of the Gwynedd Pensions Fund.**
- **To request that the Council (although not a separate body) allows the Pension Fund's surplus cash balances to continue to be pooled with the Council's general cash flow from 1 April 2025 onwards.**

## **7. ASSUMPTIONS SETTING FOR THE 2025 VALUATION**

A report was submitted by the Pensions Manager outlining the assumptions setting for the Gwynedd Pensions Fund's 2025 valuation. It was explained that the report provided details on the financial, life expectancy and other demographic assumptions that the Fund is required to make, and that these assumptions had been set by the Fund's Actuary following discussions and a training session with Officers and Committee Members. It was highlighted that the relevance of the current assumptions had been considered before introducing changes that would reflect the Fund's specific characteristics and take a very long-term view. It was elaborated that the assumptions also kept to the LGPS guidelines requiring prudence in the discount rate, whilst the other assumptions were the best possible estimates.

In the context of financial projections, it was highlighted that there had been significant changes in economic conditions since the 2022 valuation, which included higher interest rates, higher than expected inflation, and more volatility in the market. It was noted that political and climate risk had also been mentioned as influential factors. It was reiterated that the discount rate (which represented the average annual rate of future investment return), had seen a significant change in the economic environment since 2022, which consequently led to higher expected investment returns in the future, and funding levels, but also increased uncertainty. It was highlighted that the recommendation of the Actuary was to increase the prudence level for the discount rate from 75% to 80%.

In the context of increases to benefits and the revaluation of the Career Average Scheme, which were linked to CPI, it was noted that the method remained the same as the 2022 valuation but reflected the current inflation expectations. It was reported that the average level of future inflation on 30 November 2024 was 2.3% per annum (compared with 2.7% per annum in March 2022) and therefore it was recommended to offer salary increases at CPI + 0.5%, to reflect the uncertainty despite the current inflation expectations.

Reference was made to life expectancy assumptions, noting that the recommendation was to adopt an overall assumption of 'default' future improvement, and with other assumptions such as demography assumptions, the intention to adopt assumptions based on analysing information from the Fund, together with the actual membership experience of the Fund, was noted.

The members expressed their thanks for the report.

In response to an observation that the funding level of the fund was now 200% and whether there was a point or a level where it would have to stop, it was noted that there

was no maximum level as long as the Fund remained prudent. It was elaborated that recent observations in the Press had challenged what was reasonable for taxpayers to pay to fund the Fund (in the context of some of the Fund's principal employers who received public funding – Cyngor Gwynedd, Môn, Conwy and Eryri National Park). As a result, discussions would need to be held to respond to these pressures to ensure balance.

During the ensuing discussion, the following observations were made by Members

- The training session had been useful with clear presentations
- A suggestion to host similar sessions in the future when making decisions
- The Fund was in a healthy situation
- There was a vast range of assumptions and robust figures to support them

#### **RESOLVED:**

- **To approve the assumptions setting for the Gwynedd Pension Fund's 2025 Valuation.**
- **To welcome the information sharing session with Hymans**

### **8. FEEDBACK FROM THE LGA GOVERNANCE CONFERENCE**

Feedback and an overview of key items discussed in the LGA Governance Conference (Bournemouth in January 2025) were presented by Councillor Ioan Thomas (Vice-chair of the Pensions Committee) and Meirion Jones (Pensions Manager). It was reported that the event had been very beneficial, and the following matters were noted as fields that required attention from the Gwynedd Pension Fund after receiving information at the Conference.

- Reducing the Number of Pools – concern that Wales was unsafe as one pool for the future as a result of the 'Fit for the Future' review by the UK Government on the number of pools.
- There was a need to ensure that the work of the valuation started soon with enough engagement on the strategy
- There was a need to ensure that the dashboards were ready by October 2025
- A general note – various Councils sent many members to the conference – requested that Gwynedd offered an opportunity for a Member of the Pension Board to attend.

The members gave thanks for the feedback.

In response to the observations, in the context of the 'Fit for the Future' review to reduce pooling numbers, it was noted that the Wales Pension Partnership (WPP) had submitted a Business Plan to the Government which proposed a way forward. It was elaborated, from the unofficial feedback received to this current consultation, that WPP would be able to stay as one investment company for Wales. He added that although no formal feedback to the Business Plan had been received, work streams were being prepared in the background to establish a company.

Responding to the observation about the work of the valuation, it was noted, although the process was long, that consultation work had already started and Committee Members had received a training session on actuarial assumptions and methods.

In response to the need to ensure that the dashboards were ready by October 2025, it was noted that the Fund had been working with the Heywood Pension Technologies company to establish the dashboards and that the system was now in a trial period. It was elaborated that Gwynedd would be ready to connect when the public dashboards went live.

Members gave thanks for the response to the observations and the officers were thanked for their good and timely work and for their proactive attitude.

## **RESOLVED:**

**To accept the report for information.**

Note:

A member of the Pension Board to also attend the conference in the future.

## **9. SUMMARY OF GENDER PENSION GAP ANALYSIS**

The Pensions Manager submitted a report which presented the findings of a recent analysis conducted by Hymans Robertson on the data of the Gwynedd Pension Fund's membership (2024/25 data) as part of a Gender Pensions Gap investigation, which was the difference between the retirement income of men and women. It was noted that the difference was measured based on the difference in wealth after retirement, including items such as property.

Reference was made to the key findings of the analysis which confirmed the existence of a Gender Pension Gap and inequality in the pension amounts of current pensioners and active Members. Attention was drawn to those factors that contributed to the gap, as well as the recommendations suggested to fully address the gap. It was noted, despite accepting that there was a need to change and act on a national level, that it was possible to also implement some actions locally, with the employer, rather than the Pension Fund leading on these matters. It was elaborated that amongst the work required, there was a need to review policies, work patterns and better educate women on maternity leave implications.

The members expressed their thanks for the report.

During the ensuing discussion, the following observations were made by Members

- More fairness for women in work was required
- The differences must be reduced
- There was a need to draw attention to the findings – a suggestion to present the information to the Local Joint Consultative Committee
- When evaluating jobs, the gender gap must be taken into account
- What were the projections for the future?
- That there was certainly an injustice here – discussions needed to be held with the employers
- There would be a need for an update in six months of what had been implemented

In response to the observations, the Pensions Manager noted that the first step would be to have a discussion with Cyngor Gwynedd's Human Resources Service and try to see how to respond to the findings locally.

## **RESOLVED**

- **There was a need to fully address the gender pension gap**
- **However, there were also some actions that could be taken at local level, albeit employer-driven, rather than the pension fund leading on matters such as,**
  - Reviewing job profiles and pay scales to ensure genuine equality across the full spectrum
  - Checking that back-to-work policies, including flexible working, fully support and encourage people who have taken career breaks back into the workplace.
  - Introducing or enhancing shared parental leave policies.
  - Educating employees about implications for their pension any time there is a life point change that may have financial consequences.
  - Informing new members and part-time workers that they can opt-in to the pension scheme, even if they do not meet the qualifying criteria.
- **Presenting the information to the Local Joint Consultative Committee**
- **To receive a further update in 6 months on the actions (local level)**

## 10. PENSION FUND ADMINISTRATION POLICIES

The Pensions Manager submitted a report that presented six key administrative policies for the Committee to examine. He noted that the policies were essential for the effective management and administration of the pension fund, and also marked a significant step towards good governance. It was added that the Pension Board had reviewed the policies, and their observations were reflected in the versions presented to the Committee.

The Policies were discussed individually, providing the background and context for each one for the Members.

Proof of Life Policy for Pensioners Living Abroad  
 Overpayment of Pension Policy  
 Communication Language Policy  
 Gwynedd Pension Fund Document Distribution Policy  
 The Pension Fund's Payslip Issuance Policy  
 Payment of Pensions Benefits and Lump Sum Policy

The members expressed their thanks for the report and for the work of formalising the policies.

In response to a question regarding the need to justify only paying into accounts in the member's name and whether problems had arisen from that decision, it was noted that the procedure had been implemented successfully thus far and that an exception was in place should the account be held by an individual with a valid Power of Attorney for the member.

In response to a concern that the arrangement appeared to move towards a digital arrangement, it was highlighted that members had the option to choose a paper option if they wished.

### DECISION:

- **To accept and note the information.**
  - **To approve the adoption of the following policies from 1 April 2025**
- **Proof of Life Policy for Pensioners Living Abroad**

- **Overpayment of Pension Policy**
- **Communication Language Policy**
- **Gwynedd Pension Fund Document Distribution Policy**
- **The Pension Fund's Payslip Issuance Policy**
- **Payment of Pensions Benefits and Lump Sum Policy**

The meeting commenced at 3.00 pm and concluded at 4.00 pm

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**CHAIRMAN**