



# Complete Agenda

Democratic Services  
Swyddfa'r Cyngor  
CAERNARFON  
Gwynedd  
LL55 1SH



Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

This document is also available in Welsh.

## Meeting

**GWYNEDD PENSIONS FUND ANNUAL MEETING BETWEEN MEMBERS OF  
GWYNEDD COUNCIL'S PENSION COMMITTEE AND REPRESENTATIVES OF  
THE EMPLOYERS AND UNIONS**

## Date and Time

**1.00 pm, MONDAY, 24TH NOVEMBER, 2025**

## Location

**Virtual Meeting**

**\* FOR PUBLIC ACCESS TO MEETING, PLEASE CONTACT US\***

## Contact Point

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(DISTRIBUTED 18/11/25)

**GWYNEDD PENSIONS FUND ANNUAL MEETING BETWEEN  
MEMBERS OF GWYNEDD COUNCIL'S PENSION COMMITTEE AND  
REPRESENTATIVES OF THE EMPLOYERS AND UNIONS**

**PENSION COMMITTEE MEMBERSHIP (9)**

**Plaid Cymru (4)**

Councillors

Elin Hywel

R Medwyn Hughes  
Vacant seat

Ioan Thomas

**Independent (2)**

Councillors

John Brynmor Hughes

John Pughe Roberts

**Lib / Lab (1)**

Councillor Stephen Churchman

**Co-opted Members**

Councillor Robin Wyn Williams Isle of Anglesey County Council  
Councillor Goronwy Owen Edwards Conwy County Borough Council

**Aelodau Ex-officio / Ex-officio Members**

Chair and Vice-Chair of the Council

# **A G E N D A**

**1. ELECT CHAIR**

To elect a Chair for this meeting

**2. APOLOGIES**

To receive any apologies for absence

**3. DECLARATION OF PERSONAL INTEREST**

To receive any declaration of personal interest.

**4. URGENT BUSINESS**

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

**5. GWYNEDD PENSION FUND ANNUAL REPORT 2024/2025**

4 - 105

To consider and receive the Pension Fund's Annual Report for 2024 / 2025



Cronfa Bensiwn  
**GWYNEDD**  
Pension Fund

**ANNUAL**  
**REPORT**  
**2024/25**

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## I. Foreword

Welcome to the Gwynedd Pension Fund's annual report for the financial year that ended 31<sup>st</sup> of March 2025.

This Annual Report has been produced to provide employers, scheme members, elected members and other interested parties with information concerning the administration and performance of the fund for financial year 2024/2025 and we hope you find its content useful.

During the year, the value of the Pension Fund increased from £3.1 billion to £3.2 billion. The Fund saw positive returns of 5.1% over the year, against a benchmark of 6.9%. The average LGPS fund delivered a return of 3.4% for the year, and therefore the Fund return was significantly above the average for the year and ranked in the 7<sup>th</sup> percentile of the LGPS funds in Wales.

The Fund's target strategic allocation was updated at the end of 2023 to partially de-risk the Fund by reducing its equity allocation and invest in income generating assets. This has been actioned during the year and investments in infrastructure, private credit and equity will increase further as the investment capital is called.

The Fund continues to work as a committed member of the Wales Pension Partnership (WPP) to achieve efficiencies through pooling assets by combining assets in our investment management arrangements. Since October 2023, the Government has been reviewing the investment arrangements of LGPS funds in England and Wales under the 'LGPS Fit for the Future' consultation. Three key areas have been addressed: reforming the pool's operating model, promoting LGPS investment in their local areas and regions within the UK, and strengthening governance. The Government has expressed strong support for the WPP's proposal to advance to the next phase of investment pooling, and the goal is to ensure the long-term sustainability and effectiveness of the partnership.

Regular requests are received to set an ambitious timetable for total disinvestment of fossil fuels but as a pension fund, it is more responsible to us to plan properly, take real action, and influence where possible for the benefit of our environment. We continue to support our commitment to be net zero by 2050, supported by a commitment to assess the feasibility of the Fund reaching net zero 5, 10 or 20 years earlier. We ensure that we invest responsibly and consider the impact our actions will have on future generations and will continue to develop our responsible investment practices in the coming years.

From the point of view of administration, the Fund's staff have continued to ensure that we provide a high level of service in 2024/25. There have been great strides in developing electronic ways of working, with employers increasingly using the i-Connect system interface to provide data to the fund and a brand-new member self-service portal being developed to allow members to take control of their pension in an interactive way. We would also like to thank the Gwynedd pension administration staff and their colleagues in the investment team for their hard work over the past year.

We hope the following report will provide you with useful information about our Pension Fund. For more information, or to give your opinion on this report, the contact details of the relevant officers are provided on the next page of the report. Many thanks for your support during 2024/25, and we look forward to the fund's developments in 2025/26.



**Councillor  
R Medwyn Hughes**  
Pensions Committee  
Chair 2024/25



**Dewi Morgan  
s151**  
Head of Finance

## 2. Management Structure

### Administering Authority

Cyngor Gwynedd

### Pensions Committee

Councillor R Medwyn Hughes (Chair)

Councillor Elin Hywel (Vice Chair)

Councillor Stephen Churchman

Councillor Ioan Thomas

Councillor John Pughe Roberts

Councillor John Brynmor Hughes

Councillor Iwan Huws

Councillor Robin Wyn Williams (Co-opted Member)

Councillor Goronwy Edwards (Co-opted Member)

### Pension Board

#### Employer Representatives

Mr Ned Michael (Isle of Anglesey County Council)

Mrs Sioned Parry (Conwy County Borough Council)

Councillor Beca Roberts (Cyngor Gwynedd) until October 2024

#### Member Representatives

Mr Osian Richards

Mr H. Eifion Jones

Mr Anthony Deakin

#### Head of Finance (“Section 151 Officer”)

Mr Dewi Morgan

#### Advisor

Hymans Robertson

#### Fund Managers

BlackRock

Lothbury

Partners Group

Threadneedle

UBS Global Asset Management Limited

Russell Investments (WPP)

Schroders Capital (WPP)

GCM Grosvenor (WPP)

Octopus Renewables (WPP)

Capital Dynamics (WPP)

IFM Investors (WPP)

CBRE Investment Management (WPP)

#### Fund Website

[www.gwynedd-pensionfund.wales](http://www.gwynedd-pensionfund.wales)

### AVC Providers

Clerical Medical, Utmost Life and Standard Life

### Pool

Wales Pension Partnership (WPP)

### Pool Operator

Waystone Management (UK) Limited

### Custodian

Northern Trust

### Actuary

Hymans Robertson

### Bank

Barclays Bank plc

### Auditor

Audit Wales

### Contact Details

Enquiries and more detailed information regarding:

- administration of the Fund can be obtained by contacting:

Mr Meirion Jones,  
Pensions Manager,  
Cyngor Gwynedd,  
Council Offices,  
Caernarfon,  
Gwynedd. LL55 1SH  
☎ 01286 679643

✉ [meirionjones2@gwynedd.llyw.cymru](mailto:meirionjones2@gwynedd.llyw.cymru)

- The Fund’s investment and accounting activities should be made to:

Mrs Delyth Jones-Thomas,  
Investment Manager,  
Cyngor Gwynedd,  
Council Offices,  
Caernarfon,  
Gwynedd. LL55 1SH  
☎ 01286 679128

✉ [delythwynionesthomas@gwynedd.llyw.cymru](mailto:delythwynionesthomas@gwynedd.llyw.cymru)

### **3. Annual Reports of the Gwynedd Pensions Committee and Gwynedd Pension Board for 2024/25 (the year to 31 March 2025)**

#### **3(a) Annual Report of the Gwynedd Pensions Committee for 2024/25 (the year to 31 March 2025)**

##### **1. Background and Constitution of the Committee**

The Gwynedd Pension Fund is part of the national Local Government Pension Scheme (LGPS), providing retirement and related benefits for employees of Cyngor Gwynedd and a range of other employers within Northwest Wales.

The governance of the Fund is overseen by the **Pensions Committee**, which operates under powers delegated by Cyngor Gwynedd as the administering authority. The Committee is constituted in accordance with the Local Government Act 1972 and complies with LGPS governance regulations and guidance issued by The Pensions Regulator (TPR) and the Scheme Advisory Board (SAB).

The Committee plays a vital role in safeguarding the interests of the Fund's members and employers by ensuring sound financial management, strong governance, and compliance with all legislative responsibilities.

##### **2. Functions of the Pensions Committee**

The key responsibilities of the Pensions Committee include:

- **Strategy and Oversight**
  - Approving and regularly reviewing the Fund's Investment Strategy Statement (ISS) and Funding Strategy Statement (FSS).
  - Ensuring the long-term sustainability and financial health of the Fund.
- **Governance and Risk Management**
  - Overseeing Fund governance in line with regulatory requirements and best practice.
  - Maintaining oversight of the Fund's risk register and internal Controls.
- **Investment Management**
  - Monitoring investment performance and engaging with the Fund's investment managers.
  - Making strategic decisions regarding asset allocation and the use of pooled investment vehicles via the Wales Pension Partnership (WPP).
- **Administration and Compliance**
  - Overseeing the administration of benefits and member services.
  - Ensuring compliance with TPR guidance and LGPS regulations.

The Committee works alongside the **Local Pension Board**, which has an oversight and scrutiny role, ensuring that the Fund is managed effectively and in line with legislation.



### 3. Work of the Committee in 2024/25

During 2024/25, the Pensions Committee met five times. Its work was shaped by both routine governance matters and evolving regulatory requirements. Key areas of focus included:

- **Investment Oversight**
  - Reviewed quarterly investment performance reports and received presentations from key fund managers.
  - Approved adjustments to asset allocations in line with market conditions and investment beliefs.
  - Continued transition of assets to the Wales Pension Partnership’s pooled funds, including responsible investing-aligned equity and fixed income portfolios.
  - Challenge, encourage change, and seek assurance of quality in respect of investments to ensure alignment with strategic objectives and responsible stewardship.
- **Funding and Valuation**
  - Engaged in preparatory work for the 2025 actuarial valuation, including interim funding level monitoring and employer covenant assessments.
  - Approved updates to the Funding Strategy Statement reflecting changes in employer participation.
- **Governance and Risk Management**
  - Reviewed the Fund’s Risk Register regularly, including specific attention to McCloud remedy implementation, cyber risk, and employer insolvency risk.
  - Ensured continued compliance with governance best practice and TPR expectations.
- **Responsible Investment**
  - Received updates on climate risk exposure, carbon intensity metrics, and TCFD alignment.
  - Approved ongoing collaboration with WPP to integrate responsible investing considerations into all asset classes.
- **McCloud and Regulatory Compliance**
  - Oversaw the Fund’s compliance preparations for McCloud remedy implementation, including data processing and member communication.
  - Monitored progress toward the Fund’s Pensions Dashboard Programme readiness.

### 4. Membership of the Committee (2024/25)

The Pensions Committee is composed of 7 elected members from Cyngor Gwynedd together with one co-opted member each (with a vote) from the Isle of Anglesey County Council and Conwy County Borough Council. Membership during the 2024/25 year was as follows:

<b>Member Name</b>	<b>Representing</b>	<b>Role</b>
Cllr Medwyn Hughes	Cyngor Gwynedd	Chair
Cllr Elin Hywel	Cyngor Gwynedd	Vice Chair

Member Name	Representing	Role
Cllr Stephen Churchman	Cyngor Gwynedd	Member
Cllr Iwan Huws	Cyngor Gwynedd	Member
Cllr Ioan Thomas	Cyngor Gwynedd	Member
Cllr John Pughe Roberts	Cyngor Gwynedd	Member
Cllr John Brynmor Hughes	Cyngor Gwynedd	Member
Cllr Robin Williams	Anglesey CC	Co-opted Member
Cllr Goronwy Edwards	Conwy CBC	Co-opted Member

## 5. Attendance

	17/06/2024	16/09/2024	25/11/2024	27/01/2025	17/03/2025
Cllr Medwyn Hughes	✓	✓	✓	✓	
Cllr Elin Hywel	✓	✓	✓	✓	✓
Cllr Stephen Churchman	✓	✓	✓	✓	✓
Cllr Iwan Huws	✓		✓	✓	✓
Cllr Ioan Thomas	✓	✓	✓	✓	✓
Cllr John Pughe Roberts	✓	✓		✓	
Cllr John Brynmor Hughes	✓	✓	✓	✓	✓
Cllr Robin Williams	✓	✓	✓	✓	
Cllr Goronwy Edwards	✓		✓	✓	✓

## 6. Work Plan and Priorities for 2025/26

The Committee has adopted a forward-looking work plan for 2025/26, focusing on:

- Completion of the **2025 Triennial Actuarial Valuation**
- Further transition and monitoring of pooled investments with WPP
- Oversight of the **McCloud remedy implementation**
- Continued development of **climate risk reporting** and compliance with TCFD
- Preparation for compliance with the **Pensions Dashboard**
- Ongoing review of the **Fund's governance framework** and policies

Regular reporting from the Fund's actuaries, investment consultants and officers will support effective oversight throughout the year.

## **7. Training and Development**

In line with CIPFA's Knowledge and Skills Framework, the Committee maintained a structured training programme to ensure members possess the knowledge and understanding required to discharge their duties effectively.

### **Key training activities in 2024/25 included:**

- ESG and Responsible Investment Training
- Actuarial funding principles and employer covenant assessment
- The McCloud judgment and legislative reform updates
- Investment performance and risk management workshops
- Induction sessions for new members and refresher sessions for existing members

All members are expected to undertake a minimum level of annual training and to maintain a personal development log. The training plan is reviewed annually and tailored to individual and collective needs.

## **7. Conclusion**

The Pensions Committee is satisfied that it has fulfilled its governance responsibilities during 2024/25. The Committee has provided robust oversight of the Fund's investments, funding position, and administration services while responding effectively to the challenges and changes within the LGPS environment.

The Committee remains committed to acting in the best interests of all stakeholders and ensuring that the Gwynedd Pension Fund continues to deliver long-term security and value for its members and employers.

**Cllr Medwyn Hughes**  
Pensions Committee Chair 2024/25

### **3(b) Annual Report of the Gwynedd Pension Board for 2024/25 (the year to 31 March 2025)**

#### **1. 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 2024 and 31st March 2025, the Board has met virtually four 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.

#### **2. Function of the Board**

In accordance with legislation, the two primary functions of the Local Pension Board are to assist the administering authority (Cyngor Gwynedd) 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 Cyngor Gwynedd (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 Head of Finance, Investment Manager, and the Fund's Pensions Manager.

#### **3. The work of the Board**

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

#### **4. Attendance**

Councillor Beca Roberts decided to step down from the Pension Board during 2024/25, and we would like to thank Beca for her contributions during her time on the Board.

	23/04/2024	08/07/2024	14/10/2024	04/02/2025
<b>Anthony Deakin</b>		✓	✓	✓
<b>H. Eifion Jones</b>	✓	✓	✓	✓
<b>Ned Michael</b>	✓	✓	✓	✓
<b>Sioned Evans Parry</b>	✓	✓	✓	✓
<b>Osian Richards</b>	✓	✓	✓	
<b>CLlr Beca Roberts</b>		✓		

## 5. Work Plan

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

- Pension Fund Budget
- Investment Consultant Objectives
- Pension Fund Investment Performance
- Pension Administration
- Pension Fund Annual Report
- Wales Pension Partnership
- Fund Accounts
- Audit Wales Report
- The Pensions Regulator's General Code of Practice
- Hymans Robertson National Knowledge Assessment
- Administrative Policies

During discussions, input and comments were provided by Board members, which supported the administering authority's officers in completing their work.

The work plan for 2025/26 includes:

- General Update on Pension Administration
- Pension Fund Discretionary Policies
- The Pensions Regulator's General Code of Practice
- Update on the Wales Pension Partnership
- Gwynedd Pension Fund Annual Report
- Gwynedd Pension Fund Investment Performance Update
- Final Accounts for the year ended 31 March 2025
- Risk Register
- 2026/27 Budget
- 2026/27 Business Plan
- 2026/27 Training Plan
- 2026/27 Work Programme
- 2025 Valuation

## 6. 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 Head of Finance, Investment Manager and Pensions Manager.

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

**LGC:** Investment and Pensions Summit

**LGC:** Investment Seminar

**WPP:** Pooled Investments

**WPP:** Overview of cyber security and consideration for WPP

**WPP:** Policies – Responsible Investment Policy

**WPP:** Policies - Climate

**WPP:** Policies - Stewardship

**WPP:** Responsible Investment - Net Zero journey planning

**WPP:** Responsible Investment - Climate Metrics

**WPP:** Progress of other LGPS pools / collaboration opportunities

**WPP:** Any new regulatory / guidance developments

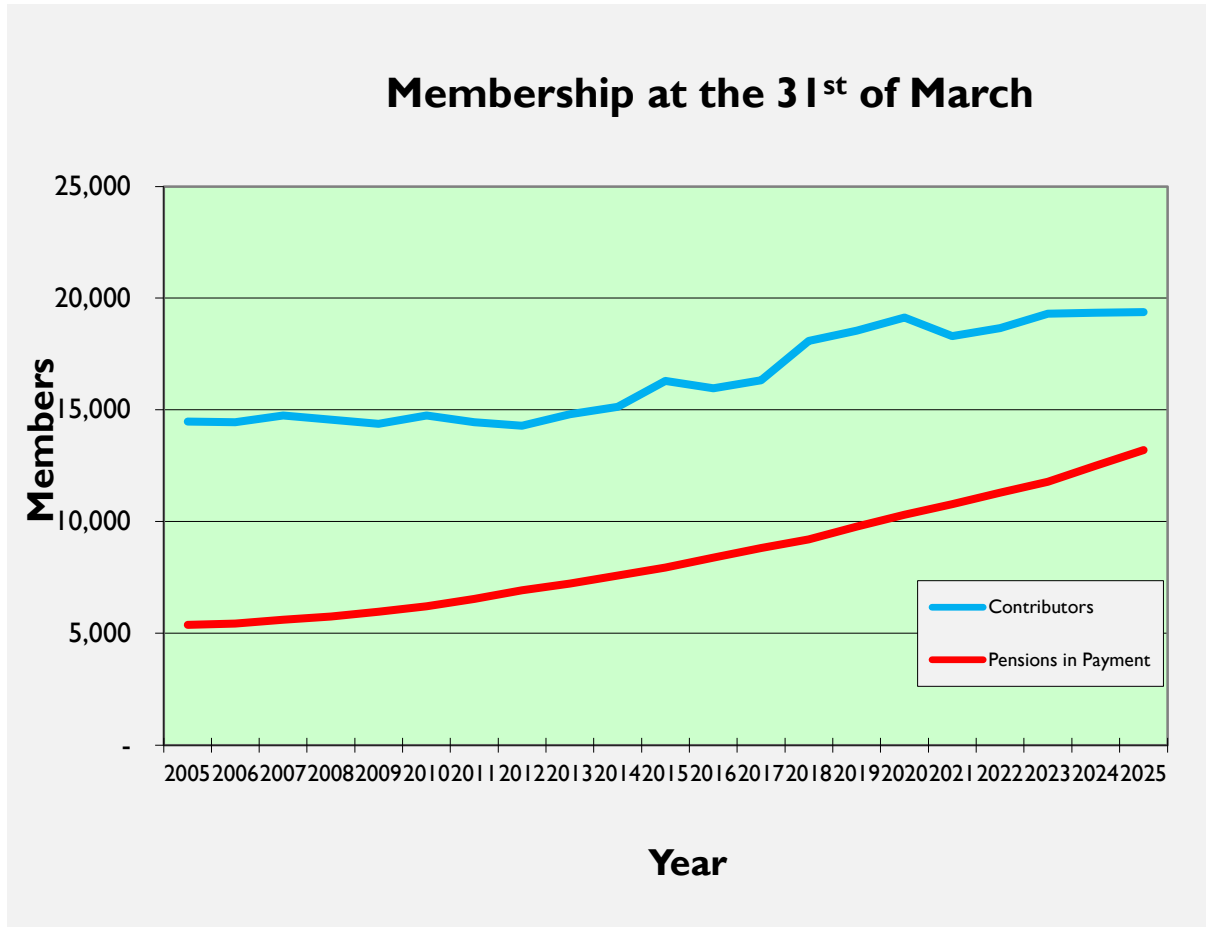
## **7. Thanks**

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

**Sioned Parry  
Chair**

#### 4. Membership Summary

The graph below shows the changes in the Fund's membership over the last 20 years. It shows that the number of pensioners has slowly increased from 5,379 in 2005 to 13,276 in 2025 and the number of active contributors has also increased from 14,481 in 2005 to 19,412 in 2025.



The table below shows further details on the Fund's membership:

31 March 2024	Description	31 March 2025
19,348	Contributors	19,412
12,504	Pensions in Payment	13,276
14,419	Deferred Pensioners	14,846
4,006	Unclaimed Benefits	4,683
3,038	Undecided Leavers*	1,792
<b>53,315</b>	<b>Total Membership</b>	<b>54,009</b>

\*An undecided leaver is someone who has left their employment but is undecided as to the action that they now want to take with regard to their pension benefits. These records are closely monitored and are ultimately removed from the system once the individual member has decided upon the action they wish to take with regard to their pension benefits. Some records are also undecided leaver as the fund is awaiting termination details from the scheme employer or because there is a delay in processing the records to the correct status due to staff shortage as a result of struggling to recruit new staff.

## 5. Pensions Administration

### 5.1 Review of the Year

#### Introduction

2024/25 has been another busy year for the Pension Fund. 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.

#### Performance Management

#### Administration KPI table A – Total number of casework

	Casework KPI	Total number of cases open as at 31 March (starting position)	Total number of new cases created in the year (1 April to 30 March)	Total number of cases completed in year	Total number of cases completed in previous year
A1	Deaths recorded of active, deferred, pensioner and survivor members	10	488	498	402
A2	New survivor benefits	0	38	38	24
A3	Deferred member retirements	7	462	469	467
A4	Active member retirements	33	560	593	490
A5	Deferred benefits	2,493	966	3,459	4,978
A6	Transfers in (including interfunds in, club transfers)	88	319	407	441
A7	Transfers out (including interfunds out, club transfers)	11	129	140	116
A8	Refunds	5	283	288	402
A9	Divorce quotations issued	0	90	90	99
A10	Actual divorce cases	0	0	0	2
A11	Member estimates requested either by scheme member or employer	35	2,749	2,784	2,714
A12	New joiner notifications	483	3,303	3,786	3,907
A13	Aggregation cases	1,100	2,066	3,166	1,488
A14	Optants out received after 3 months membership	Not recorded	Not recorded	Not recorded	Not recorded

During the reporting year, the administration team handled a wide range of casework activity. Death notifications rose slightly, with 498 cases completed compared to 402 the previous year. New survivor benefits remained steady at 38, up from 24. Retirement processing was consistent, with 469 deferred member retirements and 593 active member retirements completed — both showing a modest increase from the previous year.



Deferred benefit cases saw a notable decrease, with 3,459 completed compared to 4,978 previously, despite starting the year with a high volume of 2,493 open cases. Transfers in and out were relatively stable, with 407 and 140 cases completed respectively. Refunds dropped significantly to 288 from 402, while divorce quotations remained similar at 90, and no actual divorce cases were processed this year.

Member estimate requests continued at a high level, with 2,784 completed, slightly up from 2,714. New joiner notifications remained consistent at 3,786, and aggregation cases saw a sharp increase to 3,166 from 1,488 the previous year. Data for opt-outs after three months of membership was not recorded.

Overall, the team maintained strong throughput across most categories, with some areas showing increased demand and others reflecting reduced volumes year-on-year.

**Administration KPI table B – Time taken to process casework**

	Casework KPI	Suggested fund target	% completed within fund target in year	% completed in previous year	Legal requirement	% completed within legal target in year	% completed within legal target in previous year
B1	Communication issued with acknowledgement of death of active, deferred, pensioner and survivor member	5 working day	18.7%	19.5%	2 months	69.3%	75.6%
B2	Communication issued confirming the amount of dependents pension	10 working day	81.6%	50%	2 months	97.4%	75%
B3	Communication issued to deferred member with pension and lump sum options (quotation)	15 working day	98.9%	99.4%	2 months	99.9%	99.9%
B4	Communication issued to active member with pension and lump sum options (quotation)	15 working day	95.9%	97.1%	2 months	97.7%	99.7%
B5	Communication issued to deferred member with confirmation of pension and lump sum options (actual)	15 working day	98.1%	99.6%	2 months	99.4%	100%

B6	Communication issued to active member with confirmation of pension and lump sum options (actual)	15 working day	60.6%	85.1%	2 months	95.7%	98.5%
B7	Payment of lump sum (both actives and deferreds)	15 working day	Not recorded	Not recorded	Not recorded	Not recorded	Not recorded
B8	Communication issued with deferred benefit options	30 working day	5.0%	4.9%	2 months	36.2%	21.7%
B9	Communication issued to scheme member with completion of transfer in	10 working day	2.2%	4.8%	2 months	67.4%	65.2%
B10	Communication issued to scheme member with completion of transfer out	10 working day	87.3%	64.8%	2 months	94%	93.3%
B11	Payment of refund	10 working day	96.4%	98.5%	2 months	99.6%	99.2%
B12	Divorce quotation	45 working day	95.5%	81.8%	3 months	100%	99%
B13	Communication issued following actual divorce proceedings i.e application of a Pension Sharing Order	15 working day	None	0%	3 months	None	100%
B14	Communication issued to new starters	40 working day	0.8%	8.3%	2 months	90.5%	94.5%
B15	Individual member estimates provided to scheme member or employer	10 working day	95.0%	97.1%	2 months	99.7%	97.7%

This year, we have transitioned to a new method of reporting performance. We are still in the process of adjusting our tasks to comply with this new approach, and work is ongoing to improve the quality of the data. Further adjustments may be required as the process evolves.

Some areas have shown poor performance, but it is likely that the task itself needs further refinement, and actual performance may be better than reported. However, the statistics presented here reflect the current position as recorded in our system.

Communications acknowledging a member's death remain below the fund target, with only 18.7% completed within five working days, though 69.3% met the legal requirement of two months — a

slight decline from the previous year. Communications confirming dependent pension amounts showed significant improvement, with 81.6% meeting the fund target and 97.4% meeting the legal requirement, up from 50% and 75% respectively.

Retirement quotations and confirmations for deferred members performed consistently well, with nearly all cases meeting both fund and legal targets. Active member quotations also remained strong, though actual confirmations dropped to 60.6% against the fund target, despite maintaining 95.7% compliance with the legal requirement. Deferred benefit option communications continued to underperform, with only 5% meeting the fund target and 36.2% meeting the legal requirement — though both figures improved slightly year-on-year.

Transfer-in communications were particularly low, with just 2.2% meeting the fund target, although 67.4% met the legal requirement. Transfer-out communications showed marked improvement, with 87.3% meeting the fund target and 94% meeting the legal requirement. Refund payments and divorce quotations were processed efficiently, with over 95% meeting both fund and legal targets. However, no communications were issued following actual divorce proceedings, a drop from 100% compliance the previous year.

Communications to new starters remained very low at 0.8% against the fund target, though legal compliance stayed relatively high at 90.5%. Member estimate requests were handled well, with 95% meeting the fund target and 99.7% meeting the legal requirement. Data for lump sum payments was not recorded.

**Note:** The Fund does not operate to fixed performance targets. Instead, we are committed to continuous improvement, focusing on enhancing service quality and responsiveness over time. However, for the purposes of this report, performance has been assessed against suggested targets. These targets reflect nationally recommended benchmarks and are used here to provide context and comparison.

### Administration KPI table C – Communications and engagement

Digital engagement KPI																																																		
C1	% of active members registered for self-service	55.11% as at 31 March																																																
C2	% of deferred members registered for self-service	43.46% as at 31 March																																																
C3	% of pensioner and survivor members registered for self-service	39.80% as at 31 March																																																
C4	% total of all scheme members registered for self-service	46.95% as at 31 March																																																
C5	Top 5 most frequently visited functions	<ol style="list-style-type: none"> <li>1. Document and Uploads</li> <li>2. Benefit Calculators</li> <li>3. Latest Valuation</li> <li>4. Annual Benefit Statement Video Overview</li> <li>5. Manage Beneficiaries</li> </ol>																																																
C6	Number of registered users by age	<table border="1"> <caption>Number of registered users by age</caption> <thead> <tr> <th>Age Group</th> <th>Ver 90 (Green)</th> <th>Ver 91 (Orange)</th> </tr> </thead> <tbody> <tr><td>21-25</td><td>1,356</td><td>1,137 (83.8%)</td></tr> <tr><td>26-30</td><td>3,955</td><td>2,570 (75.7%)</td></tr> <tr><td>31-35</td><td>5,114</td><td>3,188 (62.3%)</td></tr> <tr><td>36-40</td><td>6,972</td><td>3,739 (53.6%)</td></tr> <tr><td>41-45</td><td>7,230</td><td>3,657 (50.6%)</td></tr> <tr><td>46-50</td><td>7,390</td><td>3,506 (47.4%)</td></tr> <tr><td>51-55</td><td>8,689</td><td>3,216 (46.3%)</td></tr> <tr><td>56-60</td><td>9,295</td><td>3,814 (43.9%)</td></tr> <tr><td>61-65</td><td>9,284</td><td>3,923 (42.2%)</td></tr> <tr><td>66-70</td><td>8,374</td><td>3,415 (41.2%)</td></tr> <tr><td>71-75</td><td>5,374</td><td>3,208 (50.3%)</td></tr> <tr><td>76-80</td><td>4,507</td><td>3,402 (75.5%)</td></tr> <tr><td>81-85</td><td>3,602</td><td>2,089 (58.0%)</td></tr> <tr><td>86-90</td><td>1,774</td><td>2,260 (93.8%)</td></tr> <tr><td>Ver 90</td><td>4,744</td><td>1,729 (37.5%)</td></tr> </tbody> </table>	Age Group	Ver 90 (Green)	Ver 91 (Orange)	21-25	1,356	1,137 (83.8%)	26-30	3,955	2,570 (75.7%)	31-35	5,114	3,188 (62.3%)	36-40	6,972	3,739 (53.6%)	41-45	7,230	3,657 (50.6%)	46-50	7,390	3,506 (47.4%)	51-55	8,689	3,216 (46.3%)	56-60	9,295	3,814 (43.9%)	61-65	9,284	3,923 (42.2%)	66-70	8,374	3,415 (41.2%)	71-75	5,374	3,208 (50.3%)	76-80	4,507	3,402 (75.5%)	81-85	3,602	2,089 (58.0%)	86-90	1,774	2,260 (93.8%)	Ver 90	4,744	1,729 (37.5%)
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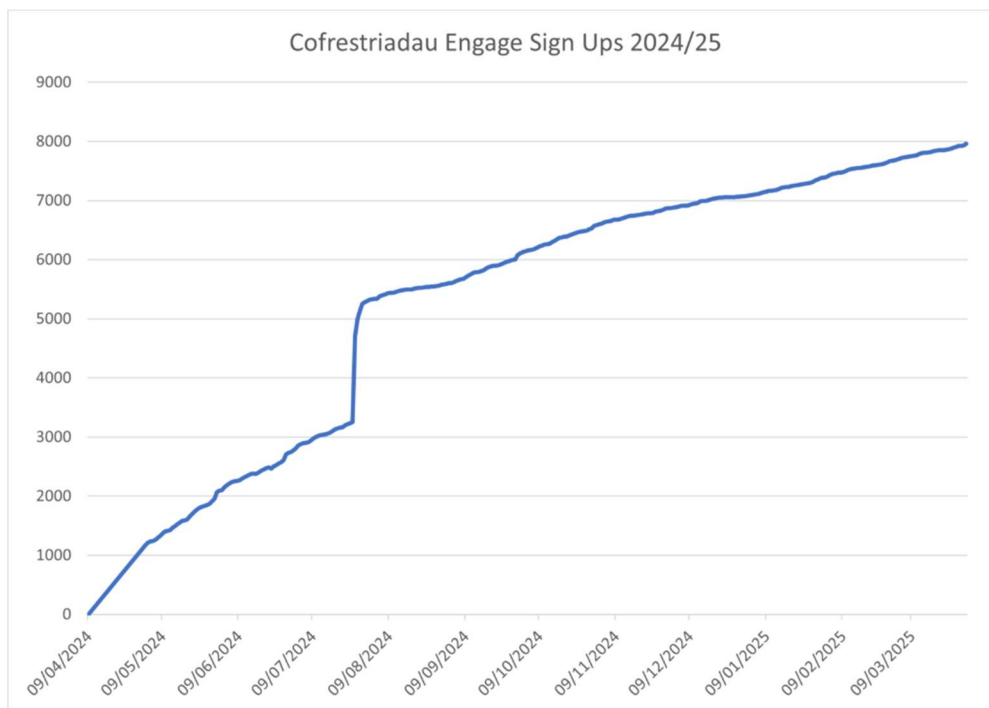
C7	% of all registered users that have logged onto the service in the last 12 months	39.64%
Communication KPI		
C8	Total number of telephone calls received in year	Information not available
C9	% of calls answered at first point of contact	Information not available
C10	Total number of email and online channel queries received	Information not available
C11	Average wait time to speak to a member of the administration team	Information not available
C12	Number of scheme member events held in year (total of in-person and online)	12
C13	Number of employer engagement events held in year (in-person and online)	22
C14	Number of active members who received a one-to-one (in-person and online)	180
C15	Number of times a communication (i.e a newsletter) issued to:	
	a) Active members	1
	b) Deferred members	1
	c) Pensioners	1

### Digital Engagement KPI (C1 – C7)

This section highlights how effectively members are engaging with the self-service portal and the features they find most valuable.

The 'My Pension Online' system continues to be a widely used and trusted resource, with high daily traffic from members seeking to manage their pension information. On 10 April 2024, a major upgrade to the portal was launched, requiring all existing users to re-register. The new platform introduced a modernised design and significantly enhanced functionality, underpinned by advanced technology. These improvements reflect an ongoing commitment to member-centric service, with further enhancements in development to deepen engagement and improve usability.

During the 2024–25 period, approximately 8,000 members successfully registered on the new portal, with numbers increasing steadily each month. The graph below illustrates the upward trend in member adoption over the past 12 months.



The upgraded system offers a wide range of features designed to support members in managing their pension benefits. These include the ability to view and update personal details and addresses, access benefit projections and retirement lump sum calculations, review service history, update nominated beneficiaries, and view Annual Benefit Statements and payslips (for pensioners). New features introduced with the upgrade include simplified login using email and password, enhanced security through two-factor authentication, improved navigation, a retirement planner tool, personalised explanatory videos for complex topics, and an electronic ID authentication system.

As of 31 March, registration rates across member categories show encouraging levels of participation. Active members lead with a registration rate of 55.11%, followed by deferred members at 43.46%, and pensioner and survivor members at 39.80%. Overall, 46.95% of all scheme members have registered, reflecting strong uptake and growing digital engagement.

Usage data reveals the most frequently accessed functions are document uploads, benefit calculators, latest valuation views, the Annual Benefit Statement video overview, and beneficiary management. These features align closely with members' practical needs in planning for retirement and maintaining accurate records.

Further analysis of user activity shows that 39.64% of registered users have logged into the portal within the past 12 months, indicating consistent and meaningful engagement. Age distribution data has also been collected to better understand usage patterns across different demographics.

Efforts are ongoing to increase member participation and ensure the portal continues to meet evolving user needs.

### Communication KPI (C8-C15)

During the reporting year, member and employer engagement activities continued to play a vital role in supporting communication across the scheme. A total of 22 employer engagement events were held, both in-person and online, alongside dedicated scheme member sessions delivered by our Communication team. In addition, 180 active members received personalised one-to-one support, reflecting a strong commitment to direct and meaningful interaction. It is important to note, however, that a number of pensioners, deferred members, and family members of deceased members also received one-to-one support during the year. While these groups fall outside the scope of formal reporting, their inclusion would significantly increase the total number of individuals

supported.

Unfortunately, it was not possible to report on several key communication metrics this year due to changes in the telephone system, which affected data collection. As a result, figures relating to call volumes, first contact resolution rates, email and online queries, and average wait times were unavailable. Work is underway to address these limitations, and we aim to include comprehensive data for these areas in future reporting cycles.

#### **Administration KPI table D – Administration staff as at 31 March**

Staff KPI		
D1	Total number of all administration staff (FTE)	23.6
D2	Average service length of all administration staff	10 years 229 days
D3	Number of administration staff vacancies occurred in the year	3
D4	Number of the vacancies filled as at 31 March	3
D5	Ratio of all administration staff to total number of scheme members (all staff including management)	1:2278
D6	Ratio of administration staff (all processing staff and excluding management) to total number of scheme members	1:2610
D7	Average number of all cases (open and closed) completed per member of staff involved in administration duties.	666

The administration team consists of 23.6 full-time equivalent staff, with an average service length of 10 years and 229 days. During the year, three vacancies arose, all of which were successfully filled by 31 March. The ratio of total administration staff (including management) to scheme members stands at 1:2278, while the ratio for processing staff only (excluding management) is 1:2610. Based on the tasks listed in Table A above, the average number of cases completed per member of staff involved in administrative duties is 666.

#### **Administration KPI table E – Data Quality**

Annual Benefit Statements KPI		Previous year %	Current year %
E1	% of Annual Benefit Statements issued as at 31 August	100%	100%
E2	Explain with Short commentary if less than 100%	N/A	N/A
E3	% number of annual benefit statements reissued	N/A	N/A
Data category KPI		Previous year data quality score %	Current year data quality score %
E4	Common data	97.5%	98%
E5	Scheme specific data	99.1%	99.33%

Address and email data KPI		Previous year %	Current year %
E6	% of active, deferred and pensioner members recorded as 'gone away' with no home address held or address is known to be out of date	Not recorded	1.59%
E7	% of active, deferred and pensioner members with an email address held on file (with and without a record home address)	Not recorded	61.91%

### **Annual Benefit Statements KPI (E1-E3)**

We must produce an Annual Benefit Statement for each member of the scheme by the end of August each year. This statement provides members with details of the benefits accrued up to the end of the previous financial year and predicts the benefits payable at their Normal Pension Age. The statement also includes pay details and explanatory notes about how the benefits are calculated.

Since 2018, these statements have been available electronically on our website's Member Self Service section. 2023/24 statements were uploaded to the system for active and deferred members on 25/07/2024.

1,070 members have written in to confirm that they want to continue receiving a paper copy of their statements. These statements were sent at the end of August 2024.

### **Data Category KPI (E4-E5)**

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, Heywood Pension Technologies 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.

### **Member Satisfaction Survey**

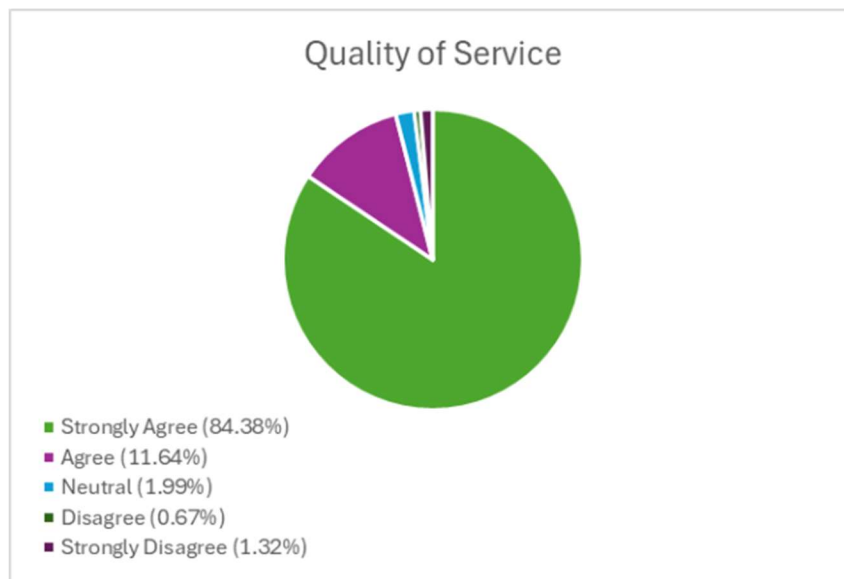
To ensure that we offer the best possible service to our members, a Member Satisfaction Survey is sent at the end of each process, e.g. retirements and payment of refunds for the members to give their opinion on the quality of the service received and their opinion about the service provided by the staff.

**76** Members took part in this survey.

Here is a summary of the 2024/25 results:

## Quality of Service

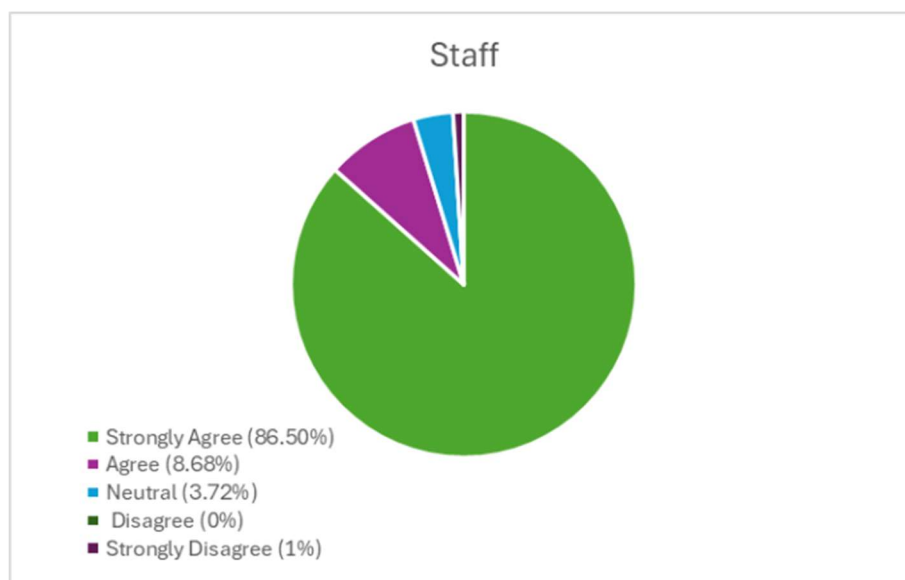
The chart below shows the percentage of users who are satisfied with four aspects of the service's performance based on: i) Service as a whole; ii) Clear information; iii) Quality of service; iv) Time to deal with the enquiry.



As can be seen, **96%** of the users strongly agree or agree that the quality of the service provided is of a high standard. The percentage for 2023/24 was **99%**.

## Staff

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 (**95%**) of the users strongly agree or agree that the quality of the service provided is of a high standard in relation to the staff. The percentage for 2023/24 was **99%**.



Although the score is slightly lower than in 2023/24, we remain confident that our performance in 2024/25 has been consistent. The minor dip reflects feedback from a single dissatisfied member whose concerns related to an issue beyond our control.

### **Work to do**

There are a number of tasks and projects requiring attention during the next year. These include:

- Website: Continue to update and expand the website.
- Continue to develop process automation and improve our correspondence.
- Scanning the paper files in the office in order to be a paperless office.
- McCloud: Update records for undertaking the McCloud project.
- Reduce the number of 'undecided leavers' records, which are members who have left the scheme but their record has not been closed.

### **i-Connect**

i-Connect updates member data in our pension administration system on a monthly basis, avoiding the need for employers to send information at the end of the year.

Data is taken directly from a payroll system by i-Connect which then automatically identifies and submits details of new members, opt-outs and leavers to us.

By now all the employers use i-Connect, with the information being submitted promptly by all the employers overall.

### **Scheme Administration Statistics**

#### **Number of Employers**

This table provides a summary of the number of employers in the Fund with active members and ceased (no active members but some outstanding liabilities).

	<b>Active</b>	<b>Ceased</b>
<b>Scheduled bodies:</b>	29	5
<b>Admitted bodies:</b>	18	26
<b>Total:</b>	<b>47</b>	<b>31</b>

#### **Scheme membership**

	<b>31/03/2020</b>	<b>31/03/2021</b>	<b>31/03/2022</b>	<b>31/03/2023</b>	<b>31/03/2024</b>	<b>31/03/2025</b>
<b>Active</b>	18,582	18,295	18,657	19,304	19,348	19,412
<b>Deferred</b>	12,605	12,431	12,540	13,160	14,419	14,846
<b>Pensioners</b>	10,329	10,780	11,298	11,780	12,504	13,276
<b>Undecided</b>	6,441	8,133	8,617	7,966	7,044	6,475
<b>Total:</b>	<b>47,957</b>	<b>49,639</b>	<b>51,112</b>	<b>52,210</b>	<b>53,315</b>	<b>54,009</b>

#### **Retirements during 2024/25**

This table provides a summary of the number of retirements within the Fund during 2024/2025.

<b>Reason for leaver</b>	<b>Number of pensioners</b>
Early/Normal Retirement	533
Redundancy/ Efficiency	69
Ill Health	43

Late Retirement	132
Flexible Retirement	57
<b>Total</b>	<b>834</b>

### Staffing indicators

The table below shows the number of staff in the Pensions Administration Team working exclusively on Local Government Pension Scheme benefits.

	2020/21	2021/22	2022/23	2023/24	2024/25
Number of full-time equivalent Pension Fund staff	18.10	19.16	20.16	22.6	23.6
Total fund membership (Does not include undecided members)	41,506	42,495	44,244	46,271	47,534
Number of fund members to one member of administration staff	2,293	2,218	2,195	2,047	2,014

### Unit cost per member

Investment Management Expenses	2022/23	2023/24	2024/25
Total Costs	£10,593,000	£12,866,000	£15,738,000
Total Membership Numbers (Does not include unclaimed benefits and undecided members)	44,244	46,271	47,534
Cost per member	£239.42	£278.06	£331.08
Administration Expenses			
Total Costs	£1,588,000	£1,720,000	£1,988,000
Total Membership Numbers (Does not include unclaimed benefits and undecided members)	44,244	46,271	47,534
Cost per member	£35.89	£37.17	£41.82
Oversight and Governance Expenses			
Total Costs	£548,000	£456,000	£556,000
Total Membership Numbers (Does not include unclaimed benefits and undecided members)	44,244	46,271	47,534
Cost per member	£12.39	£9.85	£11.69
<b>Total cost</b>	<b>£287.70</b>	<b>£325.08</b>	<b>£384.59</b>

### Acknowledgments

Overall, 2024/25 has been a successful year for the Pension Fund I would like to thank all the staff for their hard work and support over the year, the employers for providing timely information and our actuary Hymans Robertson for their work and advice over the year.

**Meirion Jones**  
Pensions Manager

## 5.2 Local Government Pension Scheme Regulations

### General

The Public Service Pensions Act 2013 governs the Fund. The Fund is administered in accordance with the following secondary laws:

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

Cyngor Gwynedd administers the Gwynedd Pension Fund for its own employees and those of 46 other bodies (including 2 Local Authorities). The Fund does not cover teachers, for whom separate arrangements exist. The Fund is financed by contributions from employers and employees, together with income earned from investments.

From April 2014 employee contribution rates are determined in bands according to their actual pay indexed annually in line with inflation. Employees may opt to pay half rate contributions to accrue half rate personal benefits in what is called the 50/50 scheme, death and dependent benefits remain at full rate. The bandings for April 2024– March 2025 are shown in the table below:

Pay Bands	Contribution Rates main scheme	Contribution Rates 50/50 scheme
Up to £17,600	5.5%	2.75%
£17,601 - £27,600	5.8%	2.9%
£27,601 - £44,900	6.5%	3.25%
£44,901 - £56,800	6.8%	3.4%
£56,801 - £79,700	8.5%	4.25%
£79,701 - £112,900	9.9%	4.95%
£112,901 - £133,100	10.5%	5.25%
£133,101 - £199,700	11.4%	5.7%
More than £199,701	12.5%	6.25%

Employers contribute to the fund at a rate assessed triennially by the Fund's Actuary, or in the event of any significant change in an employer's membership or profile. Employers continue to pay the full rate in respect of members who opt for the 50/50 option or are on reduced pay due to illness.

### Benefits

The LGPS provides significant benefits to members based on two separate schemes. There is a final salary arrangement, itself consisting of two accrual rates, and a CARE (Career Average Revalued Earnings) arrangement that came into force from 1 April 2014. Below are brief details of how the pensions accrue in both arrangements.

For the final salary element benefits will normally be based on two factors: service or membership during which contributions have been paid to the scheme, known as "Total Membership", and the wage or salary on which those contributions were paid (normally the last 12 months of service), known as "Final Pay".

The CARE part will be in the form of 1/49ths pension calculated on individual years' actual pensionable earnings revalued annually.

- **Annual Pension**

The calculation of the annual standard pension is based on the following formula:

***Final Pay x 1/80 x Total Membership to 31 March 2008; plus  
Final Pay x 1/60 x Total Membership from 1 April 2008 to 31 March 2014; plus***

### ***The accrued and revalued CARE pension on years from 1 April 2014 onwards***

Once the pension is in payment it will rise each April in line with the increase in the Consumer Price Index.

- **Lump Sum**

There is also an entitlement to a standard tax-free lump sum on membership to 31 March 2008, based on the following formula:

***Final Pay x 3/80 x Total Membership to 31 March 2008 only***

- **Conversion of Benefits**

There is an option to convert part of the pension into an additional lump sum in excess of the formula shown above, but subject to HMRC limits.

### **Councillor Pensions**

The scheme also provides access for Councillors. The benefit package is based on the pre April 2008 formula for pension and lump sum shown above but using Career Average Salary instead of Final Pay. This remains the position for councillor members even after the introduction of the new main scheme from April 2014. No new Councillors are eligible to join the LGPS in England and current Councillor Members must leave the scheme when their term of office comes to an end.

### **Ill-Health Retirement**

If the membership period is 2 years or more, and an administering authority approved independent registered medical practitioner certifies that the member has become permanently unable to do their job or any comparable job with their employer, they will receive a pension, and if choosing to convert their pension, a tax free lump sum immediately.

The benefit payable depends on the ill health retirement awarded:

#### **Tier 1**

If the member is unlikely to be capable of gainful employment before their Normal Pension Age (NPA), ill health benefits are based on the pension they have already built up in their pension account at the date of leaving the scheme plus the pension they would have built up, calculated on assumed pensionable pay, had they been in the main section of the scheme until they reached their NPA.

#### **Tier 2**

If the member is unlikely to be capable of gainful employment within 3 years of leaving, but are likely to be capable of undertaking such employment before their NPA, ill health benefits are based on the pension they have already built up in their pension account at the date of leaving the scheme plus 25% of the pension they would have built up calculated on assumed pensionable pay, had they been in the main section of the scheme until they reached their NPA.

#### **Tier 3**

If the member is likely to be capable of gainful employment within 3 years of leaving, or before their NPA if earlier, ill health benefits are based on the pension they have already built up in their pension account at leaving. Payment of these benefits will be stopped after 3 years, or earlier if the member is in gainful employment or become capable of such employment, provided they have not reached their NPA by then. If the payment is stopped it will normally become payable again from their NPA.

Gainful employment means paid employment for not less than 30 hours in each week for a period of not less than 12 months.

### **Early Retirement**

If membership period is 2 years or more, a member may elect to retire and receive their LGPS benefits at any time from age 55 onwards; however payment before normal pension age may result in an actuarial reduction for early release, and if after normal pension age benefits may be actuarially increased due to late payment.

**Preserved Benefits**

Leavers with 2 years of membership are awarded preserved benefits, calculated in the same way as described in the paragraph 'Benefits', but with payment being deferred and index linked until payment is made any time after age 55 (age 60 if termination before 1/04/2014). Alternatively, it may be possible to transfer the equivalent value of benefits to another pension scheme.

Leavers with less than 2 years' membership, and with no further LGPS rights, may reclaim their contributions, less tax and any contracted out premiums that may apply.

**Death in Service**

A death grant of three times Final Pay is payable, regardless of the length of membership. For part-time employees, the Final Pay is not increased to its whole-time equivalent rate.

In addition, survivor benefits may be payable to spouses, or partners, with dependent children benefits also payable subject to certain criteria, mainly based on age and whether in full time education.

**Death after Retirement**

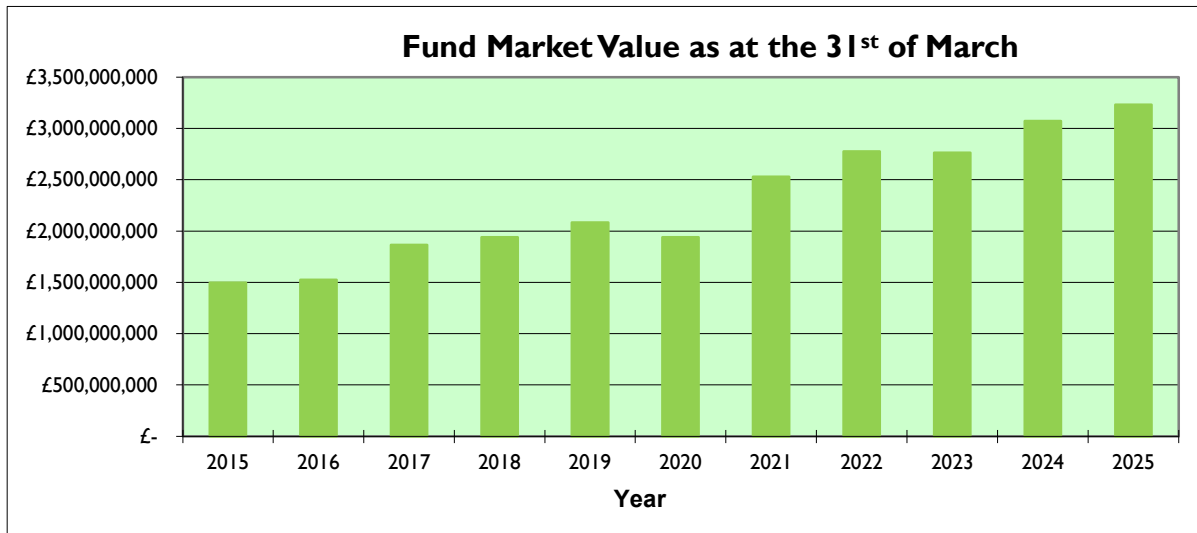
If a member dies after drawing their LGPS pension and before reaching age 75, a death grant may be payable. Generally speaking, the death grant is equal to 10 times (or 5 times if they left the LGPS before 1 April 2008) the pension less the amount already paid. If the member left after 31/03/2014 then the amount of additional lump sum the member received on retirement as a result of giving up pension for lump sum is also deducted from the sum payable.

Like for death in service, spouses and partners' pensions are payable for life whilst dependant eligible children's pensions are payable subject to the same conditions as for Death in Service.

## 6. Investments

### 6.1 End of Year Position

The Gwynedd Pension Fund is in a relatively healthy position with the value of the fund gradually increasing for some time now. By the 31<sup>st</sup> of March 2025, the Pension Fund's value has increased to £3.2 billion.



### Asset Allocation

The main determinant of the Fund's long-term performance is the strategic allocation of assets. The following table shows the Fund's actual asset allocation against its target strategic allocation at 31.03.25.

Type of asset	Actual %	Target %	Difference %
UK Equity	9.2	8.0	+1.2
Global Equity	42.5	34.5	+8.0
Emerging Markets Equity	2.0	2.5	-0.5
Private Equity	5.1	5.0	+0.1
<b>Total Growth</b>	<b>58.8</b>	<b>50.0</b>	<b>+8.8</b>
Property	5.6	10.0	-4.4
Infrastructure	5.8	7.5	-1.7
Multi Asset Credit	7.5	7.5	0.0
Private Credit	1.6	5.0	-3.4
<b>Total Income</b>	<b>20.5</b>	<b>30.0</b>	<b>-9.5</b>
Absolute Return Bond	12.5	12.5	0.0
Corporate Bonds	7.2	7.5	-0.3
<b>Total Defensive</b>	<b>19.7</b>	<b>20.0</b>	<b>-0.3</b>
Cash	1.0	0.0	+1.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>+0.0</b>

The target strategic allocations were updated at the end of 2023 following an improvement in the Fund's funding position. It was agreed by the Pensions Committee to partially de-risk the Fund by reducing its equity allocation and invest in income generating assets. This has been actioned during the year and investments in infrastructure and private credit will increase further as capital is called. The Fund is underweight to property as we await the launch of the WPP property funds.

### Investments by investment manager

Over the period of this report, there were 3 Investment Managers as follows: Wales Pension Partnership, BlackRock and Partners. The fund also made direct investments to property with the Lothbury, Threadneedle and UBS funds.

Manager	Fund	Asset Class	31 March 2024 £000	31 March 2025 £000
<b>Pooled</b>				
Wales Pension Partnership	Global Opportunities	Global Equity	434,566	460,613
Wales Pension Partnership	Global Growth	Global Equity	415,429	418,895
Wales Pension Partnership	Emerging Markets	Global Equity	59,884	63,023
Wales Pension Partnership	Sustainable Active Equity	Global Equity	317,063	317,658
Wales Pension Partnership	Absolute Return Bond	Bonds	412,216	403,247
Wales Pension Partnership	Multi Asset Credit	Multi-Credit Asset	226,013	241,859
Wales Pension Partnership	Global Credit	Bonds	223,004	233,417
Wales Pension Partnership	Russell Investments Global Private Credit	Private Credit	10,235	50,748
Wales Pension Partnership	GCM WPP Global Infrastructure	Infrastructure	3,621	8,048
Wales Pension Partnership	Capital Dynamics CEI	Infrastructure	2,977	4,131
Wales Pension Partnership	Octopus Renewables Infrastructure	Infrastructure	9,868	35,101
Wales Pension Partnership	IFM Global Infrastructure	Infrastructure	0	60,918
Wales Pension Partnership	CBRE Global Infrastructure	Infrastructure	0	14,683
Wales Pension Partnership	Schroders Capital WPP Global Private Equity I	Private Equity	3,865	6,022
Wales Pension Partnership	Schroders Capital WPP Global Private Equity II	Private Equity	0	7,165
<b>Total Pooled</b>			<b>2,118,741</b>	<b>2,325,528</b>
<b>Under pool management</b>				
Black Rock	Aquila Life UK Equity Index	UK Equity	267,131	294,958
Black Rock	ACS World Low Carbon Equity	Global Equity	203,363	170,002
<b>Total Under pool management</b>			<b>470,494</b>	<b>464,960</b>
<b>Not pooled</b>				
Black Rock	Property	Property	53,144	56,246
Lothbury	Property	Property	50,779	6,263
UBS	Property Global Ast Triton	Property	72,160	76,742
Threadneedle	Property TPEN	Property	32,217	34,116
Threadneedle	Property TPUT	Property	2,050	2,221
Partners	Private Equity	Private Equity	163,163	149,330
Partners	Infrastructure	Infrastructure	73,516	76,836
<b>Total Not pooled</b>			<b>447,029</b>	<b>401,754</b>
<b>Total</b>			<b>3,036,264</b>	<b>3,192,242</b>

## Assets within the UK

The following table provides additional information on investments in the UK:

£m Asset values as at 31 March 2025	Pooled	Under Pool Management	Not pooled	Total
UK Listed Equities	53.4	273.3	0	326.7
UK Government Bonds	30.4	0	0	30.4
UK Infrastructure	8.7	0	10.2	18.9
UK Private Equity	1.8	0	13.3	15.1

## 6.2 Investment Performance

### Quarterly Meetings

The performance of the Investment Managers is monitored on a quarterly basis. A quarterly meeting with the Investment Managers is rotated. The Investment Managers submit quarterly reports to the Pensions Committee, relevant officers and the Fund's adviser.

### Performance Monitoring

Gwynedd subscribes to a service provided by Pensions & Investment Research Consultants Ltd (PIRC), who calculate the rate of return for Gwynedd and for other pension funds and provides comparisons.

### Targets

Individual performance benchmarks for the Investment Managers are shown in the table below.

Fund/ Asset Class	Benchmark	Performance target (% p.a)
WPP Global Opportunities	MSCI All Country World Index	Outperform the index +2%
WPP Global Growth	MSCI All Country World Index	Outperform the index +2%
WPP Emerging Markets	MSCI Emerging Markets Index	Outperform the index +1.5%
WPP Sustainable Active Equity	MSCI All Country World Index	Outperform the index +2%
WPP Absolute Return Bond	3mth SONIA	3mth SONIA + 2%
WPP Multi Asset Credit	3mth SONIA	3mth SONIA + 4%
WPP Global Credit	Barclays Global Aggregate Credit Index	Outperform the index
WPP Private Credit	8% p.a.	7%- 9% net IRR
WPP Global Infrastructure	8% p.a.	8%-10% net IRR
WPP Wales Renewable Infrastructure	8% p.a.	8% p.a.
WPP Open Ended Infrastructure	8% p.a.	8%-10% net IRR
WPP Private Equity	15% net IRR	15% net IRR
Black Rock Aquila Life UK Equity Index	FTSE All- Share Index	Track the benchmark
Black Rock ACS World Low Carbon Equity Tracker	MSCI World Low Carbon Index	Track the benchmark
All Property	UK All Balanced Property Fund Index	Outperform the index
Partners Private Equity	MSCI AC World (net)	MSCI AC World (net)
Partners Infrastructure	8% p.a.	8% p.a.

The fund has made direct investments with Lothbury, UBS and Threadneedle, so therefore have not given them a benchmark. However, for indicative purposes we monitor them against the 'IPD Balanced Property Unit Trust Index'.

### The Fund's Performance

	1 Year Return	1 Year Benchmark	3 Year Return	3 Year Benchmark	Since Inception Return	Since Inception Benchmark
	%	%	%	%	%	%
Wales Pension Partnership Funds						



WPP Global Opportunities	6.0	4.9	8.2	7.6	11.8	11.0
WPP Global Growth	0.9	4.9	5.0	7.6	9.0	11.0
WPP Emerging Markets	5.2	5.8	4.3	2.5	(0.9)	(0.4)
WPP Sustainable Active Equity	0.2	4.9	n/a	n/a	8.3	13.4
WPP Absolute Return Bond	7.6	7.2	5.5	6.2	4.2	4.8
WPP Multi Asset Credit	7.1	9.3	3.4	8.3	3.2	6.8
WPP Global Credit	4.7	4.8	n/a	n/a	(1.0)	(0.8)
WPP Private Credit	n/a	n/a	n/a	n/a	n/a	n/a
WPP Global Infrastructure	5.1	8.0	n/a	n/a	6.3	8.0
WPP Wales Renewable Infrastructure	6.9	8.0	n/a	n/a	3.5	8.0
WPP Open Ended Infrastructure	n/a	n/a	n/a	n/a	1.4	8.0
WPP Private Equity	7.8	15.0	n/a	n/a	17.4	15.0
<b>Local Funds</b>						
Black Rock Aquila Life UK Equity Index	10.4	10.5	7.2	7.2	7.4	7.4
Black Rock ACS World Low Carbon Equity Tracker	4.4	4.6	7.6	7.4	10.4	10.1
BlackRock Property	5.3	6.3	(4.9)	(3.3)	4.8	5.5
Lothbury Property	n/a	n/a	n/a	n/a	n/a	n/a
Threadneedle TPEN Property	5.9	6.3	(2.8)	(3.3)	3.2	3.1
Threadneedle TPUT Property	8.7	6.3	(2.0)	(3.3)	2.6	2.2
UBS Property	6.4	6.4	(4.0)	(3.3)	2.2	3.3
Partners Group Private Equity	3.8	20.1	2.0	8.7	9.1	11.1
Partners Group Infrastructure	12.5	8.0	12.2	8.0	11.8	8.0
<b>Whole Fund</b>	<b>5.1</b>	<b>6.9</b>	<b>4.8</b>	<b>5.8</b>	<b>7.6</b>	<b>7.4</b>

The Fund saw positive returns over 1 year, 3 years and since inception. The average LGPS fund delivered a return of 3.4% for the year, and therefore, even though Gwynedd Pension Fund did not achieve its benchmark, this was common within the LGPS funds, and the fund did achieve returns that were better than the LGPS average during the year. This has been largely due to the failure of active equity managers to add value in the LGPS sector as a whole.

It is generally accepted that investment performance over a longer period of time is a more valid indicator than over a single year as investment strategies designed to bring good performance in the longer run may from time to time suffer from short-term setbacks.

The Fund's performance over three years was behind benchmark, but the performance was in the upper quartile of all LGPS and was ranked 10<sup>th</sup> out of all LGPS funds. The benchmarks given are very challenging and the fund is performing well in comparison to other LGPS funds. The fund was ranked 5<sup>th</sup> (5 years return) and 7<sup>th</sup> (10 years return) and therefore the recent strategy has had a very positive impact on the Fund's position and the longer-term results remain well ahead of inflation and the funds' actuarial assumptions.

## 6.3 Administrative and Custody Arrangements

### Specialist Advice

The Local Government Pension Scheme Regulations oblige the Council to take specialist advice on investment. This advice is provided by an independent advisor from Hymans Robertson (the Fund's advisors), who joins the Pensions Committee in monitoring the Investment Managers. An advisor from Hymans Robertson is always present at the quarterly meetings with the Investment Managers.

### Custodians

Some of the investment managers have an associated custodian who holds the assets of their part of the portfolio. The managers and their associated custodians are as follows:

- BlackRock's custodian is JP Morgan Chase Bank
- WPP's custodian is Northern Trust.

Lothbury, Threadneedle and UBS, with whom the Fund has direct investments, have Northern Trust as their custodians.

Partners Group is not included in the Fund's custody arrangements.

### **Administrative Procedures**

Administrative procedures ensure that those transfers which do take place, between the Council and the Investment Managers, must be authorised by the signatories of two named officers who are on the Pension Fund's authorised signature list.

## **6.4 Investment Powers**

### **Investment Powers**

The regulations require that the Fund has an Investment Strategy Statement (ISS).

This enables pension funds to be flexible in their strategy and invest a larger percentage of their fund in individual pooling arrangements. There are no specific limits in the legislation and therefore no need to formally increase the amounts. However, it is good practice to have some broad limits, and these are included in the ISS.

## **6.5 Investment Management**

### **General**

The main objective of an investment policy is to maximise the return on the money entrusted to the Council, consistent with acceptable levels of risk, and for the annual return in the longer run to exceed the level of wage inflation. It must be borne in mind that the Fund's liabilities (pensions) are very long-term, extending to the middle of the century. These liabilities will increase with inflation, both because of the index-linking of pensions and due to the rising level of employees' salaries and wages to the time of retirement. There is a relationship between the level of returns achieved and the contribution rate which employers are expected to pay. The Pensions Committee considers that in the long run equity returns will exceed bond returns and it is for this reason that the majority of the Fund is invested in equities.

### **Investment Manager Briefs**

As a result of a deliberate policy to diversify assets and investment styles, the Fund has Investment Managers with varying briefs:

<b>Investment Manager</b>	<b>Brief</b>
BlackRock	Passive
WPP	Active
Partners	Active

BlackRock is briefed to be a "passive" manager. The manager will allocate their mandate's asset allocation in line with that of the benchmark and in each market, they aim to track stock exchange indices. As a result, their mandates' performance should be in line with their respective benchmarks. Appointing a passive manager reduces the risk of underperformance relative to benchmark; however, it also reduces the possibility of out-performance relative to the benchmark.

All the others are "active" managers. They are given the discretion to invest in their best investment ideas. Whilst they have a great deal of flexibility in terms of which stocks, regions and sectors they can invest in, there are a number of restrictions in place which prevents the managers deviating too far from the benchmark and taking excessive risk. Appointing active managers increases the possibility of out-performance, relative to the benchmark; however, it also increases the risk of underperformance relative to benchmark.

## **6.6 Wales Pension Partnership**

The WPP was established in 2017 with the objective to deliver:

- economies of scale
- strong governance and decision making
- reduced costs and excellent value for money, and
- an improved capacity and capability to invest in infrastructure

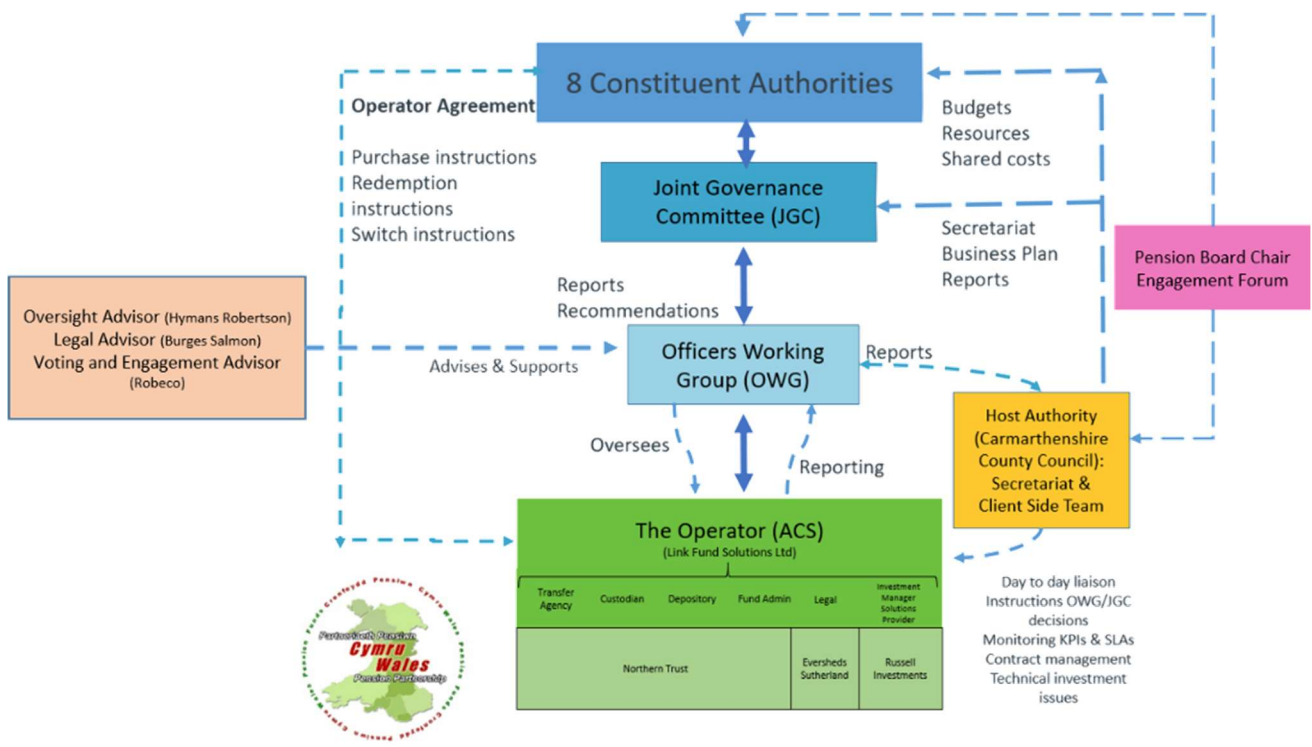
The WPP is one of the eight Local Government Pension pools nationally and is a collaboration of the eight LGPS funds in Wales. The eight funds have a long, successful history of collaboration including a collaborative tender for a single passive equity provider for the Welsh funds pre-dating the Government’s pooling initiative.

Collective investment management offers the potential for investment fee savings, opportunities to broaden investment portfolios, enhanced voting and engagement activity as well as access to shared knowledge and best practice. Whilst the WPP is responsible for providing collaborative investment solutions, each constituent authority remains responsible for setting their own investment strategy.

WPP’s operating model is designed to be flexible and deliver value for money. WPP appointed an external fund Operator and makes use of external advisers to bring best of breed expertise to support the running of the Pool. The Operator Waystone Management (UK) Limited (Waystone) and they have partnered with Russell Investments to deliver effective investment management solutions and provide strong net of fee performance for all the Constituent Authorities.

### Governance

The WPP details how it deals with all aspects of Governance through its Inter Authority Agreement (IAA) which was approved by all eight Constituent Authorities in March 2017. The IAA defines the standards, roles and responsibilities of the Constituent Authorities, its Members, Committees and Officers and includes a Scheme of Delegation outlining the decision-making process. In line with its belief that good governance should lead to superior outcomes for stakeholders, the WPP has put in place a robust governance structure:



The eight Constituent Authorities of the WPP are:

- Carmarthenshire County Council (Host)
- City and County of Swansea Council

- City of Cardiff Council
- Flintshire County Council
- Cyngor Gwynedd
- Powys County Council
- Rhondda Cynon Taff County Borough Council
- Torfaen County Borough Council

The Constituent Authorities sit at the top of the WPP's governance structure. They retain control of all activity carried out by the WPP and remain responsible for approving the WPP's Business Plan, which outlines the WPP's budget and work plan, as well as its Beliefs and Objectives.

The Joint Governance Committee (JGC) oversees and reports on the WPP and is comprised of one elected member from each of the eight Constituent Authorities, and a co-opted (no-voting) scheme member representative.

The Officer Working Group (OWG) provides support and advice to the Joint Governance Committee and is comprised of practitioners and Section 151 officers from all eight Constituent Authorities.

Carmarthenshire County Council is the Host Authority for the WPP and is responsible for providing administrative and secretarial support to the JGC and the OWG, and liaising day to day with the Operator on behalf of all the Welsh LGPS funds.

Waystone (Operator) carries out a broad range of services for the WPP, which includes facilitating investment vehicles and sub-funds, performance reporting, transition implementation, manager monitoring and fee negotiations. There is an Operator Agreement in place which sets out the contractual duties of the Operator and governs the relationship between the Operator and the WPP. The JGC and OWG, with the support of Hymans Robertson, oversee the work that Waystone carries out on behalf of the WPP. Waystone engages with the Constituent Authorities by:

- Direct engagement – attendance at one committee meeting annually
- Indirect engagement – with all Constituent Authorities through the JGC and OWG

In collaboration with Waystone, Russell Investments provide investment management solution services to the WPP and they work in consultation with WPP's eight Constituent Authorities to establish investment vehicles.

Northern Trust is the Depository for the WPP ACS vehicle and provides numerous services including securities lending, fund administration, compliance monitoring and reporting.

Hymans Robertson are WPP's Oversight Advisor and their role spans oversight and advice on governance arrangements, operator services, strategic investment aspects and project management support.

Burges Salmon are WPP's legal advisors, and they provide legal advice in relation to FCA regulated funds, tax and governance arrangements, including assisting with complex procurement processes.

Robeco UK are the WPP's Voting and Engagement provider and are responsible for implementing the Voting Policy across WPP's portfolio and undertaking engagement activity on behalf of the WPP.

The WPP's beliefs are the foundation for WPP's governance framework and have been used to guide all the WPP's activities and decision making, including its objectives and policies. The WPP, in consultation with the Constituent Authorities, has developed a set of governing policies. In all instances, the WPP's policies and procedures have been developed to either complement or supplement the existing procedures and policies of the Constituent Authorities. The WPP's key policies, registers and plans are listed below and can be found on the WPP website.



Responsible Investment has been a key priority for the WPP since it was established in 2017. Various activities have been undertaken to work towards WPP’s ambition of becoming a leader in Responsible Investment. Initially the focus was on formulating a Responsible Investment Policy and since then the WPP has formulated its own Climate Risk Policy and has worked with its Voting and Engagement Provider, Robeco, to agree a Voting Policy. A WPP Responsible Investment Sub-Group has been established to take ownership of Responsible Investment related work streams and actions that are required to achieve the commitments made in the WPP’s Responsible Investment and Climate Risk Policies.

The WPP’s Business Plan, Governance Manual and all other policies detailed in the chart above can be found on the WPP website:

<https://www.walespensionpartnership.org/>

### **Risk**

Risk management is a critical element of WPP’s commitment to good governance. The WPP has developed a structured, extensive and robust risk strategy which seeks to identify and measure key risks and ensure that suitable controls and governance procedures are in place to manage these risks. The WPP’s Risk Policy has been developed in such a way that risks can be anticipated and dealt with in a swift, effective manner to minimize potential loss or harm to the WPP and its stakeholders.

WPP maintains a Risk Register which is reviewed regularly by a dedicated Risk Sub-Group which reports back to the OWG and JGC on a quarterly basis.

### **Training**

The WPP has its own training policy and develops an annual training plan which is designed to supplement existing Constituent Authority training plans. Local level training needs will continue to be addressed by Constituent Authorities while the WPP training plan will offer training that is relevant to the WPP’s pooling activities. Induction training is also provided to all new JGC members.

## Pooling progress to date

The WPP aims to deliver investment solutions that allow the Constituent Authorities to implement their own investment strategies with material cost savings while continuing to deliver investment performance to their stakeholders. The WPP has a range of equity and fixed income sub funds, as well as a number of private markets investment programmes. Alongside the Constituent Authorities' existing passive investments, this means that that the WPP now has 75% of assets under pool management.

As of the 31<sup>st</sup> of March 2025, WPP has total assets worth £25.8bn, £19.4bn of which sits within the pool, see breakdown below:

<b>Fund</b>	<b>Managed by</b>	<b>Launch Date</b>	<b>31 March 2025 £000</b>	<b>%</b>
Global Growth Equity	Russell Investments	February 2019	3,541,082	13.7
Global Opportunities Equity	Russell Investments	February 2019	3,402,307	13.2
UK Opportunities Equity	Russell Investments	September 2019	765,495	3.0
Emerging Markets Equity	Russell Investments	October 2021	272,996	1.0
Sustainable Active Equity	Russell Investments	June 2023	1,524,322	5.9
Global Credit	Russell Investments	July 2020	1,026,469	4.0
Global Government Bond	Russell Investments	July 2020	503,406	2.0
UK Credit	Waystone Management (UK) Limited	July 2020	726,549	2.8
Multi-Asset Credit	Russell Investments	July 2020	848,802	3.3
Absolute Return Bond	Russell Investments	September 2020	532,806	2.1
Infrastructure	GCM Grosvenor, IFM, CBRE and Octopus, Capital Dynamics	Various	726,427	2.8
Private Credit	Russell Investments	April 2023	320,921	1.2
Private Equity	Schroders Capital	October 2023	124,883	0.5
Passive Investments	BlackRock	March 2016	5,065,251	19.6
Investment not pooled			6,424,700	24.9
<b>Total Investments across all 8 Pension Funds</b>			<b>25,806,416</b>	<b>100</b>

The investment assets split between Gwynedd Pension Fund and WPP are as follows:

<b>Fund</b>	<b>31 March 2025 £000</b>	<b>%</b>
Global Opportunities	460,613	14.4
Global Growth	418,895	13.1
Emerging Markets	63,023	2.0
Sustainable Active Equity	317,658	9.9
Global Credit	233,417	7.3
Multi Asset Credit	241,859	7.6
Absolute Return Bond	403,247	12.6
Private Markets	186,816	5.9
Passive Equity	464,960	14.6
Investment not pooled	401,755	12.6
<b>Total Investment Assets</b>	<b>3,192,243</b>	<b>100</b>

The above table provides additional details to note 14 from the financial statements and summarises Gwynedd Pension Fund's investment in the WPP, together with the assets that remain under the direct oversight of the Fund. During the year assets were transitioned and the table above shows the assets currently managed by the pool as of the 31<sup>st</sup> of March 2025.

### **Pooling costs**

Carmarthenshire County Council, as the Host Authority for the Wales Pension Partnership, is responsible for providing administrative and secretarial support and liaising day to day with the Operator on behalf of all the LGPS funds in Wales. The WPP budget is included in the WPP Business Plan and approved annually by all eight Constituent Authorities.

The Host Authority and External Advisor costs (the running costs) are funded equally (unless specific projects have been agreed for individual Funds) by all eight of the Constituent Authorities and recharged on an annual basis. The amount recharged to the Gwynedd Pension Fund for the financial year ending 31<sup>st</sup> of March 2025 was £241k and this is included in Note 12d in the financial statements.

In addition to the running costs, there are also transition costs associated with the transition of assets into the pool, these costs can be categorised in terms of direct and indirect costs. Direct costs include the costs of appointing a transition manager to undertake the transition, together with any additional oversight of this process undertaken from a research and reflection perspective. Indirect costs include both explicit and implicit costs, such as commissions, spread and impact, and opportunity costs known as implementation shortfall. Transition costs are directly attributable to the assets undergoing the transition and are therefore deducted from their net asset value as opposed to a direct charge to the Fund.

## **Investment Management Costs**

The table below discloses the investment management costs split between those held by the WPP (including the passive equities) and those held outside of the WPP for 2024/25.

		<b>Direct</b>	<b>Indirect</b>	<b>Total</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Management Fees</b>	Pool Assets	5,624	4,125	9,749
	Non-Pool Assets	8,608	455	9,063
<b>Transaction Costs</b>	Pool Assets	1,175	0	1,175
	Non-Pool Assets	0	2,705	2,705
<b>Custody Costs</b>	Pool Assets	331	0	331
	Non-Pool Assets	0	0	0
<b>Whole Fund Total</b>		<b>15,738</b>	<b>7,285</b>	<b>23,023</b>

## **2025/26 Objectives**

The WPP continues to evolve its private market offerings with the Real Estate Investment programme due to be launched in 2025/26. Through the Private Market programmes, the WPP has been able to facilitate investments in local investment opportunities in Wales and is keen to develop this further.

In November 2024, the WPP was delighted to be awarded the ESG innovation award at the LGC Investment Awards ceremony. This award reflects the critical importance that the WPP and its constituent authorities continues to place on sustainability issues and recognises the success of its Sustainable Active Equity Fund, which has grown to become one of the largest sustainable investment funds of its type in the UK. This area remains a focus for the WPP, with work now ongoing to improve the sustainability characteristics of existing investments, considering how to evolve the Passive and Fixed Income sub-funds to become more sustainable.

During 2024/25, the WPP submitted its fourth annual Stewardship Report and was successful in retaining its signatory status to the UK Stewardship Code. The WPP also completed its first Pool-level annual climate report, as well as an updated analysis of deforestation exposure within its listed-equity Sub-Funds. In 2025/26, the WPP will be publishing its next All Wales Climate Report.

The WPP have made a number of re-appointments during 2024/25, including Waystone as the operator, Hymans Robertson as the Oversight Advisor and Robeco UK as the Voting and Engagement provider. Russell Investments continue as WPP's Investment Management Solutions Provider. All appointments followed comprehensive procurement exercises. WPP's existing Legal Services provider contract comes to an end on 31 December 2025 and work is underway with this contract re-tender process.

The Government launched its Local Government Pension Scheme Fit for The Future Consultation on the 14<sup>th</sup> of November 2024, outlining a range of proposals to strengthen the management of LGPS investments. As part of the consultation, the government asked each pool to consider and provide submissions to demonstrate a clear path to meeting the requirements outlined in the consultation document. The WPP business case proposal was approved by the WPP Joint Governance Committee on 12 March 2025 and submitted to government. This proposal sets out the compelling business case for the WPP to retain a stand-alone investment pool for Wales and proceed with building the proposed new Government requirements for the pool operating model. We are delighted that the government has approved WPP's business case and work is now underway to deliver, within the required timescale.



## **Securities Lending**

Securities lending commenced in March 2020. Revenue is split on an 85:15 basis between WPP and Northern Trust with all costs for running the securities lending programme taken from Northern Trust's share of the fee split. A minimum of 5% of the nominal quantity of each individual equity holding is held back and a maximum of 25% of total AUM is on loan at any one time. Total revenue of during 2024/25 was £987,820 (gross) / £839,712 (net) with £382,587,801 out on loan as of the 31<sup>st</sup> of March 2025.

More detailed information can be found in WPP's Annual Return which is published on the WPP website - [Wales Pension Fund | Home \(walespensionpartnership.org\)](https://www.walespensionpartnership.org)

## **6.7 Responsible Investing**

The Fund recognises that environmental, social and corporate governance (ESG) issues can represent a material financial risk to its stakeholders and can influence the Fund's long-term returns and reputation. Given this, the Committee aims to be aware of, and monitor, financially material ESG factors and has agreed the following set of investment beliefs in relation to Responsible Investment:

- In accordance with the Committee's fiduciary duty, financial considerations should carry more weight than non-financial considerations when making investment decisions, even though ESG matters can materially affect risk and returns. Therefore, ESG factors should be embedded in the investment processes and in the decision-making processes of asset managers appointed by the Fund / Wales Pension Partnership.
- The Fund's Committee will seek to invest in sustainable assets, including investing within the Wales area when non-financial investments can derive from this, on condition that they satisfy the requirements of the fiduciary duty.
- The Committee accepts that it has a duty to be a responsible investor. It is expected that consulting with companies, rather than avoiding investing, will be more effective in changing corporate behaviour and reducing risk. Wherever possible, collaborative action (such as that taken via Local Authority Pension Fund Forum (LAPFF) membership and commissioned from Robeco alongside WPP partners) provides the most successful route to influence outputs.
- As a long-term investor, the Fund is vulnerable to systemic risks such as climate change and the expectation of a transfer to a low carbon economy. Financial outcomes can be improved through managing how open to such risks the Fund is.
- Shareholder comprehension and outcomes can be improved through providing transparency at each step of the value-adding chain.
- Training and education are likely to form a key element in developing the Fund and its Committee position on ESG related matters.

The Committee recognises that the Fund's assets are invested globally and across many sectors, which means reducing the Fund's carbon emissions is more challenging than it would be for an individual organisation. In March 2022, the Committee committed to set a goal for the Fund to be net zero by 2050, supported by an undertaking to assess the feasibility of the Fund **reaching net zero 5, 10 or 20 years earlier**.

The Committee believes it is important for LGPS funds to take a leading role in shaping the future, both in terms of supporting the transition to a low carbon economy and achieving broader ESG goals. The Committee is able to exert influence in two ways: through the investment decisions it takes; and through ongoing engagement with the companies and projects the Fund invests in. Against this background, the Committee believes it is appropriate to set a realistic goal while also looking at the feasibility to achieve a more ambitious goal.

At the same time, the Committee believes that the reduction in the Fund's carbon emissions should be achieved in a measured way. The Fund must remain focused on its primary obligation to pay benefits to its members, including consideration of any associated risks. A measured approach allows the Fund to capture investment opportunities arising from the transition to a low carbon economy, as well as

mitigating the risks. Further, a measured approach supports active stewardship, giving the Committee more time and greater scope to effect change and achieve a just transition through ongoing engagement.

As a priority in 2025/26 the Fund will be re-assessing its net zero ambition and its responsible investment policy.

## 7. Management and Financial Performance

### 7.1 Managing Risk

The Gwynedd Pension Fund recognises the importance of effective risk management. Risk management is the process by which the Fund identifies and deals with the risks associated with the activities.

For the Gwynedd Pension Fund, the risks come from several sources including long-term investment strategy, funding position, investment performance, scheme administration, membership change, financial systems and communications.

The following documents explain these major risks and show how they are identified, avoided, managed and reviewed:

- Risk Register
- Investment Strategy Statement
- Funding Strategy Statement
- Gwynedd Pension Fund Accounts- reference to financial instrument risks

Expert advice is provided by Hymans Robertson, our advisers, and the Pensions Committee meets to review the performance of our investment managers on a quarterly basis.

The Risk Register is monitored and reviewed on a regular basis by both the Pensions Committee and Pension Board. Risks are assessed in terms of their potential impact and likelihood of occurring.

A summary of the Fund's most significant risks can be seen in the following table:

Risk areas	Mitigating factors
<b>Funding and Investments</b>	
<p>The Committee Members and Investment Officers make inappropriate decisions as a result of insufficient knowledge of financial markets and inadequate investment and actuarial advice received resulting in poor financial performance, financial loss and increase in employer contributions.</p>	<ul style="list-style-type: none"> <li>• GPF Investment Strategy is set in accordance with LGPS investment regulations.</li> <li>• The Investment Strategy takes the Fund's liabilities into account.</li> <li>• The Investment Strategy is approved and reviewed by the Pensions Committee.</li> <li>• GPF uses an external investment advisor who provides specialist guidance to the Investment Panel and Pensions Committee regarding the Investment Strategy</li> <li>• Members and Officers are encouraged to challenge advice and guidance received.</li> <li>• Members and Officers receive relevant training on a timely basis.</li> </ul>
<p>The Pension Fund has insufficient assets to meet its long term liabilities.</p> <p>The Pension Fund's investment strategy fails to produce the required returns.</p>	<ul style="list-style-type: none"> <li>• Triennial actuarial valuations provide periodic indications of the growth in assets against liabilities.</li> <li>• Employer contribution rates are set in response to this. The 2022 valuation showed that there is a funding provision of 120% in the Gwynedd Fund. However, the Fund continues to use prudent assumptions for the valuation.</li> <li>• GPF investments are diversified across a range of different types of assets to minimise the impact of losses in individual markets and individual fund managers.</li> </ul>

	<ul style="list-style-type: none"> <li>• As a result of the 2022 Valuation, the Committee has re-allocated assets to lower risk asset types.</li> <li>• Fund-specific benchmarks and targets are set.</li> <li>• Fund assets are kept under regular review as part of the Fund's performance management process.</li> <li>• Fund managers are thoroughly vetted prior to appointment and performance is reviewed regularly against the benchmark and performance objectives by the Investment Panel.</li> <li>• The Fund/ WPP replaces underperforming investment managers.</li> </ul>
<p>Market risk - Market crash leading to failure to reduce the deficit resulting in:</p> <ul style="list-style-type: none"> <li>• Financial loss</li> <li>• Increased employer contribution costs.</li> </ul>	<ul style="list-style-type: none"> <li>• The Fund is diversified across a range of asset classes to mitigate the impact of poor performance in an individual market segment.</li> <li>• Investment performance and monitoring arrangements exist which provide the investment officers with the flexibility to rebalance the portfolio in a timely manner.</li> <li>• The long term nature of the liabilities significantly reduces the impact.</li> </ul>
<p>The Fund fails to adequately account for climate change, climate risk and environmental, social and governance (ESG) factors.</p>	<ul style="list-style-type: none"> <li>• The Fund has an active Responsible Investment policy and a net zero target of 2050 has been set.</li> <li>• As part of the Wales Pension Partnership a number of active steps take place including: responsible investment executive group, engagement and voting provider, PPC a signatory to the UK Stewardship Code.</li> <li>• The Investment Panel will also constantly engage and challenge managers on how they consider the risk of climate change and ESG factors.</li> <li>• The Fund aims to invest in impact investments that make a difference locally and in the wider world.</li> </ul>
<b>Custodian Role</b>	
<p>Failure of custodian leading to losses which results in:</p> <ul style="list-style-type: none"> <li>• Failure to reduce the deficit</li> <li>• Financial loss</li> </ul>	<ul style="list-style-type: none"> <li>• A highly reliable Custodian with high accreditation was appointed.</li> <li>• Fund assets are protected in the event of insolvency of the custodian.</li> <li>• The Custodian must follow FCA and TPR financial regulations.</li> </ul>
<b>Pension Administration</b>	
<p>Cyber Attack</p> <ul style="list-style-type: none"> <li>• Loss of sensitive data.</li> <li>• Systems damaged or destroyed.</li> <li>• Reputation risk.</li> </ul> <p>Financial loss arising from legal action.</p>	<ul style="list-style-type: none"> <li>• Firewall in operation.</li> <li>• Software regularly updated with latest security features.</li> <li>• The system is backed up daily.</li> <li>• Password access is required.</li> </ul>
<b>Uncontrollable External Factors</b>	
<p>Normal operations disrupted by uncontrollable external factors.</p>	<ul style="list-style-type: none"> <li>• Working from home is happening with many of the staff now working hybrid.</li> <li>• Disaster Recovery Plan for pension system.</li> </ul>

<p>Service delivery threats from fire, bomb, extreme weather, electrical faults, sickness, epidemic, pandemic etc.</p> <p>Insufficient daily back up, disaster recovery, and IT cover to support systems.</p> <p>Temporary loss of ability to provide service to stakeholders.</p>	<ul style="list-style-type: none"> <li>• Business Continuity / Disaster.</li> <li>• Recovery Plan for the Authority with IT firewalls.</li> </ul>
<b>Response to 'Fit for the Future'</b>	
<p>Risk that the WPP IM Co fails to obtain FCA authorisation in time for April 2026 go-live.</p> <p>Without FCA authorisation, the WPP IM Co cannot legally operate, causing major operational disruption.</p>	<ul style="list-style-type: none"> <li>• Early and ongoing engagement with FCA.</li> <li>• Rigorous preparation of the FCA application and compliance documentation.</li> <li>• Engage external regulatory advisors to ensure application completeness.</li> <li>• Develop contingency plans for delayed authorisation scenarios.</li> </ul>

## 7.2 Investment Strategy Statement

The Pensions Committee approved the Investment Strategy Statement in March 2023 following the 2022 valuation. This strategy defines the types of investments that the fund may use in the long term.

There are no specific limits for types of investments. However, it is good practice to have some broad limits, and these are included in the Investment Strategy Statement. A copy of the Investment Strategy Statement is available on the Fund's website at:

<https://www.gwyneddpensionfund.wales/en/Investments/Gwynedd-Pension-Fund-Investment-Strategy-Statement-March-2023.pdf>

## 7.3 Funding Strategy Statement

Local Government Pension Scheme (LGPS) administering authorities are required to prepare and publish a Funding Strategy Statement. The Funding Strategy Statement sets out the fund-specific strategy which will identify how employers' pension liabilities are best met going forward.

LGPS benefits are guaranteed by statute and thereby the pensions promise is secure. The Funding Strategy Statement addresses the issue of managing the need to fund those benefits over the long term, whilst at the same time facilitating scrutiny and accountability through improved transparency and disclosure. It also provides LGPS administrative authorities with a statutory framework within which to manage their Funds' long-term pension liabilities going forward.

The Funding Strategy Statement was reviewed during 2022/23 to reflect the Actuarial Valuation on the 31<sup>st</sup> of March 2022. It includes all employer contribution rates from the 1<sup>st</sup> of April 2023 onwards.

A copy of the Funding Strategy is available on the Fund's website at:

<https://www.gwyneddpensionfund.wales/en/Investments/Gwynedd-FFS-2023-Saesneg.pdf>

Paper copies of the Investment Strategy Statement and Funding Strategy Statement can be obtained from Delyth Jones-Thomas, Cyngor Gwynedd, Council Offices, Shirehall Street, Caernarfon, LL55 1SH.

## 7.4 Financial Performance

### Income

	<b>Actual 2023/24 £000</b>	<b>Actual 2024/25 £000</b>
Employee/ Member contributions	23,500	24,831
Employer contributions	70,778	76,929
Transfer in	8,575	9,156
Investment Income	47,956	65,847
Other Income	3	3
<b>Total Income</b>	<b>150,812</b>	<b>176,766</b>

There was an increase across all categories of income but in particular, an increase in investment income. The equity investments have continued to perform strongly and therefore have generated significant income, but also as part of the new strategic asset allocation we have invested more in the fixed income funds, and these investments have generated significant interest income. These investments follow the pattern of interest rates and therefore it is reasonable that the income level has increased.

### Expenditure

	<b>Actual 2023/24 £000</b>	<b>Actual 2024/25 £000</b>
Benefits payable	(82,931)	(94,520)
Payments to leavers	(5,068)	(7,870)
Management expenses	(15,042)	(18,282)
<b>Total Expenditure</b>	<b>(103,041)</b>	<b>(120,672)</b>

There was an increase in the amount of benefits paid after the benefits increased with CPI, and there was an increase in management costs due to the introduction of different asset classes and therefore difference fee charges.

### Net Assets

	<b>Actual 2023/24 £'000</b>	<b>Actual 2024/25 £'000</b>
Profit and losses on disposal of investments and changes in the market value of investments	308,051	171,473
<b>Net Increase/ (Decrease) in the Net Assets available for benefits during the year</b>	<b>307,866</b>	<b>161,720</b>

The value of investments on the market has increased steadily during the year with modest returns across the asset classes.

Further information is included in the Statement of Accounts (Section 9).

## **7.5 International Accounting Standard 19 (IAS19) and Financial Reporting Standard 102 (FRS102)**

### **Definition of IAS19**

IAS19 effectively defines how pension scheme assets and liabilities are to be measured for financial reporting purposes and notes that any deficit or surplus should be recognised in full as a balance sheet item, with any movements being recognised in the annual profit and loss account. IAS19 is relevant to bodies required to report under International Financial Reporting Standards (IFRS). This includes the scheduled bodies in the Pension Fund, which are part of Government accounting, namely Cyngor Gwynedd, Isle of Anglesey County Council, Conwy County Borough Council and their foundation schools, Snowdonia National Park Authority, the Police and Crime Commissioner for North Wales and Careers Wales Northwest. Two of the smaller employers also requested IAS19 reports. All other employers are still subject to FRS102 reporting requirements.

### **Accounting for IAS19 and FRS102**

Adoption of IAS19 or FRS102 means that employers must recognise the net asset or liability, and a pensions reserve, in the balance sheet. They also must make entries in the Consolidated Revenue Account for movements in the asset or liability relating to defined benefit schemes.

### **IAS19 and FRS102 Reports as at 31/03/2025**

In March 2025 the necessary data was collected to enable the Actuary to calculate the individual IAS19 or FRS102 information for the Fund's employers.

### **IAS19 and FRS102 Results as at 31/03/2025**

The employer had the choice to base the results on expected returns or actual returns. Each employer's results reflect their own specific circumstances. Therefore, this update should be considered as an illustrative guide to the main issues affecting most employers, rather than a detailed explanation of each employer's experience.

## **7.6 Final Accounts 2024/25**

The Final Accounts were audited by Audit Wales, and the final version in Section 9 was presented to the Pensions Committee on 24<sup>th</sup> November 2025.

## **7.7 Governance**

The Fund is administered within the framework established by statute, which stipulates that Cyngor Gwynedd is the Administering Authority.

### **Governance Policies**

The Governance Policy Statement and the Governance Compliance Statement states the governance practices of the Pension Fund.

<https://www.gwyneddpensionfund.wales/en/Governance/Governance-Compliance-Statement-2023.pdf>

Paper copies can be obtained from Delyth Jones-Thomas, Cyngor Gwynedd, Council Offices, Shirehall Street, Caernarfon, LL55 1SH.

## **7.8 Knowledge and Skills Framework**

Gwynedd Pension Fund recognises the importance of ensuring that all staff and members charged with the financial administration and decision-making regarding the pension scheme are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them.

Therefore, Gwynedd Pension Fund seeks to utilise individuals who are both capable and experienced and it will provide training for staff and members of the pension decision-making bodies to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills.

All current members of Pensions Committee have completed the LGA Fundamentals which is a bespoke LGPS training course aimed at members to enable them to carry out their duties effectively.

Training undertaken in the last 12 months as part of the Wales Pension Partnership has included:

Wales Pension Partnership	WPP Pooled Investments
Wales Pension Partnership	Overview of Cyber Security and considerations for WPP
Wales Pension Partnership	Policies: Responsible Investment, Climate and Stewardship
Wales Pension Partnership	Responsible Investment – Climate metrics
Wales Pension Partnership	Progress of other LGPS pools/ collaboration opportunities
Wales Pension Partnership	Any new regulatory/ guidance developments
Wales Pension Partnership	Project Snowdon

In addition, the committee members have attended numerous conferences and events which have enhanced their knowledge further.

**7.9 Investment Unit**

Collaboration continues to be very important theme again this year. I would like to thank the staff within the Investment Unit for their hard work during the year and the teams at Hymans Robertson and all the Wales funds for their willing co-operation throughout.

**Delyth Jones-Thomas  
Investment Manager**



## 8. Actuarial Report

### General

The Fund needs to be sufficient to meet its commitments, and therefore the Fund receives a valuation every three years to assess the situation. The most recent actuarial valuation of the Fund was undertaken as at 31<sup>st</sup> March 2022 (previously 31<sup>st</sup> March 2019), and the new rates were effective from 1 April 2023. The next valuation will be at 31 March 2025 and any changes to employers' contributions will be effective from 1 April 2026 onwards.

### Method and Assumptions Used

The actuarial methods used in the valuation were the "Projected Unit Method" for the Fund as a whole and employers who will continue to admit new entrants to the Fund and the "Attained Age Method" for employers who no longer admit new entrants to the Fund. The main financial assumptions were as follows:

	% per annum
Discount Rate	4.1%
Salary Increases	3.2%
Benefit increases and CARE revaluation (CPI)	2.7%

### 2022 Valuation Results

The triennial actuarial valuation as at 31 March 2022 was completed during 2022/23. The funding position for the whole Fund improved from 108% at 31 March 2019 to 120% at 31 March 2022, mainly due to strong investment performance over the period.

Valuation Date	31 March 2022	31 March 2019
<b>Past Service Liabilities</b>	<b>(£m)</b>	<b>(£m)</b>
Employees	1,042	855
Deferred Pensioners	392	321
Pensioners	874	750
<b>Total Liabilities</b>	<b>2,308</b>	<b>1,925</b>
<b>Assets</b>	<b>2,776</b>	<b>2,081</b>
<b>Surplus/(Deficit)</b>	<b>468</b>	<b>156</b>
<b>Funding Level</b>	<b>120%</b>	<b>108%</b>

The funding position has increased from a surplus of £156m to a surplus of £468m. See the movements in the table below:

Change in the surplus/deficit position	Assets (£m)	Liabilities (£m)	Surplus / (Deficit) (£m)
<b>Last valuation at 31 March 2019</b>	<b>2,081</b>	<b>1,925</b>	<b>156</b>
<b>Cashflows</b>			
Employer contributions paid in	179	0	179
Employee contributions paid in	56	0	56
Benefits paid out	(192)	(192)	0
Net transfers into / out of the Fund*			
Other cashflows (e.g. Fund expenses)	(5)	0	(5)
<b>Expected changes in membership</b>			
Interest on benefits already accrued	0	238	(238)
Accrual of new benefits	0	255	(255)
Expected investment returns	249	0	249
<b>Membership experience vs expectations</b>			

Salary increases greater than expected	0	17	(17)
Benefit increases greater than expected	0	(26)	26
Early retirement strain (and contributions)	0	4	(4)
Ill health retirement strain	0	(3)	3
Early leavers less than expected	0	(2)	2
Pensions ceasing less than expected	0	0	0
Commutation less than expected	0	0	0
McCloud remedy	0	7	(7)
Other membership experience	0	20	(20)
<b>Changes in market conditions</b>			
Investment returns on the Fund's assets	407	0	407
Changes in future inflation expectations	0	175	(175)
<b>Changes in actuarial assumptions</b>			
Change in demographic assumptions (excl. longevity)	0	(30)	30
Change in longevity assumptions	0	6	(6)
Change in salary increase assumption	0	7	(7)
Change in discount rate	0	(92)	92
<b>This valuation at 31 March 2022</b>	<b>2,775</b>	<b>2,309</b>	<b>468</b>

The actuary produced a provisional report for each individual employer. A forum was held for all employers in October 2022, where the Actuary presented the results and answered questions. This was a very useful session and a number of employers attended.

The final Gwynedd Pension Fund 2022 Actuarial Valuation Report was produced in March 2023 and is available on the Fund's website at:

<https://www.cronfabensiwngwynedd.cymru/cy/Buddsoddiadau/230328-Gwynedd-Pension-Fund-Final-Valuation-Report.pdf>

### Employer Contribution Rate

The Contribution Objective is achieved by setting employer contributions which are likely to be sufficient to meet both the cost of new benefits accruing and to address any funding deficit relative to the funding target over the agreed time horizon. A secondary objective is to maintain where possible relatively stable employer contribution rates.

For each employer in the Fund to meet the Contribution Objective, a primary rate has been calculated in order to fund the cost of new benefits accruing in the Fund. Additionally, if required, a secondary contribution rate has also been calculated to target a fully funded position within each individual employer's set time horizon.

The table below summarises the whole fund Primary and Secondary Contribution rates at this valuation.

Primary Rate (% of pay)	Secondary Rate £		
	2023/24	2024/25	2025/26
1 April 2023 – 31 March 2026			
21.8%	-£8,746,000	-£9,021,000	-£9,303,000

The next triennial valuation will be at 31 March 2025.

## 9. Statement of Accounts 2024/25

### NARRATIVE REPORT

#### Introduction

Gwynedd Pension Fund's accounts and notes for the year 2024/25 are presented here on pages 5 to 44.

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](http://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 was made from 1 April 2023 onwards for three years. The next valuation will be at 31 March 2025 and any changes to employers' contributions will be effective from 1 April 2026 onwards.

Further information relating to the accounts is available from:

Delyth Jones-Thomas  
Investment Manager  
01286 679128  
delythwynjonesthomas@gwynedd.llyw.cymru

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.

24 November 2025

**Councillor Elin Hywel**  
**Chair, Pensions Committee**

### 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 2025 and the Pension Fund's income and expenditure for the year then ended.



**Dewi Morgan CIPFA**  
**Head of Finance, Cyngor Gwynedd**

12 November 2025

## GWYNEDD PENSION FUND ACCOUNTS

### THE FUND ACCOUNT

31 March 2024 £'000		Notes	31 March 2025 £'000
	<b>Dealings with members, employers and others directly involved in the Fund</b>		
94,278	Contributions	7	101,760
3	Other income	8	3
8,575	Transfers in from other pension funds	9	9,156
<b>102,856</b>			<b>110,919</b>
(82,931)	Benefits	10	(94,520)
(5,068)	Payments to and on account of leavers	11	(7,870)
<b>(87,999)</b>			<b>(102,390)</b>
<b>14,857</b>	<b>Net additions/ (withdrawals) from dealings with members</b>		<b>8,529</b>
<b>(15,042)</b>	Management expenses	12	<b>(18,282)</b>
<b>(185)</b>	<b>Net additions/ (withdrawals) including fund management expenses</b>		<b>(9,753)</b>
	<b>Returns on investments</b>		
47,956	Investment income	13	65,847
260,095	Profit and losses on disposal of investments and changes in the market value of investments	14	105,626
<b>308,051</b>	<b>Net returns on investments</b>		<b>171,473</b>
<b>307,866</b>	<b>Net Increase/ (Decrease) in the net assets available for benefits during the year</b>		<b>161,720</b>
<b>2,762,129</b>	<b>Opening net assets of the scheme</b>		<b>3,069,995</b>
<b>3,069,995</b>	<b>Closing net assets of the scheme</b>		<b>3,231,715</b>

The notes on pages 7 to 44 form part of these Financial Statements

## NET ASSETS STATEMENT

<b>31 March 2024</b>		<b>Notes</b>	<b>31 March 2025</b>
<b>£'000</b>			<b>£'000</b>
3,036,264	Investment assets	14	3,192,243
499	Cash deposits	14	1,546
(333)	Investment liabilities	14	(642)
<b>3,036,430</b>	<b>Total net investments</b>		<b>3,193,147</b>
37,723	Current assets	20	42,580
(4,158)	Current liabilities	21	(4,012)
<b>3,069,995</b>	<b>Net assets of the fund available to fund benefits at the end of the reporting period</b>		<b>3,231,715</b>

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:

<b>Scheduled Bodies</b>	
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	
<b>Resolution Bodies</b>	
Llanllyfni 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
Llanfair Mathafarn Eithaf Town Council (since 01/08/2024)	
<b>Admission Bodies</b>	
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
<b>Community Admission Bodies</b>	
Cartrefi Conwy	Adra
Byw'n Iach	
<b>Transferee Admission Bodies</b>	
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 2024	31 March 2025
Number of employers	46	47
<b>Number of employees in scheme</b>		
County Council	15,236	15,198
Other employers	4,112	4,214
<b>Total</b>	<b>19,348</b>	<b>19,412</b>
<b>Number of pensioners</b>		
County Council	10,194	10,746
Other employers	2,310	2,530
<b>Total</b>	<b>12,504</b>	<b>13,276</b>
<b>Deferred pensioners</b>		
County Council	12,093	12,435
Other employers	2,326	2,411
<b>Total</b>	<b>14,419</b>	<b>14,846</b>
<b>Unclaimed benefits</b>		
County Council	3,473	4,055
Other employers	533	628
<b>Total</b>	<b>4,006</b>	<b>4,683</b>
<b>Undecided Leavers</b>		
County Council	2,738	1,604
Other employers	300	188
<b>Total</b>	<b>3,038</b>	<b>1,792</b>
<b>Total number of members in pension scheme</b>	<b>53,315</b>	<b>54,009</b>

### 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 2025. Employer contributions are set based on triennial actuarial funding valuations. The valuation relating to this year was at 31 March 2022. The employer contribution rates range from 0.0% to 31.8% 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:

	<b>Service pre-1 April 2008</b>	<b>Service post-31 March 2008</b>
<b>Pension</b>	Each year worked is worth 1/80 x final pensionable salary.	Each year worked is worth 1/60 x final pensionable salary.
<b>Lump sum</b>	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:

	<b>Service post-31 March 2014</b>
<b>Pension</b>	Each year worked is worth 1/49 x career average revalued earnings (CARE)
<b>Lump Sum</b>	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 2024/25 financial year and its position at year-end as at 31 March 2025. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 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 2024/25.

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 15). 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 IAS19 and relevant actuarial standards.

As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the net assets statement (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, private credit and infrastructure investments**

The fair value of private equity, private credit and infrastructure investments are inherently based on forward-looking estimates and judgements involving many factors. Unquoted private equities, private credit and infrastructure are valued by the investment managers using guidelines set out by IFRS accounting standards. The value of unquoted securities at 31 March 2025 was £413.0 million (£267.2 million at 31 March 2024).

### **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 IAS19. 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, private credit and infrastructure	Private equity, private credit 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, private credit and infrastructure investments in the financial statements are £413.0 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

2023/24		2024/25
£'000		£'000
23,500	Employees' contributions	24,831
	Employers' contributions:	
70,948	• Normal contributions	76,844
(170)	• Other*	85
<b>70,778</b>	<b>Total employers' contributions</b>	<b>76,929</b>
<b>94,278</b>	<b>Total contributions receivable</b>	<b>101,760</b>

### By type of employer

2023/24		2024/25
£'000		£'000
30,331	Cyngor Gwynedd	32,503
58,497	Other scheduled bodies	63,001
1,799	Admission bodies	1,872
3,269	Community admission bodies	3,691
151	Transferee admission bodies	150
403	Resolution bodies	458
(172)	Closed funds**	85
<b>94,278</b>		<b>101,760</b>

\* Other employers' contributions - this relates to an exit credit payment to an employer that was previously in the Fund.

\*\* Closed funds – this relates to an exit credit payment following cessation of an employer in the fund. The employer was previously an admission body but is now a closed fund.

## NOTE 8 – OTHER INCOME

2023/24		2024/25
£'000		£'000
2	Interest on deferred contributions	0
1	Income from divorce calculations	3
<b>3</b>		<b>3</b>

## NOTE 9 – TRANSFERS IN FROM OTHER PENSION FUNDS

2023/24		2024/25
£'000		£'000
8,575	Individual transfers	9,156
<b>8,575</b>		<b>9,156</b>

## NOTE 10 - BENEFITS PAID

### By category

2023/24		2024/25
£'000		£'000
62,931	Pensions	70,063
16,841	Commutation and lump sum retirement benefits	21,597
3,159	Lump sum death benefits	2,860
<b>82,931</b>		<b>94,520</b>

### By type of employer

2023/24		2024/25
£'000		£'000
25,340	Cyngor Gwynedd	28,742
40,911	Other scheduled bodies	48,151
1,671	Admission bodies	2,085
1,916	Community admission bodies	2,417
50	Transferee admission bodies	56
189	Resolution bodies	133
12,854	Closed funds	12,936
<b>82,931</b>		<b>94,520</b>

## NOTE 11 – PAYMENTS TO AND ON ACCOUNT OF LEAVERS

2023/24		2024/25
£'000		£'000
271	Refunds to members leaving service	209
(1)	Payments for members joining state scheme	0
4,798	Individual transfers	7,661
<b>5,068</b>		<b>7,870</b>

## NOTE 12 – MANAGEMENT EXPENSES

2023/24		2024/25
£'000		£'000
12,866	Investment management expenses	15,738
1,720	Administrative costs	1,988
456	Oversight and governance costs	556
<b>15,042</b>		<b>18,282</b>

## NOTE 12a – INVESTMENT MANAGEMENT EXPENSES

2024/25	Management Fees £'000	Transaction Costs £'000	Total £'000
<b>Pooled Funds</b>			
Fixed Income	594	101	695
Equities	1,807	986	2,793
<b>Other Investments</b>			
Pooled Property	1,708	0	1,708
Private Credit	990	0	990
Private Equity	4,370	0	4,370
Infrastructure	4,763	88	4,851
	14,232	1,175	15,407
<b>Custody Fees</b>			331
<b>Total</b>			15,738

2023/24	Management Fees £'000	Transaction Costs £'000	Total £'000
<b>Pooled Funds</b>			
Fixed Income	502	28	530
Equities	1,910	944	2,854
<b>Other Investments</b>			
Pooled Property	1,740	0	1,740
Private Credit	722	0	722
Private Equity	3,871	0	3,871
Infrastructure	2,875	0	2,875
	11,620	972	12,592
<b>Custody Fees</b>			274
<b>Total</b>			12,866

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 Growth, Global Opportunities, Sustainable Equity, Multi Asset Credit, Absolute Return Bond, Global Credit and Emerging Market funds are investments which are appointed via a manager of managers 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 2024/25 were £4,125,186 (£3,074,340 in 2023/24).

## NOTE 12b- ADMINISTRATIVE COSTS

2023/24		2024/25
£'000		£'000
794	Direct employee costs	903
494	Other direct costs	648
432	Support services, including IT	437
<b>1,720</b>		<b>1,988</b>

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

2023/24		2024/25
£'000		£'000
87	Actuarial fees	143
78	Investment consultancy fees	68
6	Performance monitoring service	47
43	External audit fees	44
16	Pensions Committee and Local Pension Board	13
226	Wales Pensions Partnership	241
<b>456</b>		<b>556</b>

## NOTE 12d- WALES PENSION PARTNERSHIP

The investment management expenses in Note 12a are fees payable to Waystone (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 Net Asset Value (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.

	2023/24	2024/25
	£'000	£'000
<b>Investment Management Expenses</b>		
Fund Manager fees	3,193	5,624
Transaction costs	972	1,175
Custody fees	268	331
	<b>4,433</b>	<b>7,130</b>
<b>Oversight and governance costs</b>		
Running costs	226	241
<b>Total</b>	<b>4,659</b>	<b>7,371</b>

## NOTE 13 – INVESTMENT INCOME

2023/24		2024/25
£'000		£'000
16,175	Fixed Income	28,082
20,964	Equities	20,417
750	Private Credit	1,252
880	Private Equity	2,408
765	Infrastructure	5,924
7,168	Pooled property investments	6,242
1,254	Interest on cash deposits	1,522
<b>47,956</b>	<b>Total before taxes</b>	<b>65,847</b>

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		31 March
2024		2025
£'000		£'000
	<b>Investment assets</b>	
	<b>Pooled Funds</b>	
861,232	Fixed income	878,523
1,697,436	Equities	1,725,148
	<b>Other Investments</b>	
210,350	Pooled property investments	175,589
10,235	Private Credit	50,748
167,029	Private Equity	162,518
89,982	Infrastructure	199,717
<b>3,036,264</b>		<b>3,192,243</b>
499	Cash deposits	1,546
<b>3,036,763</b>	<b>Total investment assets</b>	<b>3,193,789</b>
	<b>Investment liabilities</b>	
(333)	Amounts payable for purchases	(642)
<b>(333)</b>	<b>Total investment liabilities</b>	<b>(642)</b>
<b>3,036,430</b>	<b>Net investment assets</b>	<b>3,193,147</b>

## NOTE 14a – RECONCILIATION OF MOVEMENTS IN INVESTMENTS AND DERIVATIVES

<b>2024/25</b>	<b>Market value at 1 April 2024</b>	<b>Purchases during the year</b>	<b>Sales during the year</b>	<b>Change in market value during the year</b>	<b>Market value at 31 March 2025</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Pooled investments	2,558,668	59,499	(90,100)	75,604	2,603,671
Pooled property investments	210,350	3,980	(45,410)	6,669	175,589
Private credit	10,235	37,642	0	2,871	50,748
Private equity / infrastructure	257,011	118,878	(22,930)	9,276	362,235
	<b>3,036,264</b>	<b>219,999</b>	<b>(158,440)</b>	<b>94,420</b>	<b>3,192,243</b>
Cash deposits	499				1,546
Amounts payable for purchases of investments	(333)				(642)
Fees within pooled vehicles				11,206	
<b>Net investment assets</b>	<b>3,036,430</b>			<b>105,626</b>	<b>3,193,147</b>

<b>2023/24</b>	<b>Market value at 1 April 2023</b>	<b>Purchases during the year</b>	<b>Sales during the year</b>	<b>Change in market value during the year</b>	<b>Market value at 31 March 2024</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Pooled investments	2,287,448	536,033	(523,948)	259,135	2,558,668
Pooled property investments	221,297	2,981	0	(13,928)	210,350
Private credit	0	13,404	(3,332)	163	10,235
Private equity / infrastructure	234,188	37,053	(18,208)	3,978	257,011
	<b>2,742,933</b>	<b>589,471</b>	<b>(545,488)</b>	<b>249,348</b>	<b>3,036,264</b>
Cash deposits	963				499
Amounts payable for purchases of investments	(960)				(333)
Fees within pooled vehicles				10,747	
<b>Net investment assets</b>	<b>2,742,936</b>			<b>260,095</b>	<b>3,036,430</b>

No derivative instruments were held by Gwynedd Pension Fund at 31 March 2025 or at 31 March 2024.

## NOTE 14b – ANALYSIS OF INVESTMENTS

### Investments analysed by fund manager

Market Value at 31 March 2024			Market Value at 31 March 2025		
£'000	%		£'000	%	
2,118,741	69.8	Wales Pension Partnership	2,326,430	72.9	
524,137	17.3	BlackRock	521,850	16.3	
236,679	7.8	Partners Group	226,167	7.1	
72,160	2.4	UBS	76,742	2.4	
50,779	1.6	Lothbury	6,263	0.2	
34,267	1.1	Threadneedle	36,337	1.1	
<b>3,036,763</b>	<b>100.0</b>		<b>3,193,789</b>	<b>100.0</b>	

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

Market Value at 31 March 2024			Market Value at 31 March 2025		
£'000	%		£'000	%	
434,566	14.2	WS Wales PP Global Opportunities Equity Fund	460,613	14.3	
415,429	13.5	WS Wales PP Global Growth Fund	418,895	13.0	
412,216	13.4	WS Wales PP Absolute Return Bond Fund	403,246	12.5	
317,063	10.3	WS Wales PP Sustainable Active Equity Fund	317,658	9.8	
267,131	8.7	Black Rock Aquila Life UK Equity Index Fund	294,958	9.1	
226,013	7.4	WS Wales PP Multi Asset Credit Fund	241,859	7.5	
223,004	7.3	WS Wales PP Global Credit Fund	233,417	7.2	
203,363	6.6	Black Rock ACS World Low Carbon Fund	170,002	5.3	

## 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 £135,500 (£99,730 in 2023/24). Currently the Fund has total quoted equities of £44.7m on loan (£52.2m at 31 March 2024). 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 3	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	Valuations could be affected by changes to expected cashflows or by differences between audited and unaudited accounts
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"> <li>• EBITDA multiple</li> <li>• Revenue multiple</li> <li>• Discount for lack of marketability</li> <li>• Control premium</li> </ul>	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
Private credit	Level 3	Valuation techniques are used in accordance with U.S. GAAP to measure fair value that is consistent with market approach and/or income approach, depending on the type of security and the circumstance.	Private investments are fair valued initially based upon transaction price excluding expenses. The market approach uses prices generated by market transactions involving identical or comparable securities. The income approach	Valuations could be affected by changes to expected cash flows or by differences between audited and unaudited accounts.

			uses valuation techniques to discount estimated future cash flows to present value.	
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**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 2025. 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 2024/25.

## 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.

	Quoted market price Level 1 £'000	Using observable inputs Level 2 £'000	With significant unobservable inputs Level 3 £'000	Total £'000
<b>Values at 31 March 2025</b>				
<b>Financial assets at fair value through profit and loss</b>				
Fixed income	0	878,523	0	878,523
Equities	0	1,725,148	0	1,725,148
Pooled property investments	0	0	175,589	175,589
Private credit	0	0	50,748	50,748
Private equity	0	0	162,518	162,518
Infrastructure	0	0	199,717	199,717
Cash deposits	1,546	0	0	1,546
	<b>1,546</b>	<b>2,603,671</b>	<b>588,572</b>	<b>3,193,789</b>
<b>Financial liabilities at fair value through profit and loss</b>				
Payables for investment purchases	(642)	0	0	(642)
<b>Total</b>	<b>904</b>	<b>2,603,671</b>	<b>588,572</b>	<b>3,193,147</b>

## NOTE 15a – FAIR VALUE HIERARCHY (CONTINUED)

Values at 31 March 2024	Quoted	Using	With	Total
	market price	observable inputs	significant unobservable inputs	
	Level 1	Level 2	Level 3	
	£'000	£'000	£'000	£'000
<b>Financial assets at fair value through profit and loss</b>				
Fixed income	0	861,232	0	861,232
Equities	0	1,697,436	0	1,697,436
Pooled property investments	0	0	210,350	210,350
Private credit	0	0	10,235	10,235
Private equity	0	0	167,029	167,029
Infrastructure	0	0	89,982	89,982
Cash deposits	499	0	0	499
	<b>499</b>	<b>2,558,668</b>	<b>477,596</b>	<b>3,036,763</b>
<b>Financial liabilities at fair value through profit and loss</b>				
Payables for investment purchases	(333)	0	0	(333)
<b>Total</b>	<b>166</b>	<b>2,558,668</b>	<b>477,596</b>	<b>3,036,430</b>

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

	Market Value	Transfers	Purchases	Sales	Unrealised	Realised	Market Value
	1 April 2024	in/ out of	during	during	gains/	(gains)/	31 March 2025
		Level 3	the year	the year	(losses)	losses	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Property	210,350	0	3,980	(45,410)	6,669	0	175,589
Private Credit	10,235	0	37,642	0	2,871	0	50,748
Private Equity	167,029	0	12,230	(7,646)	1,177	(10,272)	162,518
Infrastructure	89,982	0	106,648	(1,552)	8,099	(3,460)	199,717
<b>Total Level 3</b>	<b>477,596</b>	<b>0</b>	<b>160,500</b>	<b>(54,608)</b>	<b>18,816</b>	<b>(13,732)</b>	<b>588,572</b>

	Market Value	Transfers	Purchases	Sales	Unrealised	Realised	Market Value
	1 April 2023	in/ out of	during	during	gains/	(gains)/	31 March 2024
		Level 3	the year	the year	(losses)	losses	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Property	221,297	0	2,981	0	(13,928)	0	210,350
Private Credit	0	0	13,404	(3,332)	163	0	10,235
Private Equity	166,622	0	10,001	(4,692)	1,419	(6,321)	167,029
Infrastructure	67,566	0	27,052	(2,447)	2,559	(4,748)	89,982
<b>Total Level 3</b>	<b>455,485</b>	<b>0</b>	<b>53,438</b>	<b>(10,471)</b>	<b>(9,787)</b>	<b>(11,069)</b>	<b>477,596</b>

## 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 2024			As at 31 March 2025		
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
<b>Financial assets</b>					
2,558,668	0	0	2,603,671	0	0
210,350	0	0	175,589	0	0
10,235	0	0	50,748	0	0
167,029	0	0	162,518	0	0
89,982	0	0	199,717	0	0
0	31,650	0	0	36,963	0
0	6,572	0	0	7,163	0
<b>3,036,264</b>	<b>38,222</b>	<b>0</b>	<b>3,192,243</b>	<b>44,126</b>	<b>0</b>
<b>Financial liabilities</b>					
0	0	(4,491)	0	0	(4,654)
<b>0</b>	<b>0</b>	<b>(4,491)</b>	<b>0</b>	<b>0</b>	<b>(4,654)</b>
<b>3,036,264</b>	<b>38,222</b>	<b>(4,491)</b>	<b>3,192,243</b>	<b>44,126</b>	<b>(4,654)</b>

## NOTE 16a – NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

31 March 2024		31 March 2025	
Fair value		Fair value	
£'000		£'000	
<b>Financial assets</b>			
249,348	Fair value through profit and loss	94,420	
0	Loans and receivables	0	
<b>249,348</b>	<b>Total financial assets</b>	<b>94,420</b>	
<b>Financial liabilities</b>			
0	Fair value through profit and loss	0	
0	Financial liabilities at cost	0	
<b>0</b>	<b>Total financial liabilities</b>	<b>0</b>	
<b>249,348</b>	<b>Net financial assets</b>	<b>94,420</b>	

## **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 (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Fund manages these investment risks as part of its overall Pension Fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the 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 2023/24 and 2024/25 reporting period.

Asset type	Potential market movement (+/-)	
	31 March 2024	31 March 2025
	%	%
UK Equities	16.0	16.3
Global Equities	16.7	18.6
Emerging Markets Equities	23.0	24.3
Private Equity	31.2	26.6
Corporate Bonds	7.0	6.5
Senior Loans (Sub investment grade)	8.8	7.6
Absolute Return Bonds	2.7	2.7
Infrastructure	13.6	14.5
Property	15.6	15.2
Diversified Credit	7.1	7.5
Cash	0.3	0.3
<b>Total Fund</b>	<b>10.7</b>	<b>11.6</b>

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:

<b>Asset type</b>	<b>Value as at 31 March 2025</b>	<b>Percentage change</b>	<b>Value on increase</b>	<b>Value on decrease</b>
	<b>£'000</b>	<b>%</b>	<b>£'000</b>	<b>£'000</b>
UK Equities	294,958	16.3	343,036	246,880
Global Equities	1,367,167	18.6	1,621,460	1,112,874
Emerging Markets Equities	63,023	24.3	78,338	47,709
Private Equity*	162,518	26.6	205,748	119,288
Corporate Bonds	233,417	6.5	248,589	218,245
Senior Loans (sub investment grades)*	50,748	7.6	54,605	46,891
Absolute Return Bonds	403,247	2.7	414,134	392,359
Infrastructure*	199,717	14.5	228,676	170,758
Property*	175,588	15.2	202,278	148,899
Diversified Credit	241,859	6.3	257,097	226,622
Cash	36,963	0.3	37,073	36,851
Debtors and Creditors	2,510	0.0	2,510	2,510
<b>Total assets available to pay Benefits</b>	<b>3,231,715</b>		<b>3,693,544</b>	<b>2,769,886</b>
*Level 3 assets	588,571		691,307	485,836

<b>Asset type</b>	<b>Value as at 31 March 2024</b>	<b>Percentage change</b>	<b>Value on increase</b>	<b>Value on decrease</b>
	<b>£'000</b>	<b>%</b>	<b>£'000</b>	<b>£'000</b>
UK Equities	267,131	16.0	309,872	224,390
Global Equities	1,370,421	16.7	1,599,281	1,141,561
Emerging Markets Equities	59,884	23.0	73,657	46,111
Private Equity*	167,029	31.2	219,141	114,916
Corporate Bonds	223,004	7.0	238,614	207,393
Senior Loans (sub investment grades)*	10,235	8.8	11,136	9,335
Absolute Return Bonds	412,215	2.7	423,345	401,086
Infrastructure*	89,982	13.6	102,219	77,744
Property*	210,350	15.6	243,164	177,535
Diversified Credit	226,013	7.1	242,060	209,966
Cash	31,650	0.3	31,745	31,555
Debtors and Creditors	2,081	0.0	2,081	2,081
<b>Total assets available to pay Benefits</b>	<b>3,069,995</b>		<b>3,496,315</b>	<b>2,643,673</b>
*Level 3 assets	477,596		575,661	379,530

### 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 of 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 2024 and 31 March 2025 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 2024	As at 31 March 2025
	£'000	£'000
Cash and cash equivalents	31,151	35,417
Cash balances	499	1,546
Pooled Fixed Income	861,232	878,523
<b>Total</b>	<b>892,882</b>	<b>915,486</b>

### 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 2025	Change in year in the net assets available to pay benefits	
		+1%	-1%
		£'000	£'000
Cash and cash equivalents	35,417	354	(354)
Cash balances	1,546	15	(15)
Pooled Fixed Income *	878,523	8,785	(8,785)
<b>Total change in assets available</b>	<b>915,486</b>	<b>9,154</b>	<b>(9,154)</b>

Asset type	Carrying amount as at 31 March 2024	Change in year in the net assets available to pay benefits	
		+1%	-1%
		£'000	£'000
Cash and cash equivalents	31,151	312	(312)
Cash balances	499	5	(5)
Pooled Fixed Income *	861,232	8,612	(8,612)
<b>Total change in assets available</b>	<b>892,882</b>	<b>8,929</b>	<b>(8,929)</b>

\* 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 average interest rate received on cash during the year was 5.07% amounting to interest of £1,087,938 for the year (average interest rate of 4.99% and interest income of £1,020,271 in 2023/24).

## 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 (€69.1 million and US\$30.4 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 2025 is 9.1%. The equivalent rate for the year ended 31 March 2024 was 9.3%. 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 2025 and at the end of the previous financial year:

Currency exposure - by asset type	Carrying amount as at 31 March 2025	Change in year in the net assets available to pay benefits	
		Value on increase	Value on decrease
		£'000	£'000
Global Equities	1,367,167	1,491,579	1,242,755
Emerging Markets Equities	63,023	68,758	57,288
Private Equity	162,518	177,307	147,729
Corporate Bonds	233,417	254,658	212,176
Senior Loans (sub investment grades)	50,748	55,366	46,130
Absolute Return Bonds	403,247	439,942	366,551
Infrastructure	199,717	217,891	181,543
Diversified Credit	241,859	263,869	219,851
<b>Total change in assets available</b>	<b>2,721,696</b>	<b>2,969,370</b>	<b>2,474,023</b>

Currency exposure - by asset type	Carrying amount as at 31 March 2024	Change in year in the net assets available to pay benefits	
		Value on increase	Value on decrease
		£'000	£'000
Global Equities	1,370,421	1,497,870	1,242,972
Emerging Markets Equities	59,884	65,453	54,315
Private Equity	167,029	182,562	151,495
Corporate Bonds	223,004	243,743	202,264
Absolute Return Bonds	412,216	450,552	373,880
Infrastructure	89,982	98,350	81,614
Diversified Credit	226,013	247,032	204,994
<b>Total change in assets available</b>	<b>2,548,549</b>	<b>2,785,562</b>	<b>2,311,534</b>

### 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:

<b>Fund</b>	<b>Percentage of Portfolio</b>
UK Equities (Black Rock)	8.00%
Low Carbon Equities (Black Rock)	4.20%
Sustainable Equity (Wales Pension Partnership)	10.10%
Emerging Markets (Wales Pension Partnership)	2.50%
Global Growth (Wales Pension Partnership)	10.10%
Global Opportunities (Wales Pension Partnership)	10.10%
Multi Asset Credit (Wales Pension Partnership)	7.50%
Absolute Return Bond (Wales Pension Partnership)	12.50%
Private Credit (Wales Pension Partnership)	5.00%
Global Credit (Wales Pension Partnership)	7.50%
Property (UBS, Threadneedle, Lothbury, BlackRock)	10.00%
Infrastructure (Wales Pension Partnership and Partners)	7.50%
Private Equity (Wales Pension Partnership and Partners)	5.00%

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 2025 the value of illiquid assets was £589m, which represented 18.2% of the total Fund assets (31 March 2024: £478m, which represented 15.6% 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 2025 are due within one year as was the case at 31 March 2024.

### **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, dated March 2023.

In summary, the key funding principles are as follows:

- 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 dependents
- use a balanced investment strategy to minimise long-term cash contributions from employers and meet the regulatory requirement for long-term cost efficiency
- where appropriate, ensure stable employer contribution rates
- reflect different employers' characteristics to set their contribution rates, using a transparent funding strategy
- 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:

<b>Financial assumptions</b>	<b>31 March 2022</b>
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)**

<b>Mortality assumption</b>	<b>Male Years</b>	<b>Female Years</b>
Current pensioners	21.1	24.0
Future pensioners (aged 45 at the 2022 valuation)	22.3	25.9

Copies of the 2022 valuation report and the Funding Strategy Statement are available on the Pension Fund’s website [www.gwyneddpensionfund.wales](http://www.gwyneddpensionfund.wales)

**Experience over the period since 31 March 2022**

Markets were disrupted by the ongoing war in Ukraine and inflationary pressures in 2022 and 2023, impacting on investment returns achieved by the Fund’s assets. Asset performance improved in 2024 and early 2025; however the recent increase in US tariffs on imports has caused significant market volatility. The peak of this market volatility was experienced immediately after 31 March 2025, however, generally lower than expected asset returns were experienced in the month immediately prior to this.

High levels of inflation in the UK (compared to recent experience), have resulted in higher than expected LGPS benefit increases of 10.1% in April 2023 and 6.7% in April 2024. However, inflation has reduced towards historical levels and the Bank of England’s target (2% pa), with LGPS benefits increasing by 1.7% in April 2025.

There has been a significant shift in the wider economic environment since 2022, resulting in generally higher expected future investment returns and a reduction in the value placed on the Fund’s liabilities. Overall, the funding position is likely to be stronger than at the previous formal valuation at 31 March 2022.

The next actuarial valuation will be carried out as at 31 March 2025. The Funding Strategy Statement will also be reviewed at that time, and a revised version will come into effect from 1 April 2026.

**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.



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

The actuarial present value of promised retirement benefits at 31 March 2024 and 2025 are shown below:

	31 March 2024	31 March 2025
	£m	£m
Active members	1,140	1,004
Deferred members	381	314
Pensioners	842	735
<b>Total</b>	<b>2,363</b>	<b>2,053</b>

The promised retirement benefits at 31 March 2025 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2022.

### Assumptions used

The assumptions used are those adopted for the Administering Authority's IAS19 report as shown below and are different as at 31 March 2024 and 31 March 2025. The actuary estimates that the impact of the change in financial assumptions to 31 March 2025 is to decrease the actuarial present value by £405m. It is estimated that the impact of the change in demographic and longevity assumptions is to decrease the actuarial present value by £5m.

	31 March 2024	31 March 2025
Assumption	%	%
Pension increase rate	2.75	2.75
Salary increase rate	3.25	3.25
Discount rate	4.85	5.80

The life expectancy for the longevity assumption is based on the Fund's VitaCurves with improvements in line with the CMI 2023 model, with a 15% weighting of 2023 (and 2022) data, 0% 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	Female
	Years	Years
Current pensioners	20.7	23.7
Future pensioners (assumed to be aged 45 at the latest valuation date)	21.6	25.3

All other demographic assumptions are unchanged from last year and are 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 2025	Approximate increase to liabilities	Approximate monetary amount
	%	£m
0.1% p.a. increase in the rate of CPI inflation	2	37
0.1% p.a. increase in the salary increase rate	0	2
0.1% p.a. decrease in the discount rate	2	39
1 year increase in member life expectancy	4	82

## NOTE 20 – CURRENT ASSETS

<b>31 March 2024 £'000</b>		<b>31 March 2025 £'000</b>
930	Contributions due – employees	966
2,853	Contributions due – employers	3,004
2,789	Sundry debtors	3,193
<b>6,572</b>	<b>Total debtors</b>	<b>7,163</b>
31,151	Cash	35,417
<b>37,723</b>	<b>Total</b>	<b>42,580</b>

## NOTE 21 – CURRENT LIABILITIES

<b>31 March 2024 £'000</b>		<b>31 March 2025 £'000</b>
2,781	Sundry creditors	2,215
1,377	Benefits payable	1,797
<b>4,158</b>	<b>Total</b>	<b>4,012</b>

## NOTE 22 - ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVC)

The market value of the funds is stated below:

	<b>Market value at 31 March 2024 £'000</b>	<b>Market value at 31 March 2025 £'000</b>
Clerical Medical	5,596	5,852
Utmost Life	153	125
Standard Life	5	5
<b>Total</b>	<b>5,754</b>	<b>5,982</b>

AVC contributions were paid directly to the following manager:

	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
Clerical Medical	1,062	1,135
<b>Total</b>	<b>1,062</b>	<b>1,135</b>

**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 £1,787,170 (£1,606,596 in 2023/24) 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 £32.5m to the Fund in 2024/25 (£30.33m in 2023/24). At the end of the year, the Council owed £1.12m to the Fund which was primarily in respect of interest paid on the Pension Fund’s balances, and the Fund owed £1.8m 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 2024/25, the Fund received interest of £1,087,938 (£1,020,271 in 2023/24) 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 2024/25 (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, R.M.Hughes and E.Hywel and are active members of the Pension Fund. Committee member I.Huws is a deferred member of the pension fund.

Two members of the Pension Board were in receipt of pension benefits from the Gwynedd Pension Fund during 2024/25 (board members H.E.Jones and A.Deakin). In addition, Board members B.Roberts, O. Richards, N.Michael and S.E.Parry are active members of the Pension Fund.

**Key Management Personnel**

The key management personnel of the fund are the Head of Finance (s151), Chair of the Pensions Committee and Fund Director (until 30/06/2023).

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

<b>2023/24</b>	<b>2024/25</b>
<b>£'000</b>	<b>£'000</b>
36	31
6	5
<b>42</b>	<b>36</b>

## NOTE 24 - COMMITMENTS UNDER INVESTMENT CONTRACTS

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

	<b>Total Commitments £'000</b>	<b>Commitment at 31 March 2024 £'000</b>	<b>Commitment at 31 March 2025 £'000</b>
Schroders Capital WPP Global Private Equity I L.P	12,500	9,056	7,556
Schroders Capital WPP Global Private Equity II L.P	25,000	0	18,250
GCM WPP Global Infrastructure L.P	15,000	11,481	7,551
Capital Dynamics CEI (WPP), L.P	10,000	7,082	5,869
Octopus Renewables Infrastructure	34,500	24,824	0
Russell Investments WPP Global Private Credit L.P	110,000	99,927	62,286
IFM Global Infrastructure UK (GB) L.P	57,500	0	0
<b>Total GBP</b>	<b>264,500</b>	<b>152,370</b>	<b>101,512</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Partners Group Direct 2006	20,000	0	0
Partners Group Global Value 2006	50,000	3,477	3,477
Partners Group Secondary 2008	15,000	1,960	1,960
Partners Group Global Value 2011	15,000	2,096	2,096
Partners Group Global Infrastructure 2012	40,000	7,019	3,419
Partners Group Direct 2012	12,000	1,181	1,181
Partners Group Global Value 2014	12,000	1,531	1,531
Partners Group Direct Equity 2016	50,000	2,826	2,826
Partners Group Global Value 2017	42,000	11,570	11,570
Partners Group Global Infrastructure 2018	28,000	4,631	4,631
Partners Group Direct Equity 2019	48,000	6,192	4,992
Partners Group Direct Infrastructure 2020	32,000	12,000	9,120
Partners Group Direct Equity V	30,000	25,586	22,279
<b>Total Euros</b>	<b>394,000</b>	<b>80,069</b>	<b>69,082</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Partners Group Emerging Markets 2011	7,000	1,082	1,082
Partners Group Secondary 2015	38,000	15,220	11,420
Partners Group Direct Infrastructure 2015	43,600	6,986	6,986
CBRE Global Infrastructure Fund (International) L.P	29,075	0	10,932
<b>Total Dollars</b>	<b>117,675</b>	<b>23,288</b>	<b>30,420</b>

These commitments relate to outstanding call payments on unquoted funds held in the 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.

## **The report of the Auditor General for Wales to the members of Cyngor Gwynedd as administering authority for Gwynedd Pension Fund**

### **Opinion on financial statements**

I have audited the financial statements of Gwynedd Pension Fund for the year ended 31 March 2025 under the Public Audit (Wales) Act 2004.

Gwynedd Pension Fund's financial statements comprise the fund account, the net assets statement and the related notes, including the material accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2024-25.

In my opinion, in all material respects, the financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2025, and of the amount and disposition at that date of its assets and liabilities;
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2024-25.

### **Basis for opinion**

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of financial statements and regularity of public sector bodies in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report.

My staff and I are independent of the pension fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the pension fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

### **Other information**

The other information comprises the information included in the Annual Report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the Annual Report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

### **Opinion on other matters**

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which I report by exception**

In the light of the knowledge and understanding of the Gwynedd Pension Fund and its environment obtained in the course of the audit, I have not identified material misstatements in the Annual Report.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- I have not received all the information and explanations I require for my audit;
- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team; or
- the financial statements are not in agreement with the accounting records and returns.

### **Responsibilities of the responsible financial officer for the financial statements**

As explained more fully in the Statement of Responsibilities for the financial statements, the responsible financial officer is responsible for:

- the preparation of the financial statements, which give a true and fair view;
- maintaining proper accounting records;
- internal controls as the responsible financial officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- assessing Gwynedd Pension Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by Gwynedd Pension Fund will not continue to be provided in the future.

### **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit the financial statements in accordance with the Public Audit (Wales) Act 2004.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, the Head of Internal Audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Gwynedd Pension Fund's policies and procedures concerned with:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in management override of controls;
- Obtaining an understanding of Gwynedd Pension Fund's framework of authority as well as other legal and regulatory frameworks that Gwynedd Pension Fund operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Gwynedd Pension Fund; and
- Obtaining an understanding of related party relationships.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;

- enquiring of management, the Pensions Committee and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the administering authority; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of Gwynedd Pension Fund's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

### **Other auditor's responsibilities**

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

### **Certificate of completion of audit**

I certify that I have completed the audit of the accounts of Gwynedd Pension Fund in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Adrian Crompton  
Auditor General for Wales  
25 November 2025

I Capital Quarter  
Tyndall Street  
Cardiff, CF10 4BZ



## 10. Communication Policy Statement

### Introduction

Regulation 61 of the Local Government Pension Scheme (LGPS) 2013 Regulations stipulates that all administering authorities are required to publish a statement of policy regarding communication with key stakeholders.

Cyngor Gwynedd is the administering authority for the Gwynedd Pension Fund and the Fund's key stakeholders include:

#### 1. Scheme members:

- 1.1 Active Scheme Members
- 1.2 Deferred members
- 1.3 Pensioner members
- 1.4 Prospective members

#### 2. Scheme Employers

#### 3. Other bodies:

- 3.1 Pension Committee and Pension Board
- 3.2 Fund Staff
- 3.3 Other Bodies

This communication statement sets out the policy for the provision of information and how the Fund intends to publicise, promote and develop the Scheme to each stakeholder group. It will be kept under review and amended when there is a material change in the policy.

The Fund's aim is to provide a high quality and consistent service to their stakeholders in the most efficient and cost-effective manner.

The intention is that all communications are as timely as possible, factual and in plain language, and presented in a manner appropriate to the receiver. Where individuals have specific needs in relation to the format of information, steps are taken to ensure that the required format is available, such as Braille, Audio, and Large Print.

All Gwynedd Pension Fund's publications are bilingual, in line with Gwynedd Council's Language Policy. Information in other languages may be available on request.

Where legislative Scheme changes are known in advance, procedures will be put in place to implement the changes in the most effective manner.

#### 1.1 Communicating with Active Members

Active Members (including Councillor Members) are those who are contributing into the LGPS through one of the Gwynedd Pension Fund Scheme Employers. The methods of communication with these members are described below.

- **Website** - The Gwynedd Pension Fund website contains a section dedicated to Active Members. It provides general information about the LGPS including, Transfers, Improving Benefits, Retirement, Divorce, Death Benefits, Tax Allowances and Frequently Asked Questions. News items are added when required to notify members of any Scheme changes. There is a separate section dedicated to the pension benefits for Councillor Members.
- **Member Self Service** - The member self-service web portal on the Gwynedd Pension Fund website allows members to view and update their pension data securely online, such as death grant expression of wish, contact details, annual benefit statements and letters. The planning tools allow members to perform benefit calculations and prepare for retirement.

- **Employer Events** – The Gwynedd Pension Fund is available to attend employer events on request and provide a pension stand where members can discuss any pension issues with the pension fund staff and provide relevant scheme literature.
- **Presentations** – The Gwynedd Pension Fund is always available to offer presentations on the scheme. Presentations are also held when needed to inform Active Members of major changes to scheme regulations. Specialist information sessions can also be held at the request of the employer for members who are affected by the bulk transfer of pensions from the LGPS to other pension providers.
- **Pre-Retirement Courses** – A program of six courses are held by Chadwicks IFA, a firm of financial advisors' form Chester each year. The Gwynedd and Flintshire Pension Funds provide alternate LGPS presentations at these events.
- **Consultation Sessions** – The Gwynedd Pension Fund Communications Officers can hold individual consultation session for scheme members at the request of scheme employers. Consultations are usually held at the employees worksites and they offer the opportunity for scheme members to receive general and specific information about the LGPS and ask any question they may have relating to their LGPS pension.
- **Individual Appointments** - Active Members can arrange an appointment with a member of the Gwynedd Pension Fund staff at the Pension office in Caernarfon.

In some cases (e.g terminal illness) a representative from the Gwynedd Pension Fund will visit a member at their home at the request of their employer.

- **Scheme Literature** –
  - **Pension Starter Pack.** Issued when a Scheme Employer notifies us of a new Active Member. This includes a Short Guide to the LGPS, a New Starter Form, Death Grant Expression of Wish form and a Statutory Notification of entry into the scheme.
  - **Short Scheme Guide.** The short scheme guide provides general information on the LGPS and is issued to all new employees and to existing members on request. Copies of the scheme guide in Braille, large print and audio can be provided on request.
  - **Retirement Guide.** The Retirement Guide outlines the arrangements for the payment of pension benefits and sets out the benefits payable to survivors in the event of the member's death and the other most important things to note.
  - **Factsheets.** A range of factsheets have been produced for scheme members which give information specific topics relating to the LGPS.
- **Newsletters** - We issue periodic newsletters to Active Members to update them of changes in the scheme regulations.
- **Annual Benefit Statements** - Each year we issue a statement to each member showing the pension they have built up to the previous 31st March and forecasts the benefits payable at State Pension Age. They are uploaded automatically to a member's Member Self Service Online portal or sent directly to their home address if they have chosen not to register.
- **Annual Report and Accounts** - An electronic copy of the Fund's Annual Report and Accounts is available to all Scheme members on the website. Hard copies are also available upon request.
- **Correspondence** - The Fund uses both paper mail and e-mail to receive and send correspondence. Response will be made in the individuals preferred language of choice.
- **Statutory Notification** - Members are notified when any change occurs to their pension record, thus affecting their pension benefits.
- **Pensions Helpline** – A single helpline number is available for all pension enquiries and a dedicated e-mail address is available for enquiries by e-mail.
- **Poster Campaign** – A poster campaign will be implemented when major scheme changes need to be communicated to Active Scheme members. They will be distributed to employers so that they can be displayed at employees work sites.
- **Internal Dispute Resolution Procedure (IDRP) leaflet** – A document covering stage 1 of the IDRP is available on request.

## 1.2 Communicating with Deferred Members

Deferred Members (including Councillor Members) are those who have left their employment with a scheme employer and who have preserved benefits within the fund. The methods of communication with these members are described below.

- **Website** - The Gwynedd Pension Fund website contains a section dedicated to Deferred Members. It provides general information about the LGPS including, Transfers Out, Retirement, Divorce, Death Benefits and Frequently Asked Questions. News items are added when required to notify members of any Scheme changes. There is a separate section dedicated to the pension benefits for Councillor Members leaving before retirement.
- **Member Self Service** - The member self-service web portal on the Gwynedd Pension Fund website allows members to view and update their pension data securely online, such as death grant expression of wish, contact details, annual benefit statements and letters. The planning tools allow members to perform benefit calculations and prepare for retirement.
- **Individual Appointments** - Deferred Members can arrange an appointment with a member of the Gwynedd Pension Fund staff at the Pension office in Caernarfon.

In some cases (e.g terminal illness) a representative from the Gwynedd Pension Fund will visit a member at their home at the request of their old employer, the individual or individual's representative.

- **Scheme Literature** –

- **Retirement Guide.** The Retirement Guide outlines the arrangements for the payment of pension benefits and sets out the benefits payable to survivors in the event of the member's death and the other most important things to note.
- **Factsheets.** A range of factsheets have been produced for scheme members which give information specific topics relating to the LGPS.

- **Newsletters** - we issue periodic newsletters to Deferred Members to update them of changes in the scheme regulations.
- **Deferred Benefit Statements** - Each year we issue a statement to each deferred member showing the up to date value of their pension benefits. They are uploaded automatically to the member's Member Self Service online portal or sent directly to their home address if they have chosen not to register.
- **Annual Report and Accounts** - An electronic copy of the Fund's Annual Report and Accounts is available to all Scheme members on the website. Hard copies are also available upon request.
- **Correspondence** - The Fund uses both paper mail and e-mail to receive and send correspondence. Response will be made in the individuals preferred language of choice.
- **Pensions Helpline** – A single helpline number is available for all pension enquiries and a dedicated e-mail address is available for enquiries by e-mail.
- **Internal Dispute Resolution Procedure (IDRP) leaflet** – A document covering stage I of the IDRP is available on request.

### 1.3 Communicating with Pensioners

Pensioners include retired members and the dependants of deceased members. The methods of communication with pensioners are described below.

- **Website** - The Gwynedd Pension Fund website contains a section dedicated to Pensioners. It provides general information about the LGPS including, Divorce, Death Benefits, Payment Dates, Living Abroad, Pensions Increases and Frequently Asked Questions. News items are added when required to notify pensioners of any Scheme changes.
- **Member Self Service** - The member self-service web portal on the Gwynedd Pension Fund website allows pensioners to view and update their pension data securely online, such as death grant expression of wish, contact details and letters.
- **Individual Appointments** - Pensioners can arrange an appointment with a member of the Gwynedd Pension Fund staff at the Pension office in Caernarfon.
- **Payslips and P60** – A payslip is sent to Pensioner when there is a change of £5 or more in their next payment as compared with the previous month. All pensioners receive a combined P60 and payslip at the end of each tax year.
- **Notice of Pensions Increase** – Each April, pensioners receive a notice informing them of the Pensions Increase which is to be applied on their pension (if applicable) and they also receive confirmation of the pay dates for the next 12 months.

- **Annual Report and Accounts** - An electronic copy of the Fund's Annual Report and Accounts is available to all Scheme members on the website. Hard copies are also available upon request.
- **Correspondence** - The Fund uses both paper mail and e-mail to receive and send correspondence. Response will be made in the individuals preferred language of choice.
- **Pensions Helpline** – A single helpline number is available for all pension enquiries and a dedicated e-mail address is available for enquiries by e-mail.
- **Birthday Congratulations** – Pensioners, including those receiving dependents benefits, celebrating their 100<sup>th</sup> birthday will receive a birthday card from the Gwynedd Pension Fund.
- **Internal Dispute Resolution Procedure (IDRP) leaflet** – A document covering stage 1 of the IDRP is available on request.

#### **1.4 Communicating with Prospective Members**

Prospective Members are employees who are eligible to join the LGPS with one of the Gwynedd Pension Fund Scheme Employers but have decided not to. The methods of communication with prospective members are described below.

- **Website** - The Gwynedd Pension Fund website contains a section dedicated to Prospective Members. It provides general information about the LGPS including, Reasons for Joining, Transfers, Contribution Rates, Retirement, Opting Out and Frequently Asked Questions. News items are added when required to notify members of any Scheme changes. There is a separate section dedicated to the pension benefits for Councillor Members.
- **Employer Events** – The Gwynedd Pension Fund is available to attend employer events on request and provide a pension stand where prospective members can discuss any pension issues with the pension fund staff and provide relevant scheme literature and forms.

The Gwynedd Pension Fund encourages employers to include pensions as part of staff induction events and will provide scheme literature and forms. The communications team could attend upon request.

- **Consultation Sessions** – The Gwynedd Pension Fund Communications Officers can hold individual consultation session for scheme members and prospective members at the request of scheme employers. Consultations are usually held at the employees worksites and they offer the opportunity for scheme members to receive general and specific information about the LGPS and ask any question they may have about joining the LGPS.
- **Individual Appointments** - Prospective Members can arrange an appointment with a member of the Gwynedd Pension Fund staff at the Pension office in Caernarfon.

#### **Scheme Literature –**

- **Short Scheme Guide.** The short scheme guide provides general information on the LGPS and is issued to all new employees and on request. Copies of the scheme guide in Braille, large print and audio can be provided on request.
- **Factsheets.** A range of factsheets have been produced for scheme members which give information specific topics relating to the LGPS
- **Correspondence** - The Fund uses both paper mail and e-mail to receive and send correspondence. Response will be made in the individuals preferred language of choice.
- **Pensions Helpline** – A single helpline number is available for all pension enquiries and a dedicated e-mail address is available for enquiries by e-mail.
- **Poster Campaign** – A poster campaign is periodically implemented which highlights the benefits of joining the LGPS. They will be distributed to employers so that they can be displayed at employees work sites.

## **2 Communicating with Scheme Employers**

For Cyngor Gwynedd as Administering Authority to efficiently run the scheme it is essential that the flow of accurate, timely and clear information between Scheme Employers and the Fund is maintained through effective communication.

The methods of communication with Scheme Employers are described below.

- **Website** - Our website is under review to develop a section dedicated to Scheme Employers. The Website also contains all the Pension Fund Governance Documents, for example the Actuarial Valuation Report, Policy Documents and the Annual Report and Accounts. There are also links to sources of further information such as the Local Government Association's (LGA's) dedicated LGPS website.
- **i-Connect** - i-Connect is a secure online portal that takes data directly from the payroll system and feeds it directly into the pension system on a monthly basis. It automatically identifies and processes new joiners, opt-outs and leavers and enables the employer to check and cleanse the data before submission.
- **Contact Database** - Regulatory and administrative updates are frequently issued to all employers listed on the contact database via e-mail or letter. The employer Contact database is amended as necessary following updates from the Employers.
- **Annual General Meetings** - The Annual General Meeting is held specifically for Employers and Union Representatives to discuss the Annual Report and Accounts. Representatives from various professional advisory bodies, such as the Fund Actuary and Fund Managers also attend in order to answer on Funding, Investment Performance and Valuations.
- **Employer meetings** - As required to discuss topical issues, significant legislation changes, pre and post actuarial valuation and provide information and discuss improvements in the flow of information.
- **Individual Employer meetings** - Meetings with individual employers can be arranged to discuss matters specific to their participation in the Pension Fund, or to provide advice and guidance on specific issues.
- **Individual Employer Training meetings** - These can be arranged to resolve any administrative training issues identified by either the employer, or the Fund. These sessions are held at employer venues, with development being monitored and reviewed periodically thereafter.
- **Employer Guide** - The new Employer Guide is in the process of being completed and will be circulated electronically to all Employing Bodies and uploaded onto our website.
- **Service Level Agreements** - To improve the standard of service to members we aim to establish Service Level Agreements with Employers. The agreements will provide guidance on statutory obligations and responsibilities and set targets for both Employers and the Administering Authority—
  - To provide correct information
  - To act on, and respond to that information within a given timescale
 Any targets for the Service Level Agreements will be agreed beforehand.

### 3.1 Communicating with the Pensions Committee and Local Pension Board

As the Gwynedd Pension Fund's administering authority, Cyngor Gwynedd has formed a Pensions Committee and a Pensions Board which meets quarterly to discharge the duties of the Council regarding the governance and administration of the Fund.

The Pensions Committee is responsible for approving the pension fund governance documents, including the Annual Report and Accounts and the Pension Fund Policies. It is also responsible for setting the Pension Fund Investment Strategy and the appointment of Investment Managers. The Pensions Committee is made up of nine elected Councillors.

The Pension Board is responsible for overseeing the work of the Pensions Committee and assists the Pension Fund in complying with all the legislative requirements making sure the scheme is being effectively and efficiently governed and managed. The Pension Board has three scheme member representatives and three employer representatives, one of which is elected as chair.

To facilitate the work of both the Pension Committee and Pension Board they are provided with access to all the Pension Fund Documents including the Annual Report and Accounts, the Actuarial Report, Policy Documents, Pensions Committee reports and decisions and Pension Board reports.

The methods of communication with Pension Committee and Board members are described below.

- **E-mails** - E-mail is the preferred method of communication for general messages.

- **Reports** – The Committee and Board members are provided with the following Reports:
  - **Annual Reports and Accounts** - The key publication on investment and administration.
  - **Actuarial Report** – Following the Fund’s triennial valuation
  - **Specialised Reports** – Produced by the Gwynedd Pension Fund for their consideration.
- **Pension Fund Policies** – The committee have access to all the Gwynedd Pension Fund policies for consideration and approval
- **Presentations** – Committee and Board members are invited to presentations by The Gwynedd Pension Fund and advisers on investment, actuarial, and administration matters.
- **Training** - Committee members and Pension Board Members are required to undertake relevant training to enable them to carry out their roles effectively. Training can be done in-house, by LGA, the Pension Fund Investment Managers and advisors or the Pension Fund Actuary.
- **Agenda and Minutes** – The agenda and minutes for each meeting are published on the Cyngor Gwynedd website.

### 3.2 Communicating with Pension Fund Staff

Effective communication with Pension Fund Staff is an important part of daily operations and enables the Gwynedd Pension Fund to deliver a quality and accurate service to our key stakeholders.

The methods of communication with Pension Fund Staff are described below.

- **Induction** – All new members of staff undergo an induction program.
- **E-mails** - E-mail is the preferred method of communication for general messages within the unit. Where necessary, this will be followed up with individual or team training.
- **WhatsApp Group Chat** – During emergencies when e-mail is not available general messages will be shared on WhatsApp.
- **In-house Training** – General and pension-specific training on matters arising with regards to regulatory or procedural changes is given as a necessary as part of the unit’s commitment to continuous improvement.
- **External Training** – Professional qualifications can only improve the knowledge and confidence of the team in their communication with stakeholders. All new and existing members of staff are therefore encouraged to study for professional qualifications in pension administration with the Chartered Institute of Payroll Professionals (CIPP). Staff also attend LGA and Heywood training as appropriate
- **Staff Meetings** – Staff Meetings are held bi-monthly to discuss any developments in legislation, changes to working procedures and operational matters. Staff are encouraged to participate in these meetings and influence the decisions that affect the whole Unit.
  - The operational plan, including Key Performance Indicators is also discussed on a regular basis to ensure that the members of the team are aware of and are meeting their targets.
- **Staff Appraisals** - Fund staff of all levels have an appraisal each year to discuss work issues, monitor performance and areas for development.
- **Continuous Monitoring** – Service Standards are monitored regularly to ensure staff are aware of their responsibilities in relation to the Scheme. On a daily basis communication is encouraged between members of staff and the Management team and an open door policy is in place.
- **Internet** - All staff have access to the Internet to ensure timely access to LGPS information. They also have access to Member Self Service to assist them in carrying out their roles.

### 3.3 Communication with Other Bodies

To facilitate the administration of the Gwynedd Pension Fund we must communicate with the following bodies:

- **Member Representatives** - These can include any individual or group, such as solicitors, Trade Unions or other Pension Providers, requesting information on behalf of a Scheme Member. This is only provided with the member's authority, in compliance with the Data Protection Act 1998 and GDPR. All Scheme Literature is available on request.
- **Wales Pension Partnership** - The Wales Pension Partnership (WPP) was established in 2017. The WPP is a combination of eight Local Government Pension Scheme (Constituent Authorities) funds across Wales and one of eight national funds for Local Government Pension Scheme.
- **Shrewsbury Pensions Officers Group** - Senior Pensions Officers from the Gwynedd Pension Fund meet representatives from other Local Authority Funds in the West Pennines area on a quarterly basis to share information, discuss questions on legislation and prevailing regulations as well as any technical or procedural issues.
- **All Wales Group** - Senior Pensions Officers from the Gwynedd Pension Fund meet representatives from other Local Authority Funds in Wales on a quarterly basis to share information, discuss questions on legislation and prevailing regulations as well as any technical or procedural issues.
- **All Wales Communication Group** - The Group meets as and when required, with a view of formalising and unifying approach to communications within the Welsh Local Government Authorities. The Group have collectively produced:
  - Uniform Annual Benefit Statement for both active and deferred members
  - A Short Scheme Guide
  - A Retirement Guide
  - Death Grant Expression of Wish Forms
  - Ill Health Certificates
  - Pension Fact Sheets on various topics which can be distributed to members.
- **Scheme Actuary** – Regarding Funding Levels, the Triennial Valuation, FRS17, TUPE and all funding issues.
- **HMRC** – With regards to tax issues for Scheme members.
- **Additional Voluntary Contributions** – Officers of the Pension fund have regular contact with the Fund's AVC providers regarding the funds of individual Scheme members.
- **Fund Managers** – Regarding investment and Fund performance.
- **LGA** – The Local Government Association (The Pensions Team) provides technical advice to Pension Fund Administering Authorities and to employers on the LGPS.

## 11. Glossary

**Active Management** - A mark through either asset allocation, market timing or stock selection (or a combination of these). Directly contrasted with passive management.

**Actuary** - An independent consultant who advises on the viability of the Fund. Every three years the actuary review the assets and liabilities of the Fund and reports to the Council as Administering Authority on the financial position and the recommended employers contribution rates. This is known as the actuarial valuation.

**Active Member** - Current employee who is contributing to a pension scheme.

**Administering Authority** - The Council with a statutory responsibility for running the Fund and that is responsible for all aspects of its management and operation.

**Admitted Body** - An organisation whose staff can become members of the Fund by virtue of an admission agreement between the Council and the organisation. It enables contractors who take on the Council's services with employees transferring, to offer those staff continued membership of the Fund.

**Asset Allocation** - Apportionment of investment funds among categories of assets, such as bonds, equities, cash, property and private equity. Asset allocation affects both risk and return.

**Asset Class** - A specific area/ type of investment e.g. overseas equities, fixed income, cash, property.

**Benchmark Return**- The benchmark return is the return that would be achieved if the Fund Manager had not deviated from the weightings of each asset class given to them by the Investment Panel, and had achieved returns in each of these asset classes consistent with the average return of all Local Authority Funds for that class. The benchmark weightings of asset classes are outlined within the Investment Strategy Statement.

**Corporate Governance** - Issues relating to the way in which a company ensures that it is attaching maximum importance to the interests of its shareholders and how shareholders can influence management.

**Custodian** - Bank or other financial institution that keeps custody of stock certificates and other assets of a client, collects dividends and tax refunds due, and settles purchases and sales.

**Deferred pensioner** - A member who has stopped paying into the scheme but is not yet retired.

**Emerging markets** - Relatively new and immature stock markets for equities and bonds. Settlement and liquidity can be less reliable than in the more established 'developed' markets, and they tend to be more volatile.

**Employer contributions rates** - The percentage of the salary of employees that employers pay as a contributions towards the employees' pension.

**Equities** - Ordinary shares in UK and overseas companies traded on a recognised Stock Exchange. Shareholders have an interest in the profits of the company and are normally entitled to vote at shareholders meetings.

**Fair value** - The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**Fixed interest securities/ bonds** - Investments, especially in government stocks, with a guaranteed rate of interest. Conventional bonds have fixed rates, whilst index linked vary with inflation. They represent loans repayable at a stated future date, and which can be traded on a Stock Exchange in the meantime.

**Fund Manager** - A person or company to whom the investment of the whole, or part of the assets of a fund is delegated by the trustees.

**Investment** - An asset acquired for the purpose of producing income and capital gain for its owner.



**Market value** - The price at which an investment can be sold at a given date.

**Passive** - A style of investment management which aims to construct a portfolio in such a way as to provide the same return as to that of a chosen index.

**Pensioner** - A scheme member who receives a pension from the Fund.

**Performance** - A measure, usually expressed in percentage terms, of how well a fund has done over a particular time period - either in absolute terms or as measured against the average fund or a particular benchmark.

**Pooled funds** - Pooled investment vehicles issue units to a range of investors. Unit prices move in response to changes in the value of the underlying portfolio, and investors do not own directly the assets in the fund.

**Portfolio** - A collective term for all investments held in a fund, market or sector.

**Private equity** - Investments made by specialist managers in all types of unlisted companies rather than through publicly tradable shares.

**Resolution body** - Bodies that have a right to allow some or all their staff to become members of the LGPS, subject to the resolution body meeting the requirements of the LGPS regulations.

**Return** - The total gain from holding an investment over a given period, including income and increase/ (decrease) in market value.

**Risk** - Generally taken to mean the variability of returns. Investments with greater risk must usually promise higher returns than more 'stable' investments before investors will buy them.

**Scheme employers** - Local authorities and bodies specified in the LGPS regulations, whose employees are entitled automatically to be members of the Fund, and Admission bodies including voluntary, charitable and similar bodies, carrying out work of public nature, whose staff can become members of the Fund by virtue of an admission agreement with the Council.

**Scheduled body** - An organisation that has the right to become a member of the Local Government Pension Scheme under the scheme regulations. Such an organisation does not need to be admitted as its right to membership is automatic.

**Transfer value** - Payments made between funds when contributors leave service with one employer and decide to take the value of their contributions to the new fund.

**Unrealised increase/ (decrease) in market value** - The change in market value, since the purchase date, of those investments held at year end.