
PENSIONS COMMITTEE 9/02/26

Attendance: Councillor Elin Hywel (Chair)
Councillor John Pughe Roberts (Vice-chair)

Councillors: Stephen Churchman, Goronwy Edwards (Conwy County Borough Council), Ioan Thomas and Robin Williams (Isle of Anglesey County Council)

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

Others invited:

H Eifion Jones (member of the Pensions Board) - observing

1. APOLOGIES

Apologies were received from John Brynmor Hughes, R Medwyn Hughes and Geraint Parry

Cllr John Brynmor Hughes was wished a speedy recovery

2. DECLARATION OF PERSONAL INTEREST

None to note

3. URGENT ITEMS

None to note

4. MINUTES

The Chair accepted the minutes of the meeting held on 24 November 2025 as an accurate record

5. FUNDING STRATEGY STATEMENT

In presenting the report, the Investment Manager noted that it is was a statutory requirement to review the Funding Strategy Statement every three years, usually after the triennial valuation (unless there had been a significant change in market conditions). It was explained that the purpose of the document was to reflect valuation factors, balancing employer affordability with the fund's long-term liquidity objectives.

It was reported that the basis of the document was the actuarial valuation which had been prepared using assumptions agreed with the actuary. These assumptions had been submitted to the Pensions Committee for approval in September 2025, with the employers having received a presentation from the actuary in October 2025. It was

noted that the results were extremely positive with the level of funding for the whole Fund at 166%, with employers seeing a reduction in their contributions from April 2026 onwards.

It was noted that the draft document was being shared with all the Fund's employers for consultation before being formally adopted in the March 2026 Committee. While accepting that this was a lengthy statement, it had been prepared in detailed consultation with Hymans with input from the Fund's officers. Reference was made to the individual policies that fed into the document, meaning that if one of the policies needed future modification, only the individual policy would have to be amended, and not the Strategy in its entirety.

It was reiterated that the Strategy was consistent with the previous Strategies, although there was one change to the 'Policy on Cessations'. Historically, if the employer chose to leave the Fund, it would be necessary to calculate cessation credit, namely the amount owed either to the Fund, or from the Fund, with this calculation based on gilt returns and therefore open to market movements – the figure could vary significantly depending on market conditions at the time. With the calculation also based on a single figure at a point in time, this meant that the results could be volatile, and the basis of the gilts did not reflect the true situation as the Gwynedd Pension Fund had invested in a variety of assets. Consequently, the actuary suggested that the valuation should be changed to a risk basis of using a discount rate based on the Fund's asset allocation, which also included a 'corridor' to ensure that valuation was not affected by significant single-day market factors. It was considered that this would give employers a better idea of the cost of exiting the Fund, while also giving the Fund assurance that employers would not leave at a disadvantageous time – the adjustment was therefore fairer for all.

They were thanked for the report and for the review work.

RESOLVED

To accept the report and note the information

To accept the report and approve the Funding Strategy Statement and associated policies

6. BUDGET APPROVAL FOR 2026/27

A report was presented by the Investment Manager seeking the Committee's approval of the 2026/27 financial year budget for the Pensions Administration and Investment sections.

It was reported that the budget was now approved on an annual basis by the Pensions Committee. Reference was made to the Pensions Administration Section budget, consisting of 25 salaried staff members, together with systems, printing, and central reimbursement costs. Attention was drawn to supplies and services highlighting that the budget had to be increased to £185,500, mainly due to increases in postage costs, and software costs - costs that were unfortunately unavoidable.

In the context of the Investment Section's budget, it was noted that the majority of their duties related to the work of the Pension Fund but that they were also responsible for Cyngor Gwynedd's Treasury Management. Additionally, the costs of the Wales Pension Partnership (WPP), investment managers and advisers were the responsibility of the Investment Manager; these costs varied and

depended on the performance of investments and the work required to be carried out by the advisers and the Partnership. When transferring and investing with WPP IM Co it would be necessary to keep a close eye on the costs over the forthcoming period, and it was therefore considered that there was no purpose in setting a budget for this year, although this would require attention in the next financial year.

Another element that could not be included in the budget were the changes required as part of the 'Fit for the Future' regulations where there would be a statutory requirement to appoint a Chief Officer for the Fund, an individual who was independent of the Committee, along with the costs of additional governance and training requirements. It was noted that as requirements increased and more information on these elements became available, it was likely that it would be necessary to introduce a supplementary budget. A new structure would need to be established, and job descriptions decided by 1 October 2026, although final guidance had not been issued. It was reiterated that, in Gwynedd, the Head of Finance and the Investment Manager had already met the Head of Legal Services and the Head of Corporate Services to discuss the constitutional arrangements.

Thanks were expressed for the report

Comments arising from the ensuing discussion:

- The amendments were inevitable
- Discussions should begin as soon as possible, regarding the structure and functions of the two sections in response to the 'Fit for the Future' regulations
- This assumed that there was no slippage in the 'Fit for the Future' timetable

In response to a question regarding the role of the independent individual on the Committee, it was noted that this person would hold certain qualifications, in line with the requirements of the Act, and would provide advice, share expertise and provide guidance and overview of the investment and administrative elements. It was reiterated that neither the role of Committee Members nor Co-opted Members would change.

RESOLVED

- **To accept the information and approve the budget of the Pensions Administration and Investment Sections for the financial year 2026/27**
- **Recommend that discussions commence as soon as possible, on the structure and functions of the two sections in response to the 'Fit for the Future' regulations**

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

A report was presented by the Investment Manager reporting on progress against the objectives of the Fund's consultants, Hymans Robertson, to ensure that the work undertaken by them aligned with the Fund's strategic objectives. It was emphasised that the exercise was considered to be good governance.

It was reported that the past year was busy, with consultants providing guidance

on reviewing the strategic asset allocation in the wake of the triennial valuation, providing information on natural capital and advice on Black Rock's new investments and private markets available through the Wales Pension Partnership. It was noted that Hymans had also worked with the officers in reviewing internal policies and ensuring compliance with any relevant pension regulations.

Although Hymans provided high-quality information and papers, they did not always reach the officers in a timely manner for meetings and Committees, and therefore this feedback had been communicated to them recently.

Reference was made to the objectives for 2026, noting that they remained similar to the current objectives, although elements of the additional work, of collaborating with the new WPP investment firm in 2026, had been included.

Thanks were expressed for the report

DECISION

- **To accept and note progress on the objectives for 2025**
- **To accept the Investment Consultants' objectives for the next period**

Note: Objective 7 (2025) 'Provide relevant and timely advice ...', in response to a comment that submission times were not always in line with officers' expectations, objective 7 should be reworded for the next period, to include or highlight deadlines for receiving reports from the consultants

8. WALES PENSION PARTNERSHIP UPDATE

The Investment Manager highlighted that the report was now regularly submitted to the Members noting the latest information on WPP's work, as well as the decisions of the December meeting of the Governance Joint Committee (the decision-making body on behalf of the Partnership made up of the Chairs of each fund). An update was presented on the usual matters of reviewing the Business Plan for 2025/26, reviewing some of the risks within the Investment section and updating the following policies: Conflict of interest and procedure Policy, and Training Policy.

Reference was made to the operator's detailed work over the period and to the market conditions that had been monitored by them. Attention was drawn to the analysis and performance of the funds, highlighting that performance had been strong, with global equities and fixed income markets increasing over the period.

It was reported that the Wales Pension Partnership had received a number of notices of motion from Local Councils in Wales, including Cyngor Gwynedd (Full Council, October 2025) on responsible, ethical and sustainable investment. It was noted that the motions had been considered, and in light of the work currently being undertaken in relation to the WPP exclusions policy, it was agreed that a response would be issued to each of the eight Constituent Authorities with an updated policy shared following its approval by the JGC in March 2026.

It was highlighted that the Wyddfa Project was progressing rapidly in order to establish the investment company (WPP IM Co) with a Financial Services

Register (Financial Conduct Authority - FCA) application submitted and regular recruitment and engagement taking place. It was added that JGC officers and members had discussed establishing agreements between the investment company and the eight Constituent Authorities as clients and shareholders. It was noted that a meeting would be arranged to share specific information on the relevant developments and agreements with the Committee and the Pension Board before moving to formal approval by the Pensions Committee.

Thanks were expressed for the report

Observations arising from the ensuing discussion

- The WPP Exclusions Policy was a positive step forward
- The Policy was a means of ensuring clarity and for the public to understand the purpose of the Partnership
- The Chair had sought an independent legal opinion on the reports/agreements in order to provide the Committee with assurance that they were making a decision from the perspective of the Gwynedd Pension Fund as well as WPP

In response to a question about the notices of motion, it was confirmed that a response was being prepared by WPP for publication by each Council.

RESOLVED

- **To accept the report and note the information**
- **To welcome the development of the WPP Exclusions Policy**

9. WALES PENSION PARTNERSHIP RESPONSIBLE INVESTMENT UPDATE

The Investment Manager highlighted that the report included an update on areas of responsible investment within the Wales Pension Partnership. It was explained that an officer from Hymans Robertson was working continuously in this area, with officers from the eight local funds regularly attending a responsible investment working group to discuss the work.

Recent work was highlighted, which included:

- Evolving Black Rock's mandates to create a unique investment fund to meet the requirements of Welsh funds with a bespoke voting arrangement for Wales.
- Stewardship Code: The Wales Pension Partnership had been confirmed once again as a signatory to the Financial Recording Council's (FRC) stewardship code, which was good news.
- Fund-level and national-level climate impact reports were produced that would be useful to illustrate the fund's comparative statistics.
- Reviews of the sub-funds highlighted that a great deal of work had been undertaken within the sub-funds to report on ESG strengths and stewardship reports.

Thanks were expressed for the report

Observations arising from the ensuing discussion:

- The performance exceeded the benchmark
- The information was useful
- Clearer definitions were needed for the Global Growth Fund's activity,

particularly under the text of 'climate metrics'

- In relation to investing locally for Gwynedd, the support of local people was needed, and their wishes should be respected. There was a need to be aware locally, and scrutinise how WPP's investment decisions were made – investments should be sustainable, responsible and beneficial to Gwynedd
- There must be confidence in the investments made, performance and governance monitoring
- Concern that the Committee's role and control of investments would weaken

In response to a comment that there was a need to invest responsibly and avoid investment in issues that created problems in other countries (e.g. mining for AI batteries – mining conditions may not be sustainable in some countries), it was noted that the implications of investments were regularly monitored, but the observation would be referred to Hymans.

In response to an observation that open discussions were needed with Committee members to ensure that they understood the requirements and were aware of the situation, the Head of Finance noted that these changes were part of the response to the Government's requirements and that all steps would be taken to ensure the best outcome for the Committee. He added that since the Gwynedd Pension Fund joined the Wales Pension Partnership, the relationship with Investment Managers had changed and the Committee no longer met with them directly. However, he noted that from his understanding, and under the new arrangements, a Responsible Investment Officer would attend the Pension Committees and that there would be an opportunity for Members to challenge and ask questions. An additional meeting of the Pensions Committee would be held on 26 February to discuss and ensure that the agreements were robust for the Gwynedd Fund in its role as shareholder and client.

DECISION

- **To accept and note the information.**
- **Clearer definitions were needed for the Global Growth Fund's activity, particularly under the 'climate metrics' heading.**
- **The Committee's voice and observations to be taken into account when the WPP made investment decisions – it had to be ensured that investments were sustainable, responsible and beneficial to Gwynedd**

10. LOCAL GOVERNMENT ASSOCIATION GOVERNANCE CONFERENCE 2026

Feedback was provided in the form of a report from Councillor Elin Hywel who had attended the conference in January 2026 on behalf of the Committee. She explained that the conference had been valuable, and that the information presented at the sessions had been good and effectively communicated.

Thanks were expressed for the information.

RESOLVED

To accept the report and note the feedback

11. LAPFF CONFERENCE 2025

Feedback was provided in the form of a report from Councillor Stephen Churchman who had attended the conference with Councillor Goronwy Edwards in December 2025 on behalf of the Committee. He explained that the conference gave attendees the opportunity to network, expand their knowledge and keep up with the work of the sector.

Reference was made to a presentation given by the Chief Executive of Scottish Power in which emphasis was placed on responsible investments and avoiding investing in issues that create problems in other countries of the world (e.g. mining for AI batteries – conditions in some countries where mining took place were not sustainable).

It was noted that, in an uncertain world, the impact of political and acts of war on investments needed to be considered while trying to maintain a balance between investing ethically and obtaining the best benefits for pensioners.

Thanks were expressed for the information.

RESOLVED

To accept the report and note the feedback

12. EXCLUDE PRESS AND PUBLIC

RESOLVED to exclude the press and public from the meeting during the discussion on the following items due to the likely disclosure of exempt information as defined in paragraph 14, Schedule 12A of the Local Government Act 1972 - Information about the financial or business transactions of any specific person (including the authority that retains that information).

There is an acknowledged public interest in being open about the use of public resources and related financial issues. However, it was also acknowledged that there were occasions, in order to protect public financial interests, where commercial information must be discussed without being published. The reports related specifically to a proposed procurement process. Publishing such commercially sensitive information could be detrimental to the interests of the Council and its partners by undermining competition. This would be contrary to the wider public interest of securing the best overall outcome. For these reasons, the matter was closed in the public interest.

13. ROBECO ENGAGEMENT SERVICE- ENGAGEMENT REPORT 01.07.2025-30.09.2025

Submitted - a quarterly report summarising the work carried out by Robeco (WPP Voting and Engagement Provider) on behalf of the Pension Fund on responsible investment issues. Reference was made to the areas that had received Robeco's attention during the quarter in question, which included information on the number of activities and engagements completed with some large companies of

international importance. It was also noted that the engagement theme of the quarter in question was Transition Minerals.

Thanks were expressed for the report

The information was discussed

RESOLVED

- **To accept the report and note the information**
- **While it was generally accepted that the increase in engagement activities was encouraging, it was disappointing to see so many activities noted as 'ineffective'**

14. PENSION FUND INVESTMENT PERFORMANCE UP TO 30TH SEPTEMBER 2025

A report was submitted by the Investment Manager reporting on the performance of the Fund over the quarter in question. The performance of the Investment Managers was discussed in detail and the work that was underway to move towards the new asset allocation.

Thanks were expressed for the report

The information was discussed

Comments arising from the ensuing discussion

- The returns were good
- In the context of the Gwynedd Pension Fund, there was scope to continue to meet with Investment Managers
- In the context of Strategic Asset Allocation, while highlighting the benchmark, the starting point and target need to be given attention.

DECISION:

- **To accept the report and note the information**

The meeting commenced at 10.30 am and concluded at 11.30 am

CHAIRMAN