



Complete Agenda

Democratic Service
Swyddfa'r Cyngor
CAERNARFON
Gwynedd
LL55 1SH

Meeting

PENSION BOARD

Date and Time

1.00 pm, FRIDAY, 11TH JULY, 2025

Location

Virtual Meeting

Contact Point

Lowri Haf Evans

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(DISTRIBUTED 03/07/25)

PENSION BOARD

MEMBERSHIP

EMPLOYER REPRESENTATIVES

Sioned Parry (Conwy County Borough Council)

Edward Michael (Isle of Anglesey County Council)

Roland Thomas (Cyngor Gwynedd)

MEMBER REPRESENTATIVES

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

Osian Richards (Gwynedd Council)

Anthony Deakin (retired – formerly Cartrefi Conwy)

A G E N D A

1. ELECT CHAIR

To elect Chair for 2025/26

2. ELECT VICE CHAIR

To elect Vice chair for 2025/26

3. APOLOGIES

To receive any apologies for absence

4. DECLARATION OF PERSONAL INTEREST

To receive any declaration of personal interest

5. URGENT ITEMS

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

6. MINUTES

5 - 10

The Chairman shall propose that the minutes of the meeting of this committee held on the 7th of April 2025 be signed as a true record.

7. MINUTES OF PENSIONS COMMITTEE

11 - 14

To submit, for information, minutes of the Pensions Committee meeting held on the 12th June 2025

8. GWYNEDD PENSION FUND'S DRAFT STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2025

15 - 59

To receive and note –

- Draft Statement of Accounts

9. WALES PENSION PARTNERSHIP UPDATE: FIT FOR THE FUTURE

60 - 61

To note the update.

10. LGPS POOLING SYMPOSIUM

62

To receive and accept the information

11. INVEST IN WALES CONFERENCE

63

To receive and note the information

12. PENSION BOARD CHAIR DRAFT REPORT FOR GWYNEDD PENSION FUND'S ANNUAL GENERAL REPORT 64 - 67

To consider the content of the draft report in order to discuss its content and propose amendments at the meeting

13. UPDATED GOVERNANCE POLICY STATEMENT 68 - 76

It is recommended that the Pension Board:

1. Reviews and notes the contents of the updated Governance Policy Statement.
2. Supports the publication and continued use of the revised document as part of the Fund's compliance Framework.

14. RISK REGISTER 77 - 95

To scrutinise the risk register and bring any comments or suggestions to the meeting.

15. PENSION FUND ADMINISTRATION POLICIES 96 - 104

To consider the report and offer feedback on the new administration policies

PENSION BOARD 07-04-2025

Present:

Anthony Deakin, Eifion Jones and Osian Richards (Member Representatives)

Sioned Parry (Chair) and Ned Michael (Employer Representatives)

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

1. APOLOGIES

None to note

2. DECLARATION OF PERSONAL INTEREST

None to note

3. URGENT ITEMS

UPDATE ON VACANT SEAT

The Head of Finance provided an update on the steps that had been taken to find a new Board Member. The Members were reminded that, in accordance with the terms of reference, the appointment (as an employer representative) would be limited to Members and staff of Cyngor Gwynedd only. It was noted that one application had been received and that the next step would be to arrange an interview.

4. MINUTES

The Chair signed the minutes of the previous meeting of this committee held on 4 February 2025 as a true record.

5. TRAINING PLAN

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

In discussing the 2025/26 training plan, reference was made to the results of the Hymans Robertson National Knowledge Assessment recently completed by Members, stating that Hymans Robertson had identified some areas requiring further attention as well as areas that Members themselves had chosen. It was noted that a training session on actuarial assumptions and methods had already been held and that training on net zero and governance would be held soon. It was added that a pension administration item would be submitted regularly to the Board and that it would be possible to provide training as required at the Investment Panels; Members would also continue to receive training sessions by WPP and could attend and

receive information in various conferences and received opportunities to receive online training.

Thanks was given for the report

Observations arising from the ensuing discussion:

- The training plan covered the features of the assessment
- The programme was comprehensive
- The WPP and Hymans webinars had been very beneficial

In response to an observation regarding WPP webinars and the possibility of receiving advance dates for the year, it was noted that they were arranged on a quarterly cycle and while accepting that this was short notice the dates would be shared as soon as they were announced.

The Training Plan was accepted for information

6. WALES PENSION PARTNERSHIP UPDATE

The Investment Manager submitted a report, providing a formal update to members on the work of the Wales Pension Partnership (WPP). It was noted that the report was now a regular report submitted to the Board and was a very important element of the Gwynedd Pension Fund where 85% of the fund had now been pooled.

It was reported that the Head of Finance and the Investment Manager represented the Fund in all the pool's meetings, and that the joint-working continued to work well on matters such as responding to freedom of information requests, voting and engagement and generally sharing good practice across the funds.

Attention was drawn to the funds, highlighting that the performance of the funds had been generally lower than the benchmark since the beginning, due specifically to the fact that the benchmark was challenging e.g. for the Sustainable Equity Fund the benchmark was the MSCI All Country World Index, which included all the companies, although the companies in which the Fund was able to invest were restricted. It was explained that the Global Growth Fund had been in existence for over five years and had under-performed the benchmark. As a result, Russell Investments had changed the structure of this fund and had changed the managers within the portfolio – Gwynedd's officers, the Fund advisers, Hymans Robertson and WPP officers would closely monitor the funds in future.

It was reported that new private market funds were in the process of being established, with an update to be shared when the performance of these funds had been received. Similarly, it was noted that the Partnership was setting up property funds and a discussion would be held with Hymans Robertson to discuss which option could be taken up.

Reference was made to the 'Fit for the Future' consultation launched by the UK Government which covered three key areas:

- Reform of the Local Government Pension Scheme asset pooling arrangements
- Boosting local investments
- Strengthening governance within the pension funds.

It was highlighted that a response to the consultation had been submitted by the Gwynedd Pension Fund along with a business case which suggested that the way forward for WPP was for Wales to retain an independent LGPS fund building on the success of existing pooling arrangements. It was explained that this could be done by

creating an investment company under the name 'IM Co'; the second option would be as a sub-partner or client in a pool under the management of larger funds, along with transitional costs. It was noted that if the Gwynedd Pension Fund wanted to continue to have a say in decisions, to shape investments to suit their profile and ensure investment in Wales, WPP would have to be developed into IM Co and while this would involve implementation costs, the situation had been forced upon us. It was hoped that the returns would remain strong and that ultimately the investment costs would decrease.

It was reported that Sioned Parry and Osian Richards had attended the meeting of the Chairs of the Pension Board for Wales on 1 April 2025. Reference was made to the comments conveyed at the meeting in favour of keeping WPP independent, and that officials were working extremely hard within a tight timeframe to respond to the demands of the review.

Thanks were given for the report

Observations arising from the ensuing discussion:

- Despite the costs, the initiative would be beneficial to Wales
- The effort to retain the independence of the Wales pool was welcomed
- There was a need to ensure that the process was commensurate to the need rather than an unwieldy, costly process to create change for the sake of change
- The original aim was to pool funds to save costs, but there was now a compulsion to spend to establish a company
- The UK Government had not acknowledged that the current arrangements were effective and acceptable, and yet were imposing the establishment of a company to be approved by the Financial Conduct Authority (FCA)
- A request for officers to share information about the forums that submitted observations during the consultation

In response to a question about the potential for long-term savings (although there was no reference to savings in the Business Plan) it was noted that in terms of very broad objectives, the costs of Investment Managers would be performance-dependent and therefore in the long term it was hoped that there would be a saving for Gwynedd (although there was no certainty at present). In response to a comment regarding the impact on staff resources and costs, it was noted that information regarding staff responsibilities had not been received. It was accepted that there was frustration that there were no formal costs to share, but any information received would be shared with Board members.

The information was accepted.

7. LGC INVESTMENT SEMINAR

Verbal feedback was received from Mr Hywel Eifion Jones who had attended the Seminar on behalf of the Board. He highlighted that discussions about reforming the Local Government Pension Schemes asset pooling arrangements had overshadowed the seminar, but it was also clear that there was more discussion this year around investing locally in Britain rather than global investment. It was added that there had been discussion sessions about the valuation and the emphasis on beginning the process early, and also a discussion on over-investment and reducing contributions. It was noted that there was a difference of opinion on this topic and that questions had arisen about how to deal with the issue.

Thanks were expressed for the feedback

8. ASSUMPTIONS SETTING FOR THE 2025 VALUATION

A report was presented by the Pensions Manager outlining the assumptions setting for the Gwynedd Pensions Fund's 2025 valuation. It was clarified that the report detailed the financial life expectancy, life expectancy, and other demographic assumptions that the Fund must make, and that these assumptions were set by the Fund's Actuaries following discussions and a training session with Officers, Committee Members and Board Members. It was highlighted that the relevance of the current assumptions had been considered before introducing changes that would reflect the Fund's specific characteristics and take a very long-term view. It was reiterated that the assumptions also adhered to LGPS guidelines which required prudence in the discount rate, while the other assumptions were best estimates.

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

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

Reference was made to life expectancy assumptions, noting that the recommendation was to adopt a general assumption of 'default' improvement in the future, and with other assumptions such as demographic assumptions, the intention was to adopt assumptions based on an analysis of information from the Fund along with the Fund's actual membership experience

It was reported that the Pensions Committee, at a meeting on 17 March 2025, had adopted the forecasts.

Thanks were expressed for the report.

In response to a question about 'payment / contribution holiday' and whether this should be considered as a risk, it was noted that the Legislation was now being amended to prevent this. It was added that if any accepted assumptions needed to be reviewed in response to any situation that arose, that this was actionable and would be considered as prudent behaviour

A question was asked regarding the current market volatility and whether an interim valuation could be allowed; it was noted that this has been allowed in exceptional cases, but again, the intention was to amend the Act to prevent this.

Comments arising from the ensuing discussion,

- As the Fund was adequately funded, would it be wise to retain the current situation rather than reducing shares? In case things went wrong?

- The three-year valuation retained control over the employer's contribution – it was important to be aware of the situation and try to avoid a position of fluctuation.
- Important to hold discussions with major employers
- Request for the risk register to be submitted/updated by the next meeting
- Accept that these were forecasts and that it was difficult to have clarity without accurate figures - yet a balance needed to be struck

The information was accepted.

9. SUMMARY OF GENDER PENSION GAP ANALYSIS

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

Reference was made to the key findings of the analysis which confirmed the existence of a Gender Pension Gap and disparity in the pension amounts of current pensioners and active Members. Attention was drawn to the factors which contributed to the gap, as well as the recommendations suggested to fully address the gap. It was noted, while accepting that there was a need to change and act on a national level, that it was also possible to implement some actions locally, with the employer, rather than the Pension Fund leading on these matters. The work that should be completed included reviewing policies such as the return-to-work policy, working patterns and working hours and better educating women on the implications of maternity leave.

It was highlighted, in line with the request of the Pensions Committee, that the matter would be included on the agenda of the next meeting of the Local Joint Advisory Committee.

Thanks were expressed for the report.

Observations arising from the ensuing discussion:

- Osian Richards (also a Member of the Local Joint Advisory Committee) expressed thanks for the report and welcomed the comprehensive details contained in it.
- The report was comprehensive and interesting and unfortunately reflected the overall pattern of pensions
- The recommendations and next steps were welcomed
- A suggestion that the report be shared with all the Fund's employers
- A suggestion for employers to conduct a survey among participants to seek more information and ascertain women's awareness of the differences

The information was accepted.

10. CONNECTING TO THE PENSIONS DASHBOARD

A report was presented by the Pensions Manager outlining Gwynedd Pension Fund's progress and plans for linking to the Pensions Dashboard. It was clarified that the Pensions Dashboard would allow members to view information about their pension in one place, enhancing transparency and engagement for planning for their retirement.

Attention was drawn to the connection timetable that included key dates to ensure that the work and connection were completed by the deadline of 31 October 2025. It

was reported that Heywood Pension Technologies had been appointed as an Integrated Service Provider (ISP) for the Pensions Dashboard Programme, acting as a bridge, connecting pension schemes and providers to the central digital architecture, ensuring data is securely shared.

In addition, it was reported that work was being done with Additional Voluntary Contributions (AVC) providers to ensure that this data was also connected to the Pensions Dashboard. This would involve coordinating with each AVC provider to confirm their connection methods and readiness. The Pensions Administration Standards Association (PASA) had provided a checklist and toolkit to assist with this process.

The Pensions Dashboard was considered to be a significant step forward in enhancing the service provided to the Fund's members with a clear timetable in force. The Investment Manager was confident that these demands and the deadline would be met. It was reiterated that updates on progress along with any further developments would be submitted to the next Board meetings.

Thanks were given for the report

Observations arising from the ensuing discussion

- It would be good to have the information in one place
- The Government has been discussing the work for years – pleasing to see that work was underway
- Welcomed the assurance that work would be completed within target
- The matter should be discussed again once the connection had been completed

The information was accepted.

The meeting started at 1:00pm and ended at 14:05pm

PENSIONS COMMITTEE 12-06-25

Attendance:

Councillors: Goronwy Edwards (Conwy County Borough Council), Medwyn Hughes, Iwan Huws, John Pughe Roberts, 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)

1. ELECTION OF CHAIR

It was resolved to re-elect Councillor Elin Hywel as Chair of this Committee for 2025/26

2. ELECTION OF VICE-CHAIR

It was resolved to elect Councillor John Pughe Roberts as Vice-chair of this Committee for 2025/26

3. APOLOGIES

Apologies were received from Councillor Stephen Churchman, Councillor John Brynmor Hughes and Councillor Elin Hywel

4. DECLARATION OF PERSONAL INTEREST

None to note

5. URGENT ITEMS

None to note

6. MINUTES

The Chair accepted the minutes of the meeting held on 17 March 2025 as a true record.

7. WALES PENSION PARTNERSHIP (WPP) BUSINESS PLAN

A report was submitted by the Investment Manager asking the Committee to approve the Wales Pension Partnership's revised Business Plan. It was reported that the Business Plan had been approved by the Joint Governance Committee in March 2025, but had now been amended to highlight the Project Snowdon enabling and design costs, where approval was received at its meeting on 4 June 2025. It was elaborated that the Plan would require approval from the individual Committees within the Partnership.

It was noted that the Partnership created an annual Business Plan for a three-year period and the main purpose was:

- To explain the background and governance structure
- To highlight the priorities and objectives over the next three years
- To present the Partnership's plans and policies
- To outline the financial budget
- To summarise the WPP's investments and performance objectives

The members thanked the officer for the report.

It was proposed and seconded to approve the Business Plan.

RESOLVED

To approve the Wales Pension Partnership Revised Business Plan 2025-2028

8. LGPS: 'FIT FOR THE FUTURE' – THE WPP'S SUBMISSION TO GOVERNMENT

A joint report was submitted by the Head of Finance and the Investment Manager.

Members were reminded, in accordance with the requirements of the 'Fit for the Future' consultation launched in November 2024, that the eight LGPS pools established nationally were invited to present a business case which outlined how they would meet the Government's required criteria. It was noted that the Government had outlined a range of proposals to strengthen the work of managing LGPS investments in three key fields, which included reforming LGPS assets funds, promoting LGPS investment in local areas and regions in the UK, and strengthening the governance of the LGPS Administering Authorities and the LGPS funds.

During the consultation, the basic question was raised as to whether the WPP would consider establishing an independent company or join with another LGPS in England. It was reported that the WPP had concluded that what was best for all direct and wider stakeholders in Wales was to go forward to build its own IMCo. and retain its independence as a pool with the eight LGPSs in Wales as the sole stakeholders and clients.

The WPP business case was submitted to the Government in February 2025 and in April 2025, the encouraging news was received that the Government had approved the WPP business case, with Government officers requesting that the WPP continued to implement its plans and continued to inform the Government of the progress. It was noted that two pools in England, Brunel and ACCESS, had been unsuccessful in presenting their business case and the basic AA had now invited them to try to join another pool.

It was elaborated, in order to satisfy the Government's challenging deadlines, that an FCA application would need to be presented to establish a WPP IMCo. soon. It was noted that the FCA requirements stated that the entity applying for the authority (i.e. WPP IMCo.) had to be incorporated before presenting the FCA application and the holders of some Senior Management (SMF) posts, including the Chief Executive Officer, had to be identified and included in the application.

Reference was made to the next steps of the process which included establishing a Board with a representation of shareholders (which would replace the Joint Committee) and during the summer 2025, there would be a need to register the company, ensuring compliance with the FCA requirements.

It was considered that forming a WPP IMCo. would be a once in a generation opportunity to create an independent LGPS Investment Company for the benefit of all stakeholders of the 22 local authorities in Wales, which would continue to invest for its

members and protect LGPS pensions, and also have the opportunity to continue with its role investing locally across Wales and the rest of the UK, working with Councils, Corporate Joint Committees, the Development Bank of Wales, the British Business Bank and the Welsh Government, promoting economic growth, providing employment, protecting clean energy and improving the country's wider infrastructure, for the benefit of the people of Wales.

The members thanked the officer for the report.

In response to the consultation and discussions about appointing a 'qualified independent member' and whether that referred to a member qualified in finance, it was noted that no further details had been received. However, it was elaborated that the holders of some Senior Management Function posts, including the Chief Executive Officer, would have to be specifically named within the formal application to the FCA for the FCA to check and assess that they were suitable for the role.

In response to a question regarding the costs of establishing a company and whether the budget and job descriptions had been completed, it was noted that a budget of approximately £5 million more than the current costs would be set. It was also noted that there would be an intention to employ 15 - 18 officers by 1 April 2026. More details would be shared as the process progressed.

In response to an observation regarding why there was a need to adapt the situation when what already existed was successful, it was noted that the change responded to the requirements of the Westminster Government and there was no choice in the matter.

- Concern was expressed about the risk of losing the Hymans expertise
- The administrative costs were much higher than the current costs – the salaries were likely to be beyond the Local Government pay scales

It was proposed and seconded to recommend that the Full Council approves the LGPS Submission to the Government.

RESOLVED:

To accept the report.

To recommend that the Full Council (at its meeting on 3 July 2025):

- 1. Notes the WPP Fit for the Future Business Case (Appendix 3, Appendix 4 and section 4)**
- 2. Approves the formation of a corporate entity wholly owned by the WPP Administering Authorities to be the WPP Investment Management Company (IMCo.) and all other actions necessary to submit an application to the Financial Conduct Authority (FCA) for the authorisation of the IMCo. including but not limited to the selection and recruitment of Senior Management Function (SMF) roles as required by the FCA and the preparation and submission of the application to the FCA (Section 5).**
- 3. Approves the revised WPP Business Plan and budget 2025/28 which includes design/enabling costs for Project Snowdon (Appendix 5 and Section 6) 5 - 10 11 - 27 28 - 124**
- 4. Delegates the S151 Officer the right, in consultation with the Pension Fund Committee Chair, to progress Project Snowdon alongside WPP Administering Authorities (AAs) in line with the Government timetable within the approved budget.**
- 5. Delegates the final approval of the final formal documentation required for IMCo. to be operational, described as “Go Live Work” as outlined in Section 7, to the Pension Fund Committee to give effect to the WPP Fit for the Future Business Case.**

9. LGPS POOLING SYMPOSIUM CONFERENCE 2025

A verbal update was received from Councillor Iwan Huws who had attended the conference in May 2025.

It was reported that pooling was the main matter under discussion in the conference, which focused on how the pooling of local authority funds continued to evolve and what this would mean for the future. It was noted that the timing was interesting given the response to the Fit for the Future Consultation. It was highlighted that the Business Wales case received significant praise and everyone who was associated with the work was congratulated, detailing the good collaboration. It was noted that the conference had been a good opportunity for attendees to network and share best practices, as well as a good educational opportunity for members.

RESOLVED

To accept and note the information.

10. INVEST IN WALES CONFERENCE

A verbal update was provided by Councillor Goronwy Edwards who had attended the conference in April 2025, as well as Councillor Elin Hywel and the Head of Finance.

It was noted that although there was a lot of discussions about investing in Wales, it seemed that it was the social impact that was being promoted instead of receiving full information about financial investment opportunities in Wales. Reference was made to the town centres regeneration opportunities and constructing houses, but mainly, there was a sense that Wales was a country of small businesses and therefore there was a need to encourage support for these businesses to develop.

RESOLVED

To accept and note the information.

The meeting commenced at 14:30 and ended at 15:15

MEETING	PENSION BOARD
DATE	11 JULY 2025
TITLE	GWYNEDD PENSION FUND'S DRAFT STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2025
PURPOSE	To receive and note – <ul style="list-style-type: none">Draft Statement of Accounts
RECOMMENDATION	Receive the information
AUTHOR	DELYTH JONES- THOMAS, INVESTMENT MANAGER

1. INTRODUCTION

This report introduces the statutory Statement of Accounts for the 2024/25 financial year, which provides details of the Pension Fund's financial activities during the year which ended on 31 March 2025.

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

2. AUDIT BY AUDIT WALES

The draft accounts here are currently subject to audit by Audit Wales. It is possible that some changes will be necessary before a final version is presented in the Autumn.

3. RECOMMENDATION

The Pension Board is asked to receive and note the Pension Fund Statement of Accounts (subject to audit) for 2024/25.

Gwynedd Pension Fund

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.

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.

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.



27 June 2025

Dewi Morgan CPFA

Head of Finance, Cyngor Gwynedd

GWYNEDD PENSION FUND ACCOUNTS

THE FUND ACCOUNT

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

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

NET ASSETS STATEMENT

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

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

NOTES TO THE GWYNEDD PENSION FUND ACCOUNTS

NOTE I – DESCRIPTION OF FUND

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

a) General

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

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

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

b) Membership

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

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

NOTE I – DESCRIPTION OF FUND (continued)

The following bodies are active employers within the Pension Fund:

Scheduled Bodies	
Cyngor Gwynedd	Snowdonia National Park Authority
Conwy County Borough Council	Bryn Elian School
Isle of Anglesey County Council	Emrys ap Iwan School
Police and Crime Commissioner for North Wales	Pen y Bryn School
Llandrillo – Menai Group	Eirias High School
GwE	North and Mid Wales Trunk Road Agency
North Wales Economic Ambition Board	
Resolution Bodies	
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 Kinnel 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)	
Admission Bodies	
Adult Learning Wales	North Wales Society for the Blind
Adferiad Recovery	Community and Voluntary Support Conwy
Holyhead Joint Burial Committee	Careers Wales North West
Cwmni'r Fran Wen	Mantell Gwynedd
Menter Môn	Medrwn Môn
Community Admission Bodies	
Cartrefi Conwy	Adra
Byw'n Iach	
Transferee Admission Bodies	
ABM Catering	A E & A T Lewis
Kingdom Services Group	Chartwells

NOTE I – DESCRIPTION OF FUND (continued)

Membership details are set out below:

	31 March 2024	31 March 2025
Number of employers	46	47
Number of employees in scheme		
County Council	15,236	15,220
Other employers	4,112	4,160
Total	19,348	19,380
Number of pensioners		
County Council	10,194	10,711
Other employers	2,310	2,500
Total	12,504	13,211
Deferred pensioners		
County Council	12,093	12,420
Other employers	2,326	2,406
Total	14,419	14,826
Unclaimed benefits		
County Council	3,473	4,055
Other employers	533	628
Total	4,006	4,683
Undecided Leavers		
County Council	2,738	1,604
Other employers	300	188
Total	3,038	1,792
Total number of members in pension scheme	53,315	53,892

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:

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

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

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

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

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

NOTE 2 – BASIS OF PREPARATION

The Statement of Accounts summarises the Fund's transactions for the 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 IAS 19 and relevant actuarial standards.

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Additional voluntary contributions

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

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

m) Contingent assets and contingent liabilities

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

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

NOTE 4 – CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Unquoted private equity, 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
70,778	Total employers' contributions	76,929
94,278	Total contributions receivable	101,760

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
94,278		101,760

* 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
3		3

NOTE 9 – TRANSFERS IN FROM OTHER PENSION FUNDS

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

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
82,931		94,520

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
82,931		94,520

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
5,068		7,870

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
15,042		18,282

NOTE 12a – INVESTMENT MANAGEMENT EXPENSES

2024/25	Management Fees £'000	Transaction Costs £'000	Total £'000
Pooled Funds			
Fixed Income	594	101	695
Equities	1,807	986	2,793
Other Investments			
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
Custody Fees			331
Total			15,738

2023/24	Management Fees £'000	Transaction Costs £'000	Total £'000
Pooled Funds			
Fixed Income	502	28	530
Equities	1,910	944	2,854
Other Investments			
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
Custody Fees			274
Total			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
1,720		1,988

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
456		556

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
Investment Management Expenses		
Fund Manager fees	3,193	5,624
Transaction costs	972	1,175
Custody fees	268	331
	4,433	7,130
Oversight and governance costs		
Running costs	226	241
Total	4,659	7,371

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
47,956	Total before taxes	65,847

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

NOTE 14a – RECONCILIATION OF MOVEMENTS IN INVESTMENTS AND DERIVATIVES

2024/25	Market value at 1 April 2024	Purchases during the year	Sales during the year	Change in market value during the year	Market value at 31 March 2025
	£'000	£'000	£'000	£'000	£'000
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
	3,036,264	219,999	(158,440)	94,420	3,192,243
Cash deposits	499				1,546
Amounts payable for purchases of investments	(333)				(642)
Fees within pooled vehicles				11,206	
Net investment assets	3,036,430			105,626	3,193,147

2023/24	Market value at 1 April 2023	Purchases during the year	Sales during the year	Change in market value during the year	Market value at 31 March 2024
	£'000	£'000	£'000	£'000	£'000
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
	2,742,933	589,471	(545,488)	249,348	3,036,264
Cash deposits	963				499
Amounts payable for purchases of investments	(960)				(333)
Fees within pooled vehicles				10,747	
Net investment assets	2,742,936			260,095	3,036,430

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	
3,036,763	100.0		3,193,789	100.0	

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"> • EBITDA multiple • Revenue multiple • Discount for lack of marketability • Control premium 	Valuations could be affected by changes to expected cashflows or by differences between audited and unaudited accounts
Infrastructure	Level 3	Valued using discounted cashflow techniques to generate a net present value	Discount rate and cashflow used in the models	Rate of inflation, interest, tax and foreign exchange
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
Values at 31 March 2025				
Financial assets at fair value through profit and loss				
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
	1,546	2,603,671	588,572	3,193,789
Financial liabilities at fair value through profit and loss				
Payables for investment purchases	(642)	0	0	(642)
Total	904	2,603,671	588,572	3,193,147

NOTE 15a – FAIR VALUE HIERARCHY (CONTINUED)

	Quoted market price Level 1 £'000	Using observable inputs Level 2 £'000	With significant unobservable inputs Level 3 £'000	Total £'000
Values at 31 March 2024				
Financial assets at fair value through profit and loss				
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
	499	2,558,668	477,596	3,036,763
Financial liabilities at fair value through profit and loss				
Payables for investment purchases	(333)	0	0	(333)
Total	166	2,558,668	477,596	3,036,430

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

	Market Value 1 April 2024 £'000	Transfers in/ out of Level 3 £'000	Purchases during the year £'000	Sales during the year £'000	Unrealised gains/ (losses) £'000	Realised (gains)/ losses £'000	Market Value 31 March 2025 £'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
Total Level 3	477,596	0	160,500	(54,608)	18,816	(13,732)	588,572

	Market Value 1 April 2023 £'000	Transfers in/ out of Level 3 £'000	Purchases during the year £'000	Sales during the year £'000	Unrealised gains/ (losses) £'000	Realised (gains)/ losses £'000	Market Value 31 March 2024 £'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
Total Level 3	455,485	0	53,438	(10,471)	(9,787)	(11,069)	477,596

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
Financial assets					
2,558,668	0	0	Pooled investments	2,603,671	0
210,350	0	0	Pooled property investments	175,589	0
10,235	0	0	Private credit	50,748	0
167,029	0	0	Private equity	162,518	0
89,982	0	0	Infrastructure	199,717	0
0	31,650	0	Cash	0	36,963
0	6,572	0	Debtors	0	7,163
3,036,264	38,222	0	3,192,243	44,126	0
Financial liabilities					
0	0	(4,491)	Creditors	0	0
0	0	(4,491)	0	0	(4,654)
3,036,264	38,222	(4,491)	3,192,243	44,126	(4,654)

NOTE 16a – NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

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

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
Total Fund	10.7	11.6

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

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

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

Asset type	Value as at 31 March 2025 £'000	Percentage change %	Value on increase £'000	Value on decrease £'000
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
Total assets available to pay Benefits	3,231,715		3,693,544	2,769,886
*Level 3 assets	588,571		691,307	485,836

Asset type	Value as at 31 March 2024 £'000	Percentage change %	Value on increase £'000	Value on decrease £'000
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
Total assets available to pay Benefits	3,069,995		3,496,315	2,643,673
*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
Total	892,882	915,486

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	£'000
Cash and cash equivalents	35,417	354	(354)
Cash balances	1,546	15	(15)
Pooled Fixed Income *	878,523	8,785	(8,785)
Total change in assets available	915,486	9,154	(9,154)

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

* 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	£'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
Total change in assets available	2,721,696	2,969,370	2,474,023

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	£'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
Total change in assets available	2,548,549	2,785,562	2,311,534

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:

Fund	Percentage of Portfolio
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:

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

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

NOTE 18 – FUNDING ARRANGEMENTS (continued)

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

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

Experience over the period since 31 March 2022

Markets 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
Total	2,363	2,053

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

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

NOTE 21 – CURRENT LIABILITIES

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

NOTE 22 - ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVC)

The market value of the funds is stated below:

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

AVC contributions were paid directly to the following manager:

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

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:

2023/24 £'000	2024/25 £'000
36 Short-term benefits	31
6 Post-employment benefits	5
42	36

NOTE 24 - COMMITMENTS UNDER INVESTMENT CONTRACTS

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

	Total Commitments £'000	Commitment at 31 March 2024 £'000	Commitment at 31 March 2025 £'000
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
Total GBP	264,500	152,370	101,512
	€'000	€'000	€'000
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
Total Euros	394,000	80,069	69,082
	US\$'000	US\$'000	US\$'000
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
Total Dollars	117,675	23,288	30,420

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.

MEETING:	PENSION BOARD
DATE:	11 JULY 2025
TITLE:	WALES PENSION PARTNERSHIP UPDATE: FIT FOR THE FUTURE
AUTHOR:	DELYTH JONES-THOMAS, INVESTMENT MANAGER

1. Introduction

Since 2017, Gwynedd Pension Fund has been collaborating with the eight Local Government Pension Scheme (LGPS) funds in Wales, through an inter-authority agreement approved by the Full Council in March 2017. This led to the creation of the Wales Pension Partnership.

Approximately £25 billion of assets are under the pool's management, bringing benefits such as cost savings, improved investment opportunities, enhanced performance, and increased collaboration and governance across Wales. This has worked well for Gwynedd, with over 85% of its pension fund now pooled.

2. LGPS: Fit for the future

Since October 2023, the Government has been reviewing the investment arrangements of LGPS funds in Wales and England. An initial consultation was held in October 2024, and in June 2025, the Pensions Bill was published.

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

3. Reforming the pool operating model

It has been announced that each fund and pool must adopt an operating model that meets the following standards:

- Administering authorities will remain responsible for setting the fund's investment strategy, but must delegate implementation of the strategy to the pool;
- Administering authorities will receive their main investment advice from the pool;
- Administering authorities must transfer all remaining assets to be managed by the pool;
- The pool will need the capability to conduct due diligence on local investments and manage these investments;
- **The pool must establish an Investment Management Company (IM Co) authorised and regulated by the Financial Conduct Authority (FCA), with the expertise to implement investment strategies.**

3a. Wales Pension Partnership Investment Management Company

The Wales Pension Partnership intends to establish a separate FCA-regulated investment management company ("IM Co") in line with government criteria. This project is known within the Wales Pension Partnership as "Project Yr Wyddfa."

The decision to build an investment management company ("IM Co") for the Wales Pension Partnership offers a unique opportunity to establish a centre of LGPS investment expertise in Wales. The Wales Pension Partnership submitted a strong business case to the Government in February 2025, receiving a letter of support for the business case in April 2025.

New elements will need to be introduced into the governance structure, including a Shareholders' Board with representation from all administering authorities. In the medium to long term, the Wales Pension Partnership hopes to deliver financial benefits that outweigh the operating model's costs. There will be no investment transfer costs, but the estimated cost of the new model is approximately £5–£5.5 million – to be covered by the Fund, not the Council.

The requirement to establish the investment management company was approved by the Full Council at its meeting on 3rd July 2025.

4. Promoting LGPS Investment in local areas and UK regions

Pension funds must:

- State how they will invest locally in their investment strategy, including a target range for allocation and consideration of local priorities and growth plans;
- Work with local authorities, Combined Authorities, Mayoral Combined Authorities, County Combined Authorities, and the Greater London Authority to identify local investment opportunities. In Wales, administering authorities would work with relevant Corporate Joint Committees on their priorities and proposed economic development plans, and more generally with local authorities to identify investment opportunities;
- Report local investment and its impact in their annual reports;
- All pools must carry out appropriate due diligence on potential investments and make the final decision on whether to invest.

5. Strengthening governance

Funds and pools are required to build on the recommendations of the Scheme Advisory Board (SAB) from its 2021 Good Governance Review:

- Committee members must have the appropriate knowledge and skills;
- Administering authorities must publish a training and governance strategy (including a conflict of interest policy) and an administration strategy, appoint a senior LGPS officer, and conduct independent reviews every two years to assess their ability to meet responsibilities;
- Pool boards must include stakeholder representatives and improve transparency.

Recommendation

The Board is asked to note the update.

MEETING	PENSION BOARD
DATE	11 JULY 2025
TITLE	LGPS POOLING SYMPOSIUM
PURPOSE	To receive relevant feedback and information from the conference
RECOMMENDATION	Receive the information
AUTHOR	Anthony Deakin

1. INTRODUCTION

The LGPS Pooling Symposium was held in May and Anthony Deakin attended on behalf of the Board.

2. LGPS POOLING SYMPOSIUM

The conference agenda can be found here:
<https://www.dgpublishing.com/lgps-pooling-symposium/agenda/>

Anthony Deakin will provide verbal feedback and share relevant information from the conference.

3. RECOMMENDATION

The Board is requested to receive the information.

MEETING	PENSION BOARD
DATE	11 JULY 2025
TITLE	INVEST IN WALES CONFERENCE
PURPOSE	To receive relevant feedback and information from the conference
RECOMMENDATION	Receive the information
AUTHOR	Dewi Morgan

1. INTRODUCTION

The Invest in Wales Conference was held in April and Dewi Morgan, Councillor Elin Hywel and Councillor Goronwy Edwards attended on behalf of the fund.

2. INVEST IN WALES CONFERENCE

Dewi Morgan will provide verbal feedback and share relevant information from the conference.

3. RECOMMENDATION

The Board is requested to receive the information.

Meeting:	Pension Board
Date:	11/07/2025
Title:	PENSION BOARD CHAIR DRAFT REPORT FOR GWYNEDD PENSION FUND'S ANNUAL GENERAL REPORT
Purpose:	Assist the Chair to complete the annual report

1. Introduction

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

This draft report (See **Appendix A**) has been prepared as a starting point.

2. Timetable

The final report is required to be submitted by: **31/07/2025**.

The fund's annual meeting will take place during the Autumn (24/11/2025 at 1.00 pm) and all Board members are welcome to attend.

3. Content of draft report

The draft report has been written in line with the layout of the 2024 report. A number of factual statements have been left unchanged for the 2025 report but have been updated to take account of the topics discussed during the year.

4. Conclusion

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

As noted above, the Chairman is required to submit the final report to Delyth Jones-Thomas, Investment Manager by **31/07/2025**.

Appendix A

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

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.

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.

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.

Attendance

Councillor Beca Roberts decided to step down from the Pension Board during 2024/25, and work is ongoing to find a successor. 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
Anthony Deakin		✓	✓	✓
H. Eifion Jones	✓	✓	✓	✓
Ned Michael	✓	✓	✓	✓
Sioned Evans Parry	✓	✓	✓	✓
Osian Richards	✓	✓	✓	
Cynghorydd Beca Roberts		✓		

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

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

Thanks

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

**Sioned Parry
Chair**

Meeting:	Pension Board
Date:	11/07/2025
Title:	UPDATED GOVERNANCE POLICY STATEMENT
Purpose:	To present the Pension Board with the updated Governance Policy Statement for the Gwynedd Pension Fund

1. Background:

In accordance with Regulation 55 of the Local Government Pension Scheme (LGPS) Regulations 2013, the Gwynedd Pension Fund is required to maintain a Governance Policy Statement outlining how the Fund is governed and managed.

Following Mr Dafydd Edwards' retirement from his role as Fund Director, updates have been made to the Governance Policy Statement to:

- Remove reference to the temporary "Fund Director" designation, which had been introduced during a specific period of transition

These revisions align the policy with the Fund's current governance structure and accurately reflect responsibilities now held by the Chief Finance Officer and his supporting teams.

2. Key Changes:

- Removal of all references to the "Fund Director" role
- Clarification of support functions provided by the Investment and Pensions teams

No further changes have been made to the policy at this time.

A copy of the amended policy can be seen in **Appendix A**.

3. Recommendation:

It is recommended that the Pension Board:

1. Reviews and notes the contents of the updated Governance Policy Statement.
2. Supports the publication and continued use of the revised document as part of the Fund's compliance Framework.



Cronfa Bensiwn
GWYNEDD
Pension Fund

Governance Policy Statement

July 2025

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GOVERNANCE POLICY STATEMENT

Introduction

Cyngor Gwynedd, as Administering Authority for the Gwynedd Pension Fund, must meet the governance requirements of the Local Government Pension Scheme (LGPS) Regulations 2013, Regulation 55.

This policy:

- Defines each body's delegated responsibilities
- Sets out terms of reference, structure and key processes
- Explains how governance, administration and compliance are assured

Pensions Committee

The Council has delegated to the Pensions Committee various powers and duties in respect of its administration of the Fund.

The Committee is comprised of 9 members, 7 of whom are elected members of Cyngor Gwynedd, 1 member from Anglesey County Council and 1 member from Conwy County Borough Council, all of whom have voting rights. There is no member (staff) representation on the Committee.

The Pensions Committee's responsibilities are to:

1. Decide on the strategy for investing the Pension Fund's assets by approving a Funding Strategy Statement and Investment Strategy Statement.
2. Appoint and terminate the appointment of managers and consultants of the Pension Fund and review their performance with regard to investment.
3. Ensure that safe and efficient arrangements are in hand for purchasing, selling and monitoring the council's investments.
4. Making some decisions in the context of pension administration in exceptions e.g. appeals.
5. Review and scrutinise the fund's financial affairs, and therefore receive the financial statements and auditors report.

As a duly constituted Committee of Cyngor Gwynedd, the operation of the matters delegated to the Committee are governed by Cyngor Gwynedd's constitution, and in particular, Parts 4 and 5 which govern the rules of procedure and Codes and Protocols which are to be followed by members of the Pensions Committee and officers.

The Pensions Committee is also charged with ensuring that an annual report on Pensions matters is prepared and presented to an annual meeting of employers and employee representatives, at which any of the said parties can question the Committee, their officers, investment adviser or Fund managers on issues relating to Fund performance, and administration and/or pensions matters in general.

In order to ensure an adequate review of investment performance, the Committee's investment adviser and each Fund manager provides the Committee with a quarterly monitoring report. Informal meetings are also held with the investment adviser and Fund managers in order to challenge performance and resolve any issues which arise.

All committee members will be required to undertake training to ensure competency.

All employers who are not members of the Pension Committee are afforded the opportunity to influence the Pension Committee's determinations through the series of informal meetings held periodically with various categories of employer.

Any issue requiring formal consideration is considered at a properly convened meeting of the Committee, in order to allow citizens to exercise their rights to attend any meeting of a Council Committee.

In 2014, the Government asked the LGPS funds in England and Wales to work together to create investment pools to achieve efficiency savings and invest more in infrastructure. The Gwynedd Pension Fund teamed up with the other seven Welsh funds to form the Wales Pension Partnership (WPP).

The WPP Joint Committee is an oversight committee. It determines key strategic objectives and examines the day-to-day decisions made by a group of governing officers. The chair of Gwynedd Pension Fund's committee sits on this committee.

Pensions Board

The Public Service Pensions Act (2013) required all Administering Authorities to introduce a Local Pension Board to assist the Scheme Manager. The Gwynedd Pension Board was established by Cyngor Gwynedd on 13/07/2015.

The Pensions Board has an oversight / assisting role not a decision-making role, its responsibilities are to:

1. Assist the Gwynedd Pension Fund as Scheme Manager.
2. Securing compliance with regulations and requirements enforced by the Pensions Regulator and the Department for Communities and Local Government
3. Ensuring effective and efficient governance and administration of the Fund.
4. Assist with other matters as the scheme regulations may stipulate.

The Pensions Board is comprised of 6 members, 3 of whom are employer representatives, 3 are scheme member representatives, and 1 will be elected as a chairman.

The Pensions Board will meet on a quarterly basis.

When required, the Pensions Board will be advised by the Section 151 Officer and any other Council Officers and professional Advisers and Consultants, however all board members will be required to undertake training to ensure competency.

Chief Finance Officer

Article 12 of the Council's constitution stipulates that the Head of Finance (as the Council's Chief Finance Officer) shall have responsibility for financial strategy, and as such he is responsible to the Pensions Committee for advising on the appropriate financial strategy for the Pension Fund, and for ensuring that appropriate specialist advice is provided.

Under this Article, the Head of Finance also has responsibility for the proper administration of the Pension Fund's financial affairs. He must report to the Council and the Council's external auditor if he considers that any proposal, decision or course of action will involve incurring unlawful expenditure, or is likely to cause a loss or deficiency, or if the Council is about to enter an item of account unlawfully.

Investment Manager

The Investment Manager and team support the Head of Finance in the responsibility for the monitoring and review of the investments of the Fund including:

- preparation and maintenance of the accounts of the Gwynedd Pension Fund including preparation of the Annual Report
- regular dialogue with the Fund's advisers, investment managers and custodian
- monitoring and reconciliation of investment manager and custodian records
- preparation and maintenance of the Fund's Investment Strategy Statement, Funding Strategy Statement,
- monitoring the activity and performance of the Fund's investment managers including compliance with policy and performance objectives
- interpretation of new legislation and research in respect of the investments and accounts of the Fund
- monitoring the corporate governance activity of the Fund including attendance at the Local Authority Pension Fund Forum (LAPFF)

Pensions Manager

The Pensions Manager and team support the Head of Finance:

- to collect employee and employer contributions from participating employers
- to make payments in respect of scheme benefits
- to collect and make pension transfer payments as elected by scheme members
- to update and maintain the Fund's website

- the maintenance and update of membership records
- the calculation and authorisation of benefit payments
- the provision of membership data for actuarial valuation purposes
- the preparation and maintenance of the Communication Policy Statement and the Pensions Administration Strategy Statement.

Monitoring Officer

Article 12 also stipulates that the Head of Legal Service (as the Council's Monitoring Officer) will report to the Council if he considers that any proposal, decision or omission would give rise to unlawfulness or if any decision or omission has given rise to maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered.

Governance Compliance Statement

MHCLG is committed to ensure that all LGPS committees operate consistently at best practice standards. Therefore, in addition to the regulatory requirement to produce this Governance Policy, the LGPS regulations 1997 were further amended on 30 June 2007 to require administering authorities to report the extent of compliance to a set of best practice principles to be published by MHCLG, and where an authority has chosen not to comply, to state the reasons why. This Governance Policy will be updated when necessary and reviewed at least annually.

Contacting the Gwynedd Pension Fund

You can contact us in several ways:

In person or by post at our offices:

The Gwynedd Pension Fund
Cyngor Gwynedd,
Shirehall Street,
Caernarfon,
Gwynedd.
LL55 1SH

By email:

pensions@gwynedd.llyw.cymru

By telephone:

01286 679982

Online:

www.gwyneddpensionfund.wales

Meeting:	Pension Board
Date:	11/07/2025
Title:	RISK REGISTER
Purpose:	To present the updated version of the Pension Fund's Risk Register to the Pension Board, which was last presented in 2023.
Author:	Dewi Aeron Morgan, Head of Finance Delyth Jones-Thomas, Investment Manager Meirion Jones, Pensions Manager

1. Background

The Pension Fund maintains a Risk Register to identify, assess, and manage risks that may affect the administration, performance, and obligations of the Fund. It is a key management tool and an integral part of the Fund's risk governance framework.

2. Updates for 2025

The 2025 version has been amended to include:

- Requirements of the new Pensions Regulator (TPR) General Code (Risk 1.4)
- Introduction of the Pension Dashboard and its implications (Risk 6.12)
- Project Snowdon - Changes resulting from the Fit for Purpose consultation (Risks 9.1 – 9.3)

A copy of the current Risk Register is attached at **Appendix A**.

It is a working document and will be reviewed regularly and updated for any significant risks that develop.

3. Looking Ahead

It is likely that further revisions to the Risk Register will be required following the latest valuation and the implementation of regulatory changes arising from the Fit for Purpose reforms.

4. The Board's Role

The members of the Board are asked to scrutinise the risk register and bring any comments or suggestions to the meeting.

GWYNEDD PENSION FUND

RISK REGISTER: July 2025

Risk Assessment Matrix					
Likelihood	5	10	15	20	25
	4	8	12	16	20
	3	6	9	12	15
	2	4	6	8	10
	1	2	3	4	5
	Impact				

Assessment of Impact				
		Financial	Reputation	Stakeholder/Customer
1	Negligible	< £35k	Minimal and transient loss of public trust.	Minimal impact on stakeholders or customers.
2	Minor	£35k - £300k	Slight loss of trust with no lasting impact. Little adverse publicity.	Minor impact on stakeholders or customers and customer dissatisfaction. Limited service disruption.
3	Moderate	£300k - £3m	Moderate loss of trust that receives significant adverse publicity locally with no lasting impact.	No lasting impact. Moderate disruption to stakeholders, moderate impact on customers and customer dissatisfaction. Moderate service disruption.
4	Major	£3m - £30m	Significant loss of trust and receives local media attention with potential for lasting impact.	Significant service disruption and opposition from stakeholders and/or customers. Threat of legal action.
5	Catastrophic	> £30m	Significant loss of trust and receives national media attention with potential for persisting impact.	Major service disruption and significant opposition from stakeholders and/or customers. Legal action. Long term public memory.

Assessment of Likelihood			
		Probability Descriptors	Numerical Probability
1	Rare	This will probably never happen/recur.	Under 1%
2	Unlikely	Do not expect it to happen/recur, but it is possible it may do so.	1% - under 5%
3	Possible	Might happen or recur occasionally.	5% - under 20%
4	Likely	Will probably happen/recur, but it is not a persistent issue or circumstances	20% - under 50%
5	Almost Certain	Will undoubtedly happen/recur, possibly frequently. A project more likely to fail than succeed.	Over 50%

Risk no	Description of Risk and Potential Impact	Inherent Risk			Mitigating Controls	Current Risk			Risk Owner	Additional Plan	Timetable
		Impact	Likelihood	Combined Score		Impact	Likelihood	Combined Score			
1. Governance											
1.1	<p>The Administering Authority does not have appropriate governance arrangements including the requirement for a Pension Board resulting in:</p> <ul style="list-style-type: none">Non-compliance with legislation or best practiceInability to determine policy, make effective decisions and deliver services.Risk to reputation	4	3	12	<p>Gwynedd Pension Fund (GPF) has a Governance Policy Statement and a Governance Compliance Statement as required by the LGPS Regulations 2008.</p> <p>Both statements are reviewed and updated when required. Scheme employers are consulted when changes are proposed to ensure the policy is still appropriate.</p> <p>The Statement is available on the Gwynedd Pensions website: www.gwyneddpensionfund.wales</p> <p>GPF has a Pensions Committee to discharge the Council’s duties as Administering Authority/ trustee of the Pension Fund.</p> <p>Gwynedd Pension Board has been established as required by the Public</p>	3	1	3	<p>Head of Finance</p> <p>Investment Manager</p> <p>Pensions Manager</p>		

					<p>Service Pension Act 2013 and perform their role effectively.</p> <p>Support and training are being provided to ensure that the members of the board have the knowledge and skills to undertake their role.</p> <p>Suitable management arrangements mean that there is no significantly high turnover in the membership of the Committee or the Board.</p>						
1.2	Failure to act with integrity and be accountable to a stakeholder due to conflicts of interest etc.	2	2	4	<p>Committee and Board members are aware of the legal responsibilities.</p> <p>All members of the Committee and Board declare any conflicts and potential conflicts at the beginning of each meeting.</p>	1	2	2	<p>Pension Committee</p> <p>Pensions Board</p> <p>Head of Finance</p>		
1.3	<p>The Pensions Committee and the Pension Board are unable to fulfil their responsibilities effectively resulting in:</p> <ul style="list-style-type: none"> • Non-compliance with legislation or best practice • Inability to determine policy, make decisions and / or deliver service. • Reputation risk. 	4	3	12	<p>The Committee has adopted the CIPFA Code of Practice on Knowledge and Skills.</p> <p>A training and induction programme is available for new Committee and Board members.</p> <p>New Board and Committee members complete the LGPS Fundamental Course.</p> <p>The Fund has a Knowledge and Skills policy, and an annual training plan is adopted with relevant training offered to Committee members and Board members on an ongoing basis.</p> <p>The Fund subscribes to relevant bodies (eg LAPFF) and sends representatives to relevant conferences.</p>	3	2	6	<p>Investment Manager</p> <p>Pensions Manager</p>		

					Committee and Board members are made aware of and adhere to the Governance Compliance Statement and are encouraged to identify training requirements.						
1.4	Failure to maintain effective governance arrangements and demonstrate compliance with The Pensions Regulator's General Code, leading to potential regulatory breaches, reputational damage, or sub-optimal decision-making.	3	4	12	<p>Adoption of a structured governance framework aligned to The Pensions Regulator's General Code, incorporating core modules such as governing body leadership, risk management, record-keeping, and member communications.</p> <p>Regular training and updates provided to Committee and Board members to ensure awareness of legal responsibilities and good practice.</p> <p>Annual governance review and self-assessment against the requirements of the General Code.</p> <p>Maintenance of robust policies and procedures, including conflicts of interest management and internal controls.</p> <p>Formal reporting mechanisms to ensure timely escalation of governance concerns.</p>	3	2	6	<p>Investment Manager</p> <p>Pensions Manager</p>	<p>Completion of gap analysis against the General Code.</p> <p>Development and delivery of a governance improvement plan.</p> <p>Regular updates to Committee on progress and compliance status.</p>	2025
2. Funding and Investments											
2.1	<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:</p> <ul style="list-style-type: none"> Poor Fund performance Financial loss 	5	3	15	<p>GPF Investment Strategy is set in accordance with LGPS investment regulations.</p> <p>The Investment Strategy takes the Fund's liabilities into account.</p> <p>The Investment Strategy is approved and reviewed by the Pensions Committee.</p>	3	1	3	<p>Head of Finance</p> <p>Investment Manager</p>		

	<ul style="list-style-type: none"> Increased employer contributions 				<p>GPF uses an external investment advisor who provides specialist guidance to the Investment Panel and Pensions Committee regarding the Investment Strategy</p> <p>Members and Officers are encouraged to challenge advice and guidance received.</p> <p>Members and Officers receive relevant training on a timely basis.</p>						
2.2	<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>	5	3	15	<p>Triennial actuarial valuations provide periodic indications of the growth in assets against liabilities. Employer contribution rates are set in response to this.</p> <p>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.</p> <p>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.</p> <p>As a result of the 2022 Valuation, the Committee has re-allocated assets to lower risk asset types.</p> <p>Fund-specific benchmarks and targets are set.</p> <p>Fund assets are kept under regular review as part of the Fund's performance management process.</p> <p>Fund managers are thoroughly vetted prior to appointment and performance is reviewed regularly against the benchmark and</p>	4	1	4	Investment Manager		

					<p>performance objectives by the Investment Panel.</p> <p>The Fund/ WPP replaces underperforming investment managers.</p>						
2.3	<p>Collapse of a fund manager or negligence, fraud or wilful default committed by a fund manager resulting in financial loss.</p>	4	3	12	<p>Due diligence is performed whenever a new manager or fund is appointed, and the situation is constantly reviewed through quarterly monitoring by WPP the Investment Panel and investment consultants.</p> <p>Legal requirements for fund managers are set out in their management agreements, and they are expected to fully comply with the Financial Conduct Authority (FCA), the Pensions Regulator (TPR) and other regulatory requirements.</p> <p>The Fund uses a global custodian service to ensure that investment assets are separated from custody of assets.</p>	2	3	6	Investment Manager		
2.4	<p>Market risk - Market crash leading to failure to reduce the deficit resulting in:</p> <ul style="list-style-type: none"> Financial loss Increased employer contribution costs. 	5	4	15	<p>The Fund is diversified across a range of asset classes to mitigate the impact of poor performance in an individual market segment.</p> <p>Investment performance and monitoring arrangements exist which provide the investment officers with the flexibility to rebalance the portfolio in a timely manner.</p> <p>The long term nature of the liabilities significantly reduces the impact.</p>	4	2	8	Investment Manager		

2.5	Liquidity risk - insufficient funds to meet liabilities as they fall due.	4	3	12	<p>Management prepares periodic cash flow forecasts to understand and manage the timing of the Fund's cash flows.</p> <p>The 2023 Cash Flow Modelling report has identified that the Fund will have a positive cash flow until at least 2029.</p>	3	1	3	Investment Manager		
2.6	Interest rate risk- Arises from the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.	4	3	12	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.	4	2	8	Investment Manager		
2.7	Currency risk- the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.	4	3	12	Establish & review strategic asset allocation (within global regions).	4	2	8	Investment Manager		
2.8	The Fund fails to adequately account for climate change, climate risk and environmental, social and governance (ESG) factors.	5	3	15	<p>The Fund has an active Responsible Investment policy and a net zero target of 2050 has been set.</p> <p>Polisi Buddsoddi Cyfrifol 2022 (gwyneddpensionfund.wales)</p> <p>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.</p> <p>The Investment Panel will also constantly engage and challenge managers on how they consider the risk of climate change and ESG factors.</p> <p>The Fund aims to invest in impact</p>	4	2	8	Investment Manager	The Pension's Fund Net Zero target and Responsible Investment policy will be reviewed and updated following the 2025 valuation results.	2025/26

					investments that make a difference locally and in the wider world.						
2.9	Pay and price inflation are significantly more than anticipated leading to an increase in liabilities which is higher than the previous actuarial valuation estimate.	3	3	9	<p>The focus of the actuarial valuation process is on real returns on assets, net of price and pay increases.</p> <p>The breadth of the Fund's investments helps to mitigate this risk.</p>	2	3	6	Investment Manager		
2.10	Increase in number of early retirements due to public service cuts and/or ill health leading to pension liabilities increasing.	3	4	12	<p>The Fund has coped with the impact of several years of austerity and arrangements are in place to deal with the cost-of-living cuts.</p> <p>Employers pay an additional capital cost for early retirements following each individual decision.</p> <p>The Employers' ill-health retirements are monitored, and small employers are required to take the ill- health retirement insurance provided by the Fund.</p>	2	3	6	Investment Manager		
2.11	<p>The average life expectancy of pensioners is greater than assumed in actuarial assumptions.</p> <p>An increase in liabilities which exceeds the previous valuation estimate.</p>	3	3	9	<p>Life expectancy assumptions are reviewed in all valuations. Life expectancy has been leveled out in the 2022 Valuation data.</p> <p>The Fund uses bespoke assumptions based on the life expectancy across Gwynedd Pension Fund's area.</p> <p>Mortality assumptions include some allowance for future increases in life expectancy.</p>	3	2	6	Investment Manager		
2.12	Scheme employers' contributions to the Fund are not received or are processed or recorded completely and accurately.	4	3	12	Formal timescales for receipt of contributions.	2	2	4	Investment Manager		

	This could result in a negative cash flow situation, delays in producing IAS19/ FRS102 reports and closing the accounts.				The team communicates regularly with scheme employers to ensure that contributions are made in a timely manner and are recorded correctly. Details of any unpaid or late contributions are recorded and appropriate action is taken to recover payments.						
2.13	An employer ceases to exist with insufficient funding available to settle any outstanding debts, or refuses to pay the cessation value. Departing employer does not fully meet its liabilities which leads to increased costs across the remaining scheme employers.	3	3	9	The risk is mitigated by: Vetting prospective employers before admission and ensuring that they fully understand their obligations. Applications for admission to the Fund are considered carefully and a bond or guarantee is put into place if required. Outstanding liabilities will be assessed and recovered from any successor bodies or spread amongst remaining employers. The actuarial valuation attempts to balance recovery period with risk of withdrawal. If necessary, appropriate legal action will be taken.	2	3	6	Head of Finance Pensions Manager		
2.14	Pooling arrangements can lead to: <ul style="list-style-type: none"> increase in costs, particularly over the next year, driven by the proposed reforms detailed in the 'Fit for the Future' consultation lower performance conflict within the pool 	4	3	12	The Fund's officers meet regularly with the Partnership to discuss issues and investment options. The Fund has representation on all sub-groups and working groups of the Partnership. The Chairman of the Gwynedd Pension Committee is a member of the Partnership's Joint Governance Committee.	4	2	8	Investment Manager Head of Finance Pensions Committee Chair		

	<ul style="list-style-type: none"> lack of alignment to the Gwynedd Fund's investment strategy 				<p>The Partnership has robust and transparent governance policies and procedures.</p> <p>The progress of the Partnership and the performance of the funds that the Gwynedd Fund has invested in are regularly reported to the Investment Panel and Pension Board.</p>						
2.15	<p>The Pension Fund's Final Accounts and Annual Report are not produced in accordance with statutory requirements, accounting standards or audit timetable.</p> <ul style="list-style-type: none"> Risk to the reputation of the Pension Fund 	4	3	12	<p>The Fund's officers are Chartered Accountants and attend regular CIPFA training courses.</p> <p>A timetable is set to ensure that key dates are met when preparing the accounts.</p> <p>Clear and consistent communication with Audit Wales so that the final audited accounts can be published before the statutory date of 1st December.</p> <p>The Fund has robust systems (efinancials, iConnect, Altair) which accurately record the Fund's transactions.</p> <p>The Fund has access to statements from our Investment Managers to confirm transactions and the value of the Fund's assets.</p>	4	1	4	Investment Manager		
2.16	Failing to evolve and look for new opportunities.	4	3	12	<p>Officers are kept up to date by attending WPP meetings and LGPS conferences.</p> <p>The consultants update the Investment Panel and officers about any opportunities.</p>	4	1	4	Investment Manager		
3. Custodian Role											
3.1	<p>Failure of custodian leading to losses which results in:</p> <ul style="list-style-type: none"> Failure to reduce the deficit Financial loss 	5	3	15	<p>A highly reliable Custodian with high accreditation was appointed.</p> <p>Fund assets are protected in the event of insolvency of the custodian.</p>	2	2	4	Investment Manager		

					The Custodian must follow FCA and TPR financial regulations.						
4. Communication											
4.1	<p>Insufficient communication and engagement with the Pension Fund Stakeholders.</p> <p>Inability to determine policy, make effective decisions and/or deliver service.</p> <p>Reputation risk.</p>	3	3	9	<p>A Communications Policy is in place.</p> <p>The Gwynedd Pension Fund website is kept up to date.</p> <p>Fund Performance is reported to the Investment & Pension Fund Committee on a regular basis.</p> <p>Meetings are held periodically with the Fund's employers.</p> <p>Annual Benefit Statements and newsletters are sent annually to active and deferred Fund members.</p> <p>The contact list for employers is updated regularly.</p> <p>An AGM is held for employers and Trade Unions.</p> <p>The annual report and accounts are published on the Gwynedd Pensions website.</p> <p>A Member Self Service website is available to members to calculate their own benefits.</p>	3	2	6	Pensions Manager	The Gwynedd Pension Fund website needs to be reviewed.	2025
5. Data Protection											
5.1	<p>The Pension Fund systems and data may not be secure and appropriately maintained.</p> <ul style="list-style-type: none"> Loss of sensitive data Reputation risk 	3	2	6	<p>It is a mandatory requirement for all employees to undertake Data Protection training and to adhere to Gwynedd's data protection policy.</p>	3	1	3	Pensions Manager		

	Financial loss arising from legal action.				Members' contribution and salary data are sent through the secure i-Connect portal directly to members' records. Egress (A secure email system) email system is used where possible to send emails to employers not listed on the Secure Email Organisation list. A secure document retention system is also operated by our actuary and consultants.						
6. Pension Administration											
6.1	Pension benefits are not paid: <ul style="list-style-type: none"> Risk of financial loss arising from compensation claims Damage to reputation 	4	2	8	The payroll system is set up to pay pensioners monthly. Disaster recovery plan in place with Heywood which will restore data within 7 days in the event of system failure.	4	1	4	Pensions Manager		
6.2	Failure of scheme membership data and pension benefit calculation processes leading to fraud, corruption or error. <ul style="list-style-type: none"> Unauthorised payments under the Finance Act 2004 Risk of financial loss and damage to reputation. 	3	2	6	Information and instructions are only accepted from authorised sources. Employers are required to review and confirm membership records annually. Benefit calculations are checked by senior colleagues. All transactions comply with Gwynedd Council's financial regulations and are subject to independent authorisation. Members approaching 75 are separately identified monthly.	3	1	3	Pensions Manager		
6.3	Non-compliance with legislation and failure to correctly implement new legislation and regulations, resulting in:	3	3	9	LGA/External training. Project work approach to implementation of legislative changes.	2	2	4	Pensions Manager		

	<ul style="list-style-type: none"> Incorrect payments being made. Risk of financial loss and damage to reputation 				<p>In house training for all staff.</p> <p>Additional resources in place to implement the McCloud remedy.</p>						
6.4	<p>Pension benefits continue to be paid to deceased pensioners.</p> <ul style="list-style-type: none"> Risk of financial loss and damage to reputation. 	2	4	8	<p>All pensioners are contacted annually.</p> <p>Pensioners are incorporated into National Fraud Initiative.</p> <p>Further targeted checks are conducted with credit reference agencies as appropriate.</p> <p>Monthly mortality screening is undertaken, and any positive matches are ceased immediately.</p> <p>Tell Us Once service is in operation.</p> <p>Annual proof of life exercise is undertaken for pensioners living abroad.</p>	2	3	6	Pensions Manager		
6.5	<p>System failure</p> <ul style="list-style-type: none"> Loss of sensitive data. Reputation risk. <p>Financial loss arising from legal action.</p>	5	2	10	<p>The system is backed-up daily.</p> <p>A full disaster recovery plan is in place and tested annually (In line with Gwynedd Council's policy).</p>	5	1	5	Pensions Manager		
6.6	<p>Member Self Service failure</p> <ul style="list-style-type: none"> Reputation risk. 	4	2	8	<p>Hosted by software provider Heywood.</p>	4	1	4	Pensions Manager		
6.7	<p>Cyber Attack</p> <ul style="list-style-type: none"> Loss of sensitive data. Systems damaged or destroyed. Reputation risk. 	5	3	15	<p>Firewall in operation.</p> <p>Software regularly updated with latest security features.</p> <p>The system is backed up daily.</p> <p>Password access is required.</p>	5	2	10	Pensions Manager		

	Financial loss arising from legal action.										
6.8	<p>Employing authorities not fulfilling their responsibilities e.g. not supplying us with correct employee data or not supplying it in a timely manner</p> <ul style="list-style-type: none"> Incorrect benefit calculations <p>Delays while we request missing information</p>	3	2	6	<p>The Administration Strategy sets out responsibilities and timetables that the employers must follow.</p> <p>The iConnect system in place to collect the data monthly.</p> <p>The employers are contacted for information if the Pensions department suspects that information is missing or contains errors.</p> <p>Advice and information is provided to the employers.</p> <p>Annual checks of data to highlight any gaps.</p> <p>Meetings for the employers are held from time to time.</p> <p>Guidance available on the website.</p>	3	1	3	Pensions Manager		
6.9	<p>Failure to comply with disclosure regulations e.g. the requirement to issue information within a certain timescale after a request/event</p> <ul style="list-style-type: none"> Complaints / Fines 	3	2	6	Robust workflow management system in place.	3	1	3	Pensions Manager		
6.10	<p>Failure to issue Annual Benefit statements to active and deferred members by 31st August:</p> <ul style="list-style-type: none"> Reputational risk and complaints Fines 	2	4	8	<p>Project management approach</p> <ul style="list-style-type: none"> Regular contact with employers to get data. <p>Statements are presented online at the self-service web site.</p> <p>Monthly interfacing to reduce workload at year end with all employers (iConnect)</p>	2	1	2	Pensions Manager		

6.11	Not enough resources to deal with new pressures and changes such as McCloud, Dashboards etc.	4	3	12	<p>The Fund's resources are reviewed annually as necessary by the Committee.</p> <p>A recruitment package offering flexibility.</p>	4	2	8	Pensions Manager		
6.12	<p>Failure to meet statutory requirements of the Pensions Dashboard Programme, resulting in non-compliance with legislation, reputational damage, or service disruption.</p> <ul style="list-style-type: none"> Reputational damage if member data is unavailable, inaccurate or delayed. Financial penalties or regulatory scrutiny from the Pensions Regulator. Increased member contact volumes due to data inconsistencies. Strain on internal resource due to complex technical integration requirements. 	3	3	12	<p>Regular engagement with software provider to monitor development of dashboard connection tools.</p> <p>Internal project plan developed with milestones aligned to expected staging deadline.</p> <p>Ongoing data quality reviews and improvements ahead of onboarding.</p> <p>Staff training and resource planning to manage expected increases in member enquiries post-dashboard launch.</p>	3	2	6	Pensions Manager		
7. Internal Processes											
7.1	<p>Concentration of knowledge in a small number of officers and risk of departure of key staff.</p> <p>The risk of losing key staff could lead to a breakdown in internal</p>	4	3	12	<p>Key officers convey specialist knowledge to colleagues on a function or subject basis through mentoring.</p> <p>Training needs have been identified in a job description and reviewed each year with</p>	4	2	8	<p>Pensions Manager</p> <p>Investment Manager</p>		

	processes and service delivery, causing financial loss and potential risk to reputation				<p>team members through the appraisal process.</p> <p>Specific relevant qualifications for administrative and investment staff.</p> <p>Internal 'How to..' guidelines are developed on all internal processes.</p> <p>External consultants and independent advisor available for short term support.</p>						
8. Uncontrollable External Factors											
8.1	<p>Normal operations disrupted by uncontrollable external factors</p> <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>	5	5	25	<p>Working from home is happening with many of the staff now working hybrid.</p> <p>Disaster Recovery Plan for pension system.</p> <p>Business Continuity / Disaster.</p> <p>Recovery Plan for the Authority with IT firewalls.</p>	3	3	9	Pensions Manager	Continue to develop new methods of working	
9. Response to 'Fit for the Future'											
9.1	<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>	4	4	16	<p>Early and ongoing engagement with FCA.</p> <p>Rigorous preparation of the FCA application and compliance documentation.</p> <p>Engage external regulatory advisors to ensure application completeness.</p>	4	3	12	<p>Head of Finance</p> <p>Investment Manager</p>		

					Develop contingency plans for delayed authorisation scenarios.						
9.2	Higher than anticipated costs related to project setup (£1.6M+), initial running costs (£5M-5.5M p.a.), and regulatory capital (£5M-10M) may strain budgets. Cost overruns could reduce funds available for investments or require additional contributions from administering authorities.	4	3	12	Develop detailed financial forecasts and regular budget reviews. Implement strict project cost controls and approval processes. Establish clear funding arrangements and contingencies with administering authorities.	3	3	9	Head of Finance Investment Manager		
9.3	Reliance on third party providers for key services on Day 1 of WPP IM Co operations may pose risks related to service quality, continuity, and integration.	4	3	12	Conduct thorough due diligence on third party providers. Establish robust service level agreements (SLAs) and monitoring processes. Develop plans for gradual insourcing with clear timelines.	3	3	9	Head of Finance Investment Manager		

Meeting:	Pension Board
Date:	11/07/2025
Title:	PENSION FUND ADMINISTRATION POLICIES
Purpose:	To receive feedback on the new administration policies
Author:	Meirion Jones, Pensions Manager

1. Introduction:

Over the years, our pension fund has operated with certain administrative policies that have guided our decisions and actions. However, these policies have not been formally documented. In alignment with the Pension Regulator General Code of Practice, we are now initiating the process of documenting these policies to ensure clarity, consistency, and compliance.

2. Purpose:

The purpose of this report is to present three key administration policies to the Pension Fund Board for scrutiny. These policies are crucial for the effective management and administration of the the Pensions Committee at their next meeting.

3. Policies Presented:

- A. Advance Payments from the Pensioner Payroll (Appendix A)** This policy sets out the circumstances in which the Fund may issue advance payments to pensioners—such as in cases of delayed processing.
- B. Death Grant Payment Distribution (Appendix B)** This policy provides a structured approach to how death grant payments are allocated to beneficiaries. It includes guidance on prioritising nominations, handling disputes, and ensuring payments are made in a timely and equitable manner.
- C. Education Break for LGPS Dependent Child Pension (appendix C)** This policy sets out the circumstances in which a break from education is allowed without affecting a dependent child's pension entitlement under the Local Government Pension Scheme (LGPS) regulations, specifically for individuals aged between 18 and 23.

4. Conclusion:

The documentation of these policies marks a significant step towards enhancing the governance and administration of our pension fund. We seek the Board's thorough review and feedback on these policies to ensure they meet the highest standards of practice. Your scrutiny and approval are essential for the successful implementation of these policies.



Administration Policy Statements

Title: Policy on Making Advanced Payments from the Pensioner Payroll

1. Introduction

This policy outlines the approach of the Gwynedd Pension Fund ("the Fund") regarding requests to make advanced payments of pension benefits from the monthly pensioner payroll. The policy ensures fairness, transparency, and consistency while protecting the integrity of the Fund's administrative and financial procedures.

2. Background

Under normal circumstances, LGPS pension benefits are paid in arrears on a monthly basis in accordance with the Fund's published payroll schedule. In some limited situations, members or their representatives may request that a payment is made in advance of the next scheduled pensioner payroll.

3. General Principles

Advanced payments from the pensioner payroll are **not an automatic entitlement** and will only be considered in **exceptional circumstances**, such as:

- Financial hardship following retirement or bereavement.
- Delays in processing caused by factors beyond the member's control.
- Administrative errors on the part of the Fund or Employer.
- Specific instructions issued under a court order or legal direction.

All such requests will be considered on a **case-by-case basis** and are subject to the discretion of the Fund's **Pensions Manager (or appropriate authorised officer)**.

4. Criteria for Consideration

Advanced payments may be considered only where:

- The Fund has received **all required documentation**, including:
 - The member's retirement declaration forms
 - Final pay information and leaver details from the employer
 - Confirmation of pensionable service and any additional benefits
 - The AVC fund from the AVC provider (if applicable)
- The net value of the payment is £100.00 or more.
- The pension amount has been accurately calculated and verified.

- The advanced payment will not disrupt the integrity or accuracy of the pensioner payroll or year-end reporting.

Importantly, the Fund will not consider making an advanced payment if a lump sum retirement grant (retirement gratuity) is due to be paid imminently, as it is expected that the member may be able to utilise that lump sum to manage short-term financial needs prior to receiving the first monthly pension instalment.

5. Payment Method and Timing

Where approved, advanced payments:

- Will be made via an **off-cycle payment** or **manual CHAPS payment**.
- May include the **lump sum** (retirement grant) where appropriate.
- Will be clearly recorded in the member's pension record and reflected in the next scheduled payroll reconciliation.

The Fund reserves the right to delay any advanced payment if there is insufficient information, a material error risk, or outstanding clarification from the employer.

6. Employer Delays and Responsibilities

Where a delay in receiving employer information prevents timely payment:

- The Fund will not normally make an advanced payment unless the delay is excessive and the member is demonstrably disadvantaged.
- Employers are expected to submit all required information **within 10 working days** of the member's final day of service.
- Persistent failure by an employer to meet this requirement may be escalated under the Fund's breach and compliance framework.

7. Reclaim and Adjustment

If an advanced payment is later found to be incorrect due to miscalculation or incomplete information:

- The Fund reserves the right to **adjust future pension payments** to recover any overpayment.
- The member will be notified in writing, and a repayment plan can be arranged in cases of financial hardship.

8. Appeals

If a request for an advanced payment is declined, the member may request a review by submitting a written appeal, which will be considered by a senior officer not involved in the original decision. Further escalation may be made through the **Internal Dispute Resolution Procedure (IDRP)** if necessary.

9. Review and Amendments

This policy will be reviewed annually and amended as necessary to ensure its effectiveness and compliance with relevant regulations.

10. Contact Information:

For assistance with this policy, members can contact the Fund at any time.

- **Phone:** 01286 679982
 - **Email:** pens@gwynedd.llyw.cymru
 - **Website:** www.gwyneddpensionfund.wales
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Approved by: [Name] [Title] Gwynedd Pension Fund



Cronfa Bensiwn **GWYNEDD** Pension Fund

Administration Policy Statements

Title: Death Grant Payment Policy

1. Introduction

The purpose of this policy is to outline the principles and procedures the Gwynedd Pension Fund ("the Fund") follows when making decisions regarding the payment of a death grant following the death of a member. This policy ensures consistency, fairness, and compliance with the Local Government Pension Scheme (LGPS) Regulations.

2. Scope

This policy applies to all active, deferred, and pensioner members of the Gwynedd Pension Fund who are entitled to a death grant under the LGPS Regulations. The grant is intended to provide financial support to the member's nominated beneficiaries or estate.

3. Policy Statement

The Fund has absolute discretion over the payment of death grants, as outlined in the LGPS Regulations. This discretion enables the Fund to make appropriate and timely payments to beneficiaries while considering the individual circumstances of each case.

4. Nominations

Members are strongly encouraged to complete and keep up to date a **Death Grant Expression of Wish Form**, which enables them to nominate one or more individuals or organisations to receive any death grant that may become payable.

While the Fund will give full consideration to any nomination made, it is not legally bound by it and retains absolute discretion in determining the most appropriate recipient(s) of the death grant.

It is essential that members review and update their nomination promptly following any change in personal circumstances. For example, the death of a nominated individual will render the entire nomination invalid.

Members can update their nomination at any time via the Fund's **My Pension Online** portal or by requesting a form directly from the Fund.

5. Payment Principles

The death grant will be paid in accordance with the following order of precedence:

a) If the member has made a valid, up-to-date nomination, the death grant will be paid to the nominated beneficiaries in accordance with the nomination instructions.

b) If no nomination has been made, or if any of the nominated beneficiaries are no longer living, the death grant will be paid as follows:

- **To the member's spouse or civil partner**, if applicable, particularly where a spouse pension is payable, unless there are exceptional circumstances to consider.
- **In the absence of a spouse or civil partner**, or if the spouse/civil partner is not eligible for a pension, the grant will be paid to the member's estate.

For any death grant payment worth **£5,000 or more**, **Probate** (if there is a will) or **Letters of Administration** (if there is no will) will be required if there is **no valid nomination** or **spouse** to receive the payment. This requirement ensures that the individual applying for the death grant is legally authorised to manage the deceased's estate and distribute the funds in accordance with the deceased's wishes or the laws of intestacy.

6. Payment Timeframe

The Gwynedd Pension Fund aims to process death grant payments **within 10 working days** of receiving all necessary documentation, including an official proof of death and any required forms.

Please note that in complex cases or where additional investigation is required—such as the absence of a valid nomination or uncertainty around eligible beneficiaries—processing times may be extended.

Once approved, payment will be issued via **BACS (Bankers' Automated Clearing Services)** directly to the recipient's bank account.

7. Payment to children under the age of 18

The Fund is unable to pay a death grant directly to a **child under the age of 18**. In such cases, the payment will be made to a **trustee** or **appointed guardian** who will manage the funds on behalf of the child until they reach the age of 18. The appointed guardian or trustee must provide appropriate documentation to the Fund confirming their role and legal authority to manage the child's inheritance.

8. Taxation

Under current HMRC rules, death grants paid within two years of the Fund being notified of the member's death are usually **free from inheritance tax**. If payment is delayed beyond two years, the death grant may become subject to tax.

Beneficiaries are encouraged to seek independent financial or tax advice to understand any potential implications.

The Fund will take reasonable steps to ensure payment is made within the tax-free window, but it cannot guarantee this in every case.

9. Legal Compliance

This policy is compliant with:

- The **Local Government Pension Scheme Regulations**;
- Applicable provisions of the **Finance Act 2004** relating to pension scheme lump sum death benefits;
- Relevant **HMRC guidance**;
- The Fund's internal governance procedures.

The Gwynedd Pension Fund will review and update this policy in line with any changes in legislation or regulation to ensure continued compliance.

10. Disputes and Appeals

If any potential beneficiary is dissatisfied with the Fund's decision regarding a death grant payment, they may raise a complaint under the **Internal Dispute Resolution Procedure (IDRP)**, in accordance with the LGPS requirements.

11. Review and Amendments

This policy will be reviewed annually and amended as necessary to ensure its effectiveness and compliance with relevant regulations.

12. Contact Information:

For assistance with this policy, members can contact the Fund at any time.

- **Phone:** 01286 679982
- **Email:** pens@gwynedd.llyw.cymru
- **Website:** www.gwyneddpensionfund.wales

Approved by: [Name] [Title] Gwynedd Pension Fund



Cronfa Bensiwn **GWYNEDD** Pension Fund

Administrative Policy Statements

Title: Education Break Policy for LGPS Dependent Child Pension

1. Purpose

The Gwynedd Pension Fund is committed to supporting its members' dependents who are pursuing further education or vocational training after turning 18. This policy sets out the circumstances in which a break from education is allowed without affecting a dependent child's pension entitlement under the Local Government Pension Scheme (LGPS) regulations, specifically for individuals aged between 18 and 23.

2. Provisions of the Policy

a) Qualification

This policy applies to dependents:

- Between 18 and 23 years old,
- Eligible for LGPS dependent child pension,
- Taking a temporary break from **full-time education or vocational training**, with the actual intention of returning.

b) Acceptable Break in Education

- An interval of one academic year of full-time education or training is allowed.
- In Britain, an academic year refers to the period when schools, colleges and universities provide their scheduled teaching and assessments. It usually runs from early September to late July, although specific dates may vary slightly by organization or region.
- The break must occur after the dependent reaches the age of 18, and then return to study full-time.

c) Statement of Intent

- The dependent (or guardian) must send **written notice** to the Gwynedd Pension Fund **before the break starts**.

- The notice must clearly confirm the intention to return to full-time education or training after the break.

d) Return to Education Confirmation

To resume the child's pension payments, the following must be submitted:

- **Official confirmation of registration** from the educational institution or employing body,
- **Course details**, including expected start and end dates,
- **Confirmation that it is full-time** (e.g. study hours or credit load).

e) Pension Suspension and Resumption

- Pension payments will be **temporarily** suspended during the allowed break.
- Upon receipt and verification of proof of registration, payments will be **resumed** and paid back to the start date of the new season.

f) Failure to Follow Policy

- If the child does not **return** to full-time education within the period of one academic year, the child's pension will be **closed**.
- A final review of the right will be carried out in accordance with the LGPS Regulations and this policy.

3. Review of the Policy and Changes

This policy will be reviewed annually and amended as necessary to ensure its effectiveness and compliance with relevant regulations.

4. Contact Details:

Members may contact the Fund at any time for assistance with this policy.

- **Phone:** 01286 679982
- **E-bost:** pens@gwynedd.llyw.cymru
- **Website:** www.gwyneddpensionfund.wales

Approved by: [Name] Gwynedd Pension Fund

Date: