



# Complete Agenda

**Democratic Service**  
Swyddfa'r Cyngor  
CAERNARFON  
Gwynedd  
LL55 1SH



Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

This document is also available in Welsh.

Meeting

## **PENSION BOARD**

Date and Time

**1.00 pm, MONDAY, 9TH FEBRUARY, 2026**

Location

**Virtual Meeting**

Contact Point

**Lowri Haf Evans**

**01286 679878**

**lowrihafevans@gwynedd.llyw.cymru**

(DISTRIBUTED 03/02/26)

## **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 (Cyngor Gwynedd)**

**Anthony Deakin (retired – formerly Cartrefi Conwy)**

# A G E N D A

## 1. APOLOGIES

To receive any apologies for absence

## 2. DECLARATION OF PERSONAL INTEREST

To receive any declaration of personal interest

## 3. URGENT ITEMS

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

## 4. MINUTES

5 - 9

The Chairman shall propose that the minutes of the meeting of this committee held on November 3<sup>rd</sup> 2025 be signed as a true record.

## 5. MINUTES OF PENSIONS COMMITTEE

10 - 16

To submit, for information, minutes of the Pensions Committee meeting held on the November 24<sup>th</sup> 2025

## 6. WALES PENSION PARTNERSHIP UPDATE

17 - 61

To receive and note the information.

## 7. PENSION FUND INVESTMENT PERFORMANCE UP TO 30TH SEPTEMBER 2025

62 - 67

To consider the report and note the information.

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

68 - 73

To note the progress report and the Investment Consultants' objectives for the upcoming year

## 9. 2026/27 BUDGET

74 - 76

To note the 2026/27 financial year budget for the Pensions Administration and Investment sections.

## 10. FUNDING STRATEGY STATEMENT

77 - 139

To consider and confirm the Funding Strategy Statement and associated policies.

**11. THE PENSION REGULATOR: PUBLIC SERVICE GOVERNANCE 140 - 160 SURVEY 2025/26**

To consider the survey and offer feedback in order to complete the survey

## PENSION BOARD 03-11-25

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### **Present:**

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

Sioned Parry, Roland Thomas (Employer Representatives)

**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. APOLOGIES**

Apologies were received from Ned Michael and Cllr Elin Hywel (Chair of the Pensions Committee).

### **2. DECLARATION OF PERSONAL INTEREST**

None to note

### **3. URGENT ITEMS**

None to note

### **4. MINUTES**

The Chair signed the minutes of the previous meeting of this committee held on 11 July 2025 as a true record.

### **5. PENSIONS COMMITTEE MINUTES**

The minutes of the Pensions Committee held on 15 September 2025 were submitted for information.

### **6. GWYNEDD PENSION FUND DRAFT ANNUAL REPORT 2024/25**

The annual report (draft) was submitted by the Investment Manager. It was explained that the report provided details of the activities of the Pension Fund during the year ending 31 March 2025 and was completed in accordance with statutory guidance. Changes were highlighted in the requirements of the Scheme Advisory Board to identify and present the information through three categories - must, should and may. It was ensured that everything known as 'must' and 'should' had been included, unless the information was not available. As a result, it was explained that the annual report had increased in size as it included annual reports from the Board, the Pensions Committee, further information on administration statistics, and further information on pooling.

It was stated that the report was in the process of being reviewed by Audit Wales with a view to submitting it with the final accounts to the Pension Fund's annual meeting on 24 November 2025.

Gratitude was expressed for the report.

Observations arising from the ensuing discussion:

- That the situation was healthy.
- The team were congratulated on their good work.
- The situation was evidence of good governance in a challenging economic climate.
- The situation had improved significantly over the years - there was a need to try to avoid a situation of lowering and raising contributions.
- The report was thorough and easy to read.
- Accepted that it was not necessary to include the 'may' information category.

In response to an observation, that there were reductions for employers as a result of a valuation and if a buffer had been set, it was noted that the largest employers, given that the fund was 166% funded, had put in place a stabilisation mechanism and that other employers had an intention of doing something similar.

In response to a question that the Fund's direction was to reach a net zero target in 2050, but that the Council's Climate Strategy had set a net zero target by 2030 and why the conflict, it was noted that discussions had been held with officers, but that the Pension Fund's target was based on an in-depth analysis with a commitment to undertake reviews to try to bring the date forward. It was reiterated that 2030 was not an option for the Fund.

In response to a supplementary question as to whether there was a commitment to meet the 2050 target earlier, and if an interim target was considered, it was noted that further work was being carried out on the strategic objectives with Hymans looking at the assets to try to meet the target earlier. It was added that further adjustments would be likely following the establishment of an IMCo company that would take over the governance, advisory and value for money aspects. It was reiterated that there was no objection to the suggestion to consider an interim target as all pool members had the same attitude towards reaching the net zero target sooner.

In response to an observation that a record of the development of Pensions Committee members was included in the report and that a similar record should be implemented for members of the Pension Board, it was noted that a training scheme was in place for members of the Pension Board and that the Investment Manager kept a record of those developments. It was noted that the record of the Committee members was more formal.

In response to comments regarding the Fund's membership and the gap between contributors and the number of paid pensioners, and whether modelling work was being carried out on these trends, it was noted that Hymans was aware of the trends and was considering the impact of this into the future.

With reference to the key performance indicators (KPIs), it was questioned what was the reason for 'not reporting', and if there was a timetable/target to 'report'; it was noted that work was being done to meet the requirements. It was highlighted that Gwynedd's performance reporting method did not follow a process of completing a KPI (Gwynedd reporting on continuous improvement) and therefore the task needed to be adapted to meet the requirements. It was reiterated that tasks were set in a specific manner, but that Gwynedd did not record in the same way as CIPFA requirements for information. It was confirmed that the performance was good and met the requirements, but that the system needed to be adjusted to better highlight the performance.

In response to a question about 'information not available', (Communications KPI) it was noted that an example of this would be the use of the Council's new telephone

system which had not yet been set up. The information would be more complete for next year.

## **RESOLVED**

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

## **7. LGC INVESTMENT AND PENSIONS CONFERENCE**

An oral update was provided by Mr Anthony Deakin who had attended the conference in September 2025 on behalf of the Board. He explained that the conference gave attendees the opportunity to network, expand their knowledge and keep up with the work of the sector.

Gratitude was expressed for the information.

## **8. PENSIONS ADMINISTRATION**

A comprehensive report was submitted by the Pensions Manager providing a general overview of pension administration over the past year, along with information on the work carried out over the period and updates on various projects:

- Implementation of the McCloud obligation following a Supreme Court ruling.
- Work relating to the 2025 actuarial valuation, which included holding an Employers' Forum to share valuation results with employers. It was noted that the new contributions would be formally confirmed at the end of March 2026.
- Work relating to linking to the National Pension Dashboard ecosystem by 31/10/25.
- Preparation of a response (on an all-Wales basis) to the UK Government's consultation on improvements to the Local Government Pension Scheme which would modernise the scheme, improve fairness and strengthen long-term member protections.
- That work to ensure that the Gwynedd Pension Fund had met statutory requirements by issuing Annual Statements of Benefits had been completed at the end of July (before the closing date). Reference was also made to a presentation/avatar on the My Pension On-line portal which supported members to better understand the statements.
- That data quality remained a priority for the Fund and ongoing developments were being implemented to further improve the quality. Reference was made to an example where the Fund was working with a professional tracing service to try and find the contact details of family members who had passed away or appeared to be a 'gone away address'.
- Communication with members also remained a priority – a circular had been distributed with the 2025 Annual Statements of Benefits. It was noted that work was ongoing to redesign the Fund's website.
- It was explained that as a result of internal changes being implemented to tasks where comprehensive performance data was not available, the Fund was providing assurances that there was no indication that service performance was deteriorating, but that the information was intended to be submitted when the revised procedures had been completed.
- Work continued to ensure policies and compliance were in place in response to the requirements of Good Governance.

Reference was made to the continued success of 'My Pension On-line' noting that the portal's membership continued to grow steadily from month to month. It was reported

that the Gwynedd Pension Fund had played a key role in supporting Heywood to develop a Welsh language version and that this version was to be rolled out to all Welsh LGPS funds by the end of the year.

Attention was drawn to the Service Satisfaction Survey which was sent to Members at the end of key processes, such as retirements and reimbursement payments, to gather views on the quality of service received. It was reported that 58 members had taken part in the survey between April 2025 and September 2025 with the result being very encouraging (95.13% of users strongly agreed or agreed that the quality was of a high standard and 97.26% strongly agreed or agreed that staff performance met a high standard).

Gratitude was expressed for the report.

During the ensuing discussion, the following observations were made by members:

- The team were congratulated on their work and commitment.
- Considerable work had been completed, and targets were being met.
- The introduction of the avatar to explain the benefits statements was a positive addition.
- Praised the work to ensure data quality – the standard was important for the order of the valuation.
- A suggestion to send the Statement of Benefits to staff to check their personal details – this would ensure accuracy and an exercise for staff to take note of the statements.

In response to a question about how the Unit would proceed to seek to get more Members to subscribe to the website and how it would be possible to ensure that older residents were not ignored, it was noted that the team continued to encourage staff to use the website, and that statements on paper payslips referred to the information available by using the website.

In response to a question about the likelihood that there would be fewer enquiries to staff which would potentially lead to job threats due to increased use of technology, it was noted that workload, currently, had increased with increased requirements for information about the use of the portal and general enquiries. It was reiterated that there were problems with e-mails from the Unit going to Members' junk mail folders with 'Yahoo' and 'AOL' and although enquiries had been made with the companies, there was no possible solution.

In response to a question on whether there was sufficient staff to complete the governance elements, it was noted that staff numbers for the administrative elements were sufficient but that further support for the basic governance element could be considered.

## **RESOLVED**

**To accept and note the information.**

## **9. DATA IMPROVEMENT PLAN**

A report was submitted by the Pensions Manager detailing the key types of data held by the Fund highlighting the importance of data accuracy and clear and structured approaches to improving data quality. The Fund's data enhancement objectives were highlighted as well as the types of data that needed to be completed to protect Members' rights, to support operational efficiency and strengthen trust in the Fund's governance.

It was highlighted that there were two categories of data – common data and scheme-specific data, with targeting actions and approaches put in place for improving the quality of both categories. Attention was drawn to the use of the professional Tracing Service to try to reduce instances of the number appearing as 'moved' or outdated contact information in the common data category. It was reported that the service, although costly, had delivered good results so far and that the number of cases was decreasing.

It was considered that by following the Data Improvement Plan, the Fund would aim to significantly improve the data, ensuring compliance with regulatory requirements and improving the overall experiences of Members and employers.

Gratitude was expressed for the information.

In response to a comment that the Fund relied on Members to update their contact details and how the administration unit could do this using AI (artificial intelligence), and whether there were examples that could be trialled, it was noted that no consideration had been given to this and the one example of potential use was letters. In response to a supplementary question regarding an increase in the use of AI and whether the Fund had a specific policy, it was noted that Cyngor Gwynedd had an AI policy but that the Fund did not currently have a specific policy.

**RESOLVED to accept and note the information.**

The meeting commenced at 13:00 and concluded at 14:20.

## PENSIONS COMMITTEE 24-11-25

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

**Councillors:**

Stephen Churchman, Goronwy Edwards (Conwy County Borough Council), John Brynmor Hughes, Geraint Parry, Iwan Thomas and Robin Williams (Isle of Anglesey County Council)

**Officers:**

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

**Others invited**

Osian Roberts (Audit Wales)  
Kenny Taylor (Hymans Robertson)

**1. APOLOGIES**

Apologies were received from Ned Michael (Pension Board Member observing) - he was unable to join due to technical problems.

Councillor Geraint Parry (Plaid Cymru) was welcomed as a new member of the Committee.

**2. DECLARATION OF PERSONAL INTEREST**

None to note

**3. URGENT ITEMS**

None to note

**4. MINUTES**

The Chair accepted the minutes of the meeting held on 15 September 2025 as a true record.

**5. WALES PENSION PARTNERSHIP (WPP) UPDATE**

The Investment Manager highlighted that the report was now regularly submitted to the Members noting the latest information on WPP's work, as well as the decisions of the September meeting of the Governance Joint Committee (the decision-making body on behalf of the Partnership made up of the Chairs of each fund).

It was reported that the work of establishing the WPP IMCo Investment Company for LGPS pension fund investments in Wales remained a priority field and a principal operational officer had now been appointed. The next step will be to register the company with the Financial Conduct Authority (FCA), appoint more officers and draw up

contracts. It was stated that a meeting had been arranged (03-12-25) for the Members to receive further information on the developments and have an opportunity to learn more about the company and which contracts the Committee would need to approve. Members were encouraged to attend.

An update was presented on the usual matters of reviewing the business plan, policies and the risk register. Reference was made to the progress that funds in Wales had pooled, with Gwynedd being the second highest of the eight individual funds having transferred 87%, which means that the process of moving the assets to the IMCo investment company will be slightly easier compared with other funds.

Reference was made to the detail of the operator's work over the period and to any market conditions that had been monitored by them. Attention was drawn to the analysis and performance of the sub-funds and the private markets, reiterating that the property investment programme had been established and Gwynedd's existing properties were in the process of being transferred into the UK Fund, with a further investment in the Impact Investing Fund early in January 2026.

It was expressed that the joint committee had received an update on the infrastructure funds from GCM Grosvenor, which invests into various plans across Britain.

The members thanked the officer for the report.

In response to an observation that WPP continued to refer to the project as the Snowdon Project and not the Yr Wyddfa Project, it was noted that an observation had been presented to WPP, and at every possible opportunity thereafter, the officers had attempted to convey the correct name - needed to continue to press the WPP to refer to the Snowdon Project as Yr Wyddfa Project.

In response to an observation that the Clwyd Fund had pooled 32%, Powys 63% and Swansea 66% and whether this would be likely to create problems in reaching the target of 100% or reflect poorly on WPP, it was noted that measures were in place to respond to the situation, with the appointment of a Dealing with Assets Officer to lead on the work.

In response to a question regarding the impact of ACS sub-funds which held the assets of Russian companies and the need for information regarding these, it was noted, although information about the investments changed daily, that a piece of work had been commissioned to formally declare the information to the public.

In the context of setting a target / objectives for the Council's payments and whether it was intended to retain or sell them, it was noted that there was no specific plan in place but there was an intention to draw up an Exclusion Policy to deal with the matter. A statement from WPP would be distributed soon.

## **RESOLVED**

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

Note: To continue to put pressure on WPP to refer to the Snowdon Project as Yr Wyddfa Project

## **6. FINAL ACCOUNTS OF THE GWYNEDD PENSION FUND FOR THE YEAR ENDING 31 MARCH 2025 AND RELEVANT AUDIT**

A report along with the Gwynedd Pension Fund Statement of Accounts 2024/25 (post audit) was submitted by the Investment Manager providing details of the Pension Fund's

financial activities during the year ending 31 March 2025. Members were reminded that a draft of the accounts had been submitted at the July 2025 meeting and, although there were no significant changes to the core figures following the audit by Audit Wales, there was a minor amendment to the narrative in the notes, and to the number of pensioners.

Osian Roberts (Audit Wales) was invited to present the 'ISA260' report. It was reported that the auditors intended to issue an unqualified audit view on the accounts this year, once the Letter of Representation had been signed. It was explained that the auditors could never provide complete assurance that the accounts had been accurately stated, but rather that they worked to a level of 'relevance' determined as £32.364 million for the audit this year. Reference was made to the misstatement in the original accounts (Note 1 Description of the Fund - and membership figures included 183 councillors who were Members of the plan during the period.

Attention was drawn to the new format of the report and the key summary which was easier for the reader to understand, as well as the results of the audited risks.

Thanks were expressed for the reports.

The Council's Finance Officers were congratulated on preparing all the information and Audit Wales for their support. It was noted that the quality of the accounts reflected the team's good work.

In response to a question regarding the Note 1 misstatement, it was confirmed, although it did not have an impact on the final figures, that the information had been checked and included in the final version for the Annual Meeting of the Pension Fund.

#### **RESOLVED**

- **To accept the information**
- **To note the 'ISA 260' report by Audit Wales, and accept the auditors' comments**
- **To approve the Gwynedd Pension Fund's post-audit Statement of Accounts for 2024/25**
- **To authorise the Chair and the 151.Officer to certify the Letter of Representation (electronically)**

#### **7. PENSION CONFERENCES**

A report was submitted providing a list of the pensions conference dates for 2026. It was noted that the conferences provided the Members with an opportunity to expand their knowledge and discuss matters of relevance and the conferences proposed were based on the relevance of the historical content of the events. The dates were discussed, and the Members expressed their interest in those events that were convenient for them.

With arrangements in place for the Members to make verbal observations on the conference attended at the following committee, it was noted that there was an intention for this arrangement to continue.

#### **RESOLVED**

**To accept the list of the 2026 conference dates**

#### **8. TREASURY MANAGEMENT 2025-26 MID YEAR REVIEW**

Submitted, for information, a report highlighting the Council's actual Treasury Management activity during the current financial year. At a meeting of the Full Council in March 2025, the Treasury Management Strategy was approved for 2025/26 where it was permitted for the funds of the Pension Fund to be pooled and co-invested with the Council's overall cash-flow. It was also noted that there was an expectation for the Investment Manager to update the Committee on the situation regularly, with this update looking at the period until 30 September 2025.

It was explained that the period had been very busy for the Council's treasury management activity. It was reported that, in the context of investment activities, the Council had continued to invest with Banks and Building Societies, Money Market Funds, Pooled Funds, Local Authorities and the Debt Management Office. It was noted that the funds were consistent with the type of investments made for several years by now.

In the context of the compliance and indicators report, it was reported that all activities had fully complied with the CIPFA code of practice and the Council's Treasury Management Strategy – that was good news and demonstrated that there was firm control over the funds. It was highlighted in the period in question, that the Fund had invested slightly higher than the approved level for the banks and money market funds, because of a high level of funding, and options were scarce. It was noted that steps had been taken to ensure that this would not happen in the future by opening more accounts to spread out the money. In addition, it was highlighted that the Council also fully complied with the Treasury Management's prudent indicators.

The members thanked the officer for the report

**RESOLVED**

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

**9. GWYNEDD PENSION FUND DRAFT ANNUAL REPORT 2024/25**

The Investment Manager highlighted that the report provided details about the Pension Fund's activities during the year ending 31 March 2025 and was completed in accordance with statutory guidance. Attention was drawn to changes in the requirements of the Scheme Advisory Board to identify and present the information through three categories - must, should and may. It was ensured that everything known as 'must' and 'should' had been included, unless the information was unavailable. As a result, it was explained that the annual report had increased in size as it included annual reports from the Board, the Pensions Committee, further information about administration statistics, pooling work, the Committee's core functions, training, work plan, priorities and a summary of the subjects discussed during the year.

It was reported that the annual report had been reviewed by Audit Wales with one minor amendment to the draft version before publishing it on the website (before the statutory date - 1 December 2025).

Gratitude was expressed for the report and to the staff involved with preparing the work.

**RESOLVED**

**To accept and note the Gwynedd Pension Fund Annual Report for 2024/25**

**10. PENSIONS ADMINISTRATION**

A comprehensive report was submitted by the Pensions Manager providing a general overview of pension administration over the past year, along with information on the work carried out over the period and updates on various projects:

- Implementation of the McCloud obligation following a Supreme Court ruling.
- Work relating to the 2025 actuarial valuation, which included holding an Employers' Forum to share valuation results with employers. It was noted that the new contributions would be formally confirmed at the end of March 2026.
- Work relating to linking to the National Pension Dashboard ecosystem by 31/10/25.
- Preparation of a response (on an all-Wales basis) to the UK Government's consultation on improvements to the Local Government Pension Scheme which would modernise the scheme, improve fairness and strengthen long-term member protections.
- That work to ensure that the Gwynedd Pension Fund had met statutory requirements by issuing Annual Statements of Benefits had been completed at the end of July (before the closing date). Reference was also made to a presentation/avatar on the My Pension On-line portal which supported members to better understand the statements.
- That data quality remained a priority for the Fund and ongoing developments were being implemented to further improve the quality. Reference was made to an example where the Fund was working with a professional tracing service to try and find the contact details of family members who had passed away or appeared to be a 'gone away address'.
- Communication with members also remained a priority – a circular had been distributed with the 2025 Annual Statements of Benefits. It was noted that work was ongoing to redesign the Fund's website.
- It was explained that because of internal changes being implemented to tasks where comprehensive performance data was not available, the Fund was providing assurances that there was no indication that service performance was deteriorating, but that the information was intended to be submitted when the revised procedures had been completed.
- Work continued to ensure policies and compliance were in place in response to the requirements of Good Governance.

Reference was made to the continued success of 'My Pension On-line' noting that the portal's membership continued to grow steadily from month to month. It was reported that the Gwynedd Pension Fund had played a key role in supporting Heywood to develop a Welsh language version and that this version was to be rolled out to all Welsh LGPS funds by the end of the year.

Attention was drawn to the Service Satisfaction Survey which was sent to Members at the end of key processes, such as retirements and reimbursement payments, to gather views on the quality of service received. It was reported that 58 members had taken part in the survey between April 2025 and September 2025 with the result being very encouraging (95.13% of users strongly agreed or agreed that the quality was of a high standard and 97.26% strongly agreed or agreed that staff performance met a high standard).

The members expressed their thanks for the report. It was noted that the successes of completing work within a specific timeframe gave confidence to the Fund that officers acted in an effective and standard manner. The report highlighted that a great deal of work had been completed in a challenging period.

## **RESOLVED**

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

## **11. DATA IMPROVEMENT PLAN**

A report was submitted by the Pensions Manager detailing the key types of data held by the Fund highlighting the importance of data accuracy and clear and structured approaches to improving data quality. The Fund's data enhancement objectives were highlighted as well as the types of data that needed to be completed to protect Members' rights, to support operational efficiency and strengthen trust in the Fund's governance.

It was highlighted that there were two categories of data – common data and scheme-specific data, with targeting actions and approaches put in place for improving the quality of both categories. Attention was drawn to the use of the professional Tracing Service to try to reduce instances of the number appearing as 'moved' or outdated contact information in the common data category. It was reported that the service, although costly, had delivered good results so far and that the number of cases was decreasing.

It was considered that by following the Data Improvement Plan, the Fund would aim to significantly improve the data, ensuring compliance with regulatory requirements and improving the overall experiences of Members and employers.

The members thanked the officer for the report

In response to a question regarding the use of e-mail addresses and phone numbers, it was noted that this information had not been gathered historically, but was now part of the process.

### **RESOLVED**

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

## **12. EXCLUSION OF PRESS AND PUBLIC**

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

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

## **13. REVIEW OF GWYNEDD PENSION FUND'S STRATEGIC ASSET ALLOCATION**

Submitted - a report proposing a new strategic allocation for the Fund's assets following the three-year valuation result in 2025 and recommendations from Hymans Robertson (the Fund's advisers). It was expressed that the Strategic Asset Allocation was the most important decision for any Pension Fund, reiterating that there was no right or wrong way of deciding upon the Strategic Asset Allocation, and this was a matter of trying to find the best solution to restrictions and opportunities.

A review of the Investment Strategy was undertaken by Hymans Robertson and Kenny Taylor, an adviser from the company, was welcomed to present the results of the review and recommendations for the Committee to consider.

The members thanked the officers for the presentation and the report

The proposed strategic assets were discussed

**RESOLVED**

- **To accept the report**
- **To approve the Fund's proposed strategic asset allocation and the recommendations of Hymans Robertson's action report**

**14. ROBECO ENGAGEMENT SERVICE – ENGAGEMENT REPORT 01-04-2025 - 31-06-2025**

Submitted - a quarterly report summarising the work Robeco (WPP Voting and Engagement Provider) was carrying out on behalf of the Pension Fund on responsible investment issues. Reference was made to the areas covered by Robeco during the quarter in question and the information included details of the number of activities and engagements completed which included large companies of international importance. It was also noted that the engagement theme of the quarter in question was Acceleration to Deforestation.

The members thanked the officer for the report

In response to a question regarding divestment, it was noted that WPP had published a statement on their website (17 November 2025) which addressed their perspective on exclusions and divestment.

It was suggested, instead of noting 'closed' as an initial indicator in our engagement process, 'further engagement' would be a more positive term.

**RESOLVED**

- **To accept and note the information**

The meeting commenced at 10:30 and concluded at 12:00

# Agenda Item 6

MEETING	<b>PENSIONS BOARD</b>
DATE	<b>9 FEBRUARY 2026</b>
TITLE	<b>WALES PENSION PARTNERSHIP UPDATE</b>
PURPOSE	<b>To receive and note the update from Wales Pension Partnership</b>
RECOMMENDATION	<b>RECEIVE AND NOTE THE INFORMATION</b>
AUTHOR	<b>DELYTH JONES-THOMAS, INVESTMENT MANAGER</b>

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## 1. INTRODUCTION

This is a regular report which provides the members of the Pensions Board with an update on the work undertaken by the Wales Pension Partnership (WPP) on behalf of the eight LGPS funds in Wales.

The WPP is now well established, with Waystone as its operator to provide FCA regulated services and Russell Investments who provide investment management solutions to the WPP on all listed assets. Northern Trust are the appointed global custodian and depositary. Hymans Robertson are the governance and oversight advisor and Robeco provide voting and engagement services to the WPP in accordance with its stewardship responsibilities and commitments.

## 2. PENSION BOARD CHAIRS ENGAGEMENT MEETING

The Pension Board Chair's meet on a semi annual basis, and they last met formally on 29<sup>th</sup> October 2025. The host authority has provided a summary of the items discussed at that meeting which is attached as Appendix 1 to this report.

Project Snowdon is developing quickly with the WPP IM Co now incorporated with Rob Lamb appointed as Chief Executive Offices and a transitional board appointed. Work is ongoing to formulate a regulatory business plan and recruit executive roles. The shareholder agreement has been drafted and Rob has met with the Gwynedd Pension Board, Committee and Officers on 3<sup>rd</sup> December 2025 to provide an update.

The 2024/25 Business Plan was also reviewed and this can be seen in Appendix 2. The percentage of assets pooled was also presented and demonstrated that Gwynedd Pension Fund is in a strong position with 87% of the assets pooled. An overview was presented of the Responsible Investment matters which demonstrated that this area is very important for the WPP, and has many evolving subject areas. Information was also presented on the changes to the risk register with the main changes to the risks relating to the regulatory changes and the developments for Prosiect Wyddfa.

### 3. OPERATOR UPDATE

A copy of the latest quarterly update from the operator is attached under Appendix 3.

The update provides a snapshot of the full range of WPP investment sub-funds as at 30<sup>th</sup> June 2025.

Gwynedd Pension Fund currently has exposure to seven of the ten sub-funds and as of 30<sup>th</sup> June 2025, the sub fund values and percentage were as follows:

- **Global Opportunities - £442.7m (14%)**
- **Global Growth- £493.3m (12%)**
- **Emerging Markets - £67.6m (23%)**
- **Multi Asset Credit - £249.1m (29%)**
- **Absolute Return Bond- £406.6m (76%)**
- **Global Credit Fund - £239.6m (23%)**
- **Sustainable Equity Fund- £331.2m (21%)**

### 4. PERFORMANCE REPORTS AS AT 30<sup>th</sup> JUNE 2025

The performance reports can be seen in Appendix 4.

The MSCI World Net Index increased by 11.5% (USD) in a volatile but ultimately positive quarter for global equities as fears over aggressive US tariffs receded. All markets recorded gains, most in double-digits, rebounding from weakness in April. Canada and Asia Pacific led while the UK lagged. After reaching a new record high mid-June the global index dropped following Israel's military strikes on Iran. However, sentiment lifted following a US-brokered ceasefire, sending equities higher. Oil prices were volatile, soaring on fears of supply disruptions in the Middle East but fell back on the fragile truce. Amid the market nervousness gold reached a new high. The European Central Bank (ECB) cut rates by 25 basis points (bps) in April, and again in June when it indicated it was approaching the end of its rate-cutting cycle. The Federal Reserve (Fed) left interest rates unchanged while the Bank of England (BoE) cut its main rate in May by 25 bps to 4.25% but left rates unchanged in June.

In the UK, gilts were impacted by the US Treasury sell-off, amid growing doubts over the safe haven status of US assets. Long-term borrowing costs jumped with the yield on 30-year gilts rising to levels last seen in the late 1990s. Markets remained volatile as the belligerence between the US and China continued. Later, the yield on 10-year gilts yields dipped following the weaker-than-expected inflation data. Bond prices were further supported by the Debt Management Office's decision to reduce the issuance of new long-dated bond sales. In May the BoE reduced interest rates by 25 bps in a 5:4 majority vote. The yield on 10-year gilts rose following the bank's decision and on news of a new trade deal between the US and UK. Slowing wage growth and a rise in unemployment reinforced expectations that the BoE will continue its monetary easing path. Although preliminary data showed the economy expanded by 0.7% QoQ in the first quarter, GDP contracted 0.3% in April, down more than expected, driven by reduced services output and lower exports to the US. This, and other underwhelming economic data, sent gilt yields lower and strengthened expectations of further rate cuts by the BoE. Although the bank left rates unchanged in June, it indicated a possible cut as early as August given signs of weakness in the jobs market. Over the period the yield on benchmark 10-year gilts fell 19 bps to 4.49%.

**5. ESTABLISHMENT OF WPP INVESTMENT MANAGEMENT COMPANY (WPP IMCo)**

The Wales Pension Partnership is in the process of establishing an independent investment management company authorised by the Financial Conduct Authority (FCA). As per the Government's criteria, all WPP assets are required to be moved and managed by the company by 1st April 2026.

**6. RECOMMENDATION**

To receive and note the information.

# **Wales Pension Partnership (WPP) -**

## **Pension Board Chairs Engagement (PBCE) meeting update**

**Meeting date:** Wednesday 29 October 2025

**Location:** County Hall, Cardiff

### **Attendees:**

#### **Officers**

Chris Moore, Carmarthenshire (CCC) (Chair)  
Anthony Parnell, CCC  
Tracey Williams, CCC  
Dewi Morgan, Gwynedd

#### **Pension Board Chairs**

Ian Coleman, Torfaen	Sioned Parry, Gwynedd (virtual)
Karen McWilliam, Clwyd	John Jones, Dyfed
Dafydd Edwards, Powys	Michael Prior, Cardiff
Hugh Coombs, RCT	
Osian Richards, Scheme Member Representative	

#### **Other Attendees**

Andrew Johnston, Hymans (virtual)  
Rachel Barrack, Hymans (virtual)  
James Zealander, Waystone (Item 7 onwards)  
Aidan Quinn, Russell Investments (Item 7 onwards)

<b>Agenda item</b>	<b>Detail</b>
Item 1 - Apologies	Ryland Doyle, Swansea
Item 2 - Minutes and actions from last meeting	30 April 2025 Project Snowdon risk register to be shared with the pension board chairs, once the revised version has been agreed by Steering Group
Item 3 – Project Snowdon / WPP IM Co	Chris and Anthony provided a Project Snowdon update: <ul style="list-style-type: none"><li>• Rob Lamb started his role as WPP IM Co CEO on 8 September 2025</li></ul>

	<ul style="list-style-type: none"> <li>• There is a transitional board in place, consisting of Rob Lamb, Chris Moore, Chris Lee, Barrie Davies and Andrew Lovegrove. The board have weekly virtual meetings and formal monthly board meetings.</li> <li>• The Steering Group (SG) continues to meet on a fortnightly basis</li> <li>• The regulatory business plan has been drafted and been reviewed by the transitional board. The plan has been shared with the SG members and will be discussed and potentially approved at this afternoons SG meeting.</li> <li>• There are four part time secondment arrangements in place to assist the CEO during the mobilisation period.</li> <li>• Recruitment – there are six roles currently being advertised: <ul style="list-style-type: none"> <li>○ Chief Investment Officer</li> <li>○ Independent Non-Executive Chair</li> <li>○ Director of Finance</li> <li>○ Director of Financial Risk</li> <li>○ Director on Non-Financial Risk</li> <li>○ Executive Assistant &amp; Office Manager</li> </ul> </li> <li>• The shareholder agreement is currently being drafted</li> <li>• Rob is currently visiting each constituent authority / pension fund, meeting the pension committee chair, vice-chair and pension fund officers.</li> <li>• Virtual meeting has been arranged for Wednesday 5 November for Rob to meet the Pension Board chairs.</li> </ul> <p>The next Pension Board chairs Project Snowdon briefing has been arranged for 20 January 2026 (Virtual meeting).</p>
Item 4 - Host Authority update	<p>Anthony Parnell and Chris Moore of the Host Authority provided an update in relation to work that has been completed since the last PBCE meeting and WPP's next steps / priorities.</p> <p><b>a) Business Plan 2024/25 year-end review</b> – Anthony presented the 2024/25 Business Plan update as at 31 March 2025 (attached).</p> <p><b>b) Annual Update / Annual Report 2024/25</b> – the 2024/25 annual update has been published on the website. The Annual Report is in the process of being finalised and will be published by the end of this week.</p>

**c) Pooling progress as at 31 March 2025** - total holdings as at 31 March 2025 is £25.8bn, broken down as follows:

- Pooled £19.4bn (including passive investments of £5bn) – 75%
- Unpooled £6.4bn

Assets pooled per fund as at 31 March 2025:

Cardiff & Vale of Glamorgan	90%
Clwyd	32%
Dyfed	81%
Greater Gwent (Torfaen)	76%
Gwynedd	87%
Powys	63%
RCT	83%
Swansea	66%

**d) WPP sub fund review** – this year Hymans undertook reviews of the UK Opportunities Equity Fund and Global Opportunities Equity Fund.

**e) Legal Services Procurement process** – Burges Salmon has been reappointed, new contract will commence 1 January 2026.

**f) Breaches and errors log** – no breaches or errors reported.

**g) Responsible Investments (RI)** – Rachel Barrack from Hymans Robertson provided an update on the following RI matters.

- Passive Mandates Evolution – the Aquila Life WPP World ESG Insight Equity Fund is due to launch next week.
- All Wales Climate Report (AWCR) – the AWCR (data as at 31 March 2025) will be discussed with the RI working group in November 2025, this will then be shared with the OWG before being finalised for publishing.
- All Wales Impact Report – the Good Economy has started work on an all Wales impact report and this is due to be completed early 2026.
- Stewardship Themes review for 2025/26 – Robeco are holding a client ownership panel meeting at the end of

	<p>November 2025, where new themes will be discussed and agreed.</p> <ul style="list-style-type: none"> <li>• Stewardship Code – 2024/25 stewardship code report will be submitted this Friday, 31 October 2025.</li> </ul> <p><b>h) Next Steps / Priorities:</b></p> <ul style="list-style-type: none"> <li>• Project Snowdon / WPP IM Co</li> <li>• Publish 2024/25 Annual Report</li> <li>• Submit 2024/25 UK Stewardship Code Report</li> <li>• Launch the Real Estate Investment programme – will be launching soon.</li> <li>• AWCR and All Wales Impact Report</li> </ul>
Item 5 – Scheme Member Rep update	<p>Osian Richards is the appointed Scheme Member Representative (Co-opted non-voting Member) and attends the JGC meetings quarterly.</p> <p>Osian provided an update:</p> <ul style="list-style-type: none"> <li>• Firstly, I'd like to congratulate Rob on his appointment to the WPP IM Co and also thank the officers of the WPP for finding a great candidate.</li> <li>• The work on the exclusion policy has taken a good step forward and this I believe will be welcomed by the members of the pension schemes across Wales. The method of having a robust policy that covers the issues we have without targeting specific companies is the best way to ensure hours values and financial obligations/risk are aligned. I believe we're hoping to have a draft by the end of the year so we can see how this would work.</li> <li>• For myself the next step in the process is to work out the governance, i.e. who will sit on the shareholders board and how will scheme members be represented.</li> <li>• Lastly, I'd like to thank the officers for the hard work as they've achieved a lot in the last year and also, it's important to note the recognition by MHCLG in their recent letter regarding the progress the WPP has made.</li> </ul>
Item 6 - Risk Register	<p>The OWG is responsible for maintaining the WPP Risk Register and reporting back any changes or developments to the JGC on a quarterly basis. The OWG has a dedicated Risk Sub-Group to take ownership of the Risk Register and the quarterly review of the document. There is a separate Risk Register for Project Snowdon.</p>

	<p>During Q2 2025, a review took place of some of the risks within the Governance and Regulation section of the Risk Register, risks G8 to G16. During Q3 2025, a review took place on the Training &amp; Resources and Communication risks.</p> <p>Andrew Johnston of Hymans Robertson presented the changes which were approved by the JGC on 16 July and 17 September 2025 respectively. Key points highlighted below:</p> <ul style="list-style-type: none"> <li>○ G9 “Difference of opinion/ or views within the WPP cannot be reconciled.” – The WPP have effective control measures in place, however it is expected that there will be further scenarios, in particular around Project Snowdon deliverables that may test this risk, so the risk score will stay as 15 until the next review meeting in Q2 2026.</li> <li>○ G15 “The WPP is not prepared for the outcomes of any consultation or regulatory change.” – The target probability score has increased from 1 to 2. This is due to the fact that more LGPS regulatory change is expected in the future. When this risk was initially scored, central Government policy for the LGPS was considered to be more stable and predictable. Due to the significance of Project Snowdon, and the tight timescales for its delivery, a new risk has been established for this work (risk G16). The risk rating will continue be monitored and discussed on a regular basis.</li> <li>○ G16 “Project Snowdon does not meet the timescales and delivery capability laid out in the Government consultation and subsequent WPP business case.” – The timescales and volume of activities to be completed to become a fully operational FCA regulated Company by 1 April 2026 remain challenging. However, as a result of current risk controls, the WPP are comfortable that project Snowdon is progressing in line with the project plan and is 'on track'. The current probability score of 3, above the target of 2, is due to a number of critical milestones that need to be met to meet the project end date. A separate risk register exists for Project Snowdon and is monitored on a regular basis.</li> </ul> <p>Training &amp; Resources and Communication risks – no significant updates.</p> <p>The updated Risk Register can be found on the WPP website.</p>
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Item 7 – Operator Update	<p>James Zealander of Waystone presented the quarterly update report as at 30 June 2025 (attached). This report provides market updates, details of WPP's current sub fund holdings, as well as a corporate and engagement update.</p> <p>James added that markets have performed well over the last quarter and the total ACS AUM value is now just shy of £14.5bn</p>
Item 8 – Performance Reports as at 30 June 2025	<p>Aidan Quinn of Russell Investments presented a performance summary paper (attached) summarising the performance of each individual ACS sub fund for the quarter ending 30 June 2025. Good performance in Q2 and Q3, positive returns across all sub-funds, with a mixed outcome on excess returns.</p>
Item 9 - AOB	No AOB
Item 10 – Next meeting	Wednesday 29 April 2026

Webcast link for the 4 June 2025, 16 July 2025 and 17 September 2025 JGC meetings below:

[Agenda for Wales Pension Partnership Joint Governance Committee on Wednesday, 4th June, 2025, 2.00 pm](#)

[Agenda for Wales Pension Partnership Joint Governance Committee on Wednesday, 16th July, 2025, 10.00 am](#)

[Agenda for Wales Pension Partnership Joint Governance Committee on Wednesday, 17th September, 2025, 10.00 am](#)

WPP's website address - [Wales Pension Fund | Home \(walespensionpartnership.org\)](https://walespensionpartnership.org)



# Wales Pension Partnership

## Business Plan

### 2024-2025

### Q4 Review

### (April 2024 to March 2025)

## Governance

Work to be completed	Completed	Comments
• Oversight Advisor procurement process	Yes	
• Voting & Engagement Service provider procurement process	Yes	
• Annual review of WPP's policies and plans	Ongoing	
• Quarterly reviews of the Risk Register	Ongoing	
• Respond to any pooling related consultations and carry out any necessary changes as a result of consultation outcomes	Ongoing	

## Ongoing Sub-Fund development

Work to be completed	Completed	Comments
• Launch the real estate investment programmes	In progress	
• Launch additional Private Market vintages	Ongoing	
• Consideration of WPP's Levelling up / impact requirements	Ongoing	
• Consultation with CAs on need for further sub-funds, review and develop, as required	Ongoing	
• Consideration of Local Investment opportunities	Ongoing	

## Operator Services

Work to be completed	Completed	Comments
<ul style="list-style-type: none"> <li>• Complete Operator contract procurement process and implement new operator contract</li> </ul>	Yes	
<ul style="list-style-type: none"> <li>• Operator and Sub-Fund governance Oversight</li> </ul>	Ongoing	

## Investments and Reporting

Work to be completed	Completed	Comments
<ul style="list-style-type: none"> <li>• Develop &amp; Implement Private Markets reporting</li> </ul>	In progress	Private Markets reporting options being considered
<ul style="list-style-type: none"> <li>• Climate-related / Task Force on Climate-related Financial Disclosures (TCFD) reporting</li> </ul>	Yes	Taken to the March 2025 JGC
<ul style="list-style-type: none"> <li>• Stewardship Code reporting</li> </ul>	Yes	2023/24 report submitted 31 October 2024
<ul style="list-style-type: none"> <li>• Consider additional reporting that demonstrates WPP's commitment to Responsible Investment</li> </ul>	Ongoing	
<ul style="list-style-type: none"> <li>• On-going Sub-Fund responsible investment and climate risk performance reporting, scrutiny and challenge</li> </ul>	Ongoing	
<ul style="list-style-type: none"> <li>• Annual performance review of WPP Sub-Funds</li> </ul>	Yes	<b>To be taken to the September 2025 JGC</b>
<ul style="list-style-type: none"> <li>• Review of Russell Investment's service delivery in delivering WPP's objectives across Sub-Funds</li> </ul>	Yes	Report to be shared with OWG and JGC members

<ul style="list-style-type: none"> <li>On-going engagement with Constituent Authorities regarding ESG / RI standards and their climate ambitions</li> </ul>	Ongoing	
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### Communication and Training

Work to be completed	Completed	Comments
<ul style="list-style-type: none"> <li>Formulation of the WPP's Annual Responsible Investment Progress Report</li> </ul>	Yes	Report presented at the July 2024 JGC and published on website
<ul style="list-style-type: none"> <li>Formulation of the WPP's annual training plan</li> </ul>	Yes	2025/26 training plan taken to the March 2025 JGC for approval
<ul style="list-style-type: none"> <li>Formulation of the WPP's Annual Update</li> </ul>	Yes	2023/24 Annual Update published in August 2024
<ul style="list-style-type: none"> <li>Formulation of the WPP's Annual Report</li> </ul>	Yes	2023/24 Annual Report published in December 2024

### Resources, budget and fees

Work to be completed	Completed	Comments
<ul style="list-style-type: none"> <li>Annual review of resources and capacity</li> </ul>	Yes	Reviewed when formulating the 2025/26 budget
<ul style="list-style-type: none"> <li>Formulation of Annual WPP Budget</li> </ul>	Yes	Formulated and included in the 2025-28 Business Plan
<ul style="list-style-type: none"> <li>Review and Monitoring of Operator / external provider fees</li> </ul>	Ongoing	

## Training Plan

Training topics to be completed during 2024–2025 as per approved 2024-2025 Training Plan and progress to date:

	Completed	Comments
• WPP Pooled Investments	Yes	18 June 2024
• Overview of cyber security and consideration for WPP	Yes	18 June 2024
• Policies – Responsible Investment Policy	Yes	18 October 2024
• Policies – Climate Policy	Yes	18 October 2024
• Policies – Stewardship Policy	Yes	18 October 2024
• RI – Net Zero journey planning	Yes	28 November 2024
• RI – Climate Metrics	Yes	28 November 2024
• Progress of other LGPS pools & Collaboration Opportunities	Yes	24 March 2025
• Any new regulatory / guidance developments	Yes	24 March 2025

## Budget

### 2024-2025 Budget Monitoring Report:

	Budget 2024 – 2025 £000	Outturn 2024 – 2025 £000	Variances 2024 – 2025 £000
Host Authority *	231	186	45
External Advisors *	1,411	1,270	141
Project Snowdon *	0	470	(470)
<b>TOTAL to be recharged</b>	<b>1,642</b>	<b>1,926</b>	<b>(284)</b>
Operator Services **	40,734	40,127	607
Allocator Services **	7,006	7,094	(88)
<b>TOTAL to be deducted from the NAV</b>	<b>47,740</b>	<b>47,221</b>	<b>519</b>

\*Host Authority and External Advisor costs are to be funded equally by all eight of the WPP's Constituent Authorities and these will be recharged on an annual basis.

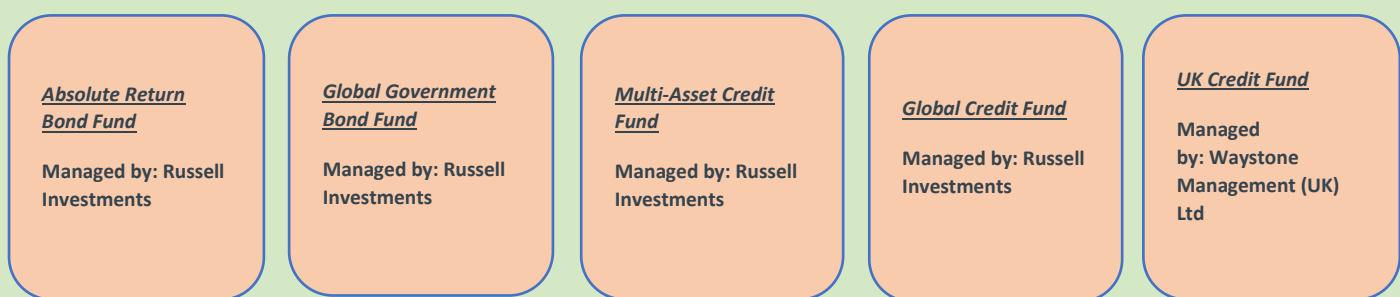
\*\*Operator / Allocator Services costs are based on each Constituent Authority's percentage share of WPP assets and are deducted directly from the Net Asset Value (NAV) of the Constituent Authority's assets.

## Investments

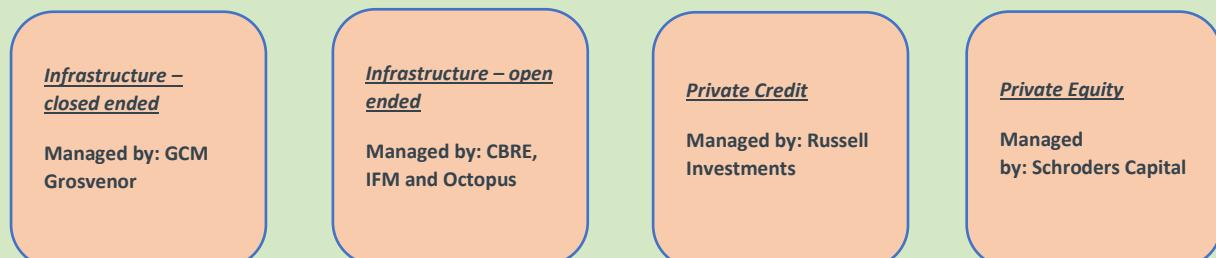
### Equity Sub-Funds



### Fixed Income Sub-Funds



### Private Markets





Wales Pension Partnership  
<https://www.walespensionpartnership.org/>

# Wales Pension Partnership

Joint Governance Committee – Q2 2025 Review

17 September 2025

Presented by James Zealander



# Agenda

- 03 Corporate Update
- 04 Compliance Update
- 05 Relationship Overview
- 06 Sub-Fund Values
- 07 Sub-Fund AUM & Ownership Percentage
- 08 Fund Snapshot – Equities
- 09 Fund Snapshot – Fixed Income
- 10 Initiatives
- 11 Market Updates
- 12 Oversight – Third Party Monitoring
- 13 WMUK Engagement
- 14 Meeting Schedule



# Corporate Update

Waystone were pleased to see that full approval was given for the creation of the new Investment Company as part of the Government's "Fit for the Future" consultation. Waystone Compliance Solutions continue to work closely with the Pool in preparation of the application for relevant authorisation approvals to the FCA.

Waystone has announced that its Luxembourg UCITS Platform, "Waystone UCITS Platform (Lux) SICAV", has been approved by the Luxembourg Financial Sector Supervisory Commission (CSSF) for the integration of an ETF operating model. This milestone enables the launch of ETFs alongside traditional UCITS products, offering international asset managers an efficient "plug-and-play" solution for market entry into Luxembourg.

This latest approval builds on the momentum of Waystone's Irish ETF white-label solution, which went live in 2024, and marks the next step in expanding cross-border distribution opportunities for global clients.

Waystone has recently seen a sharp increase in demand for its ETF platform solutions, particularly from active managers who see significant value in accessing a complementary set of capabilities – enabling them to scale more efficiently and accelerate entry to the ETF market.

Luxembourg was selected due to its position as a leading cross-border fund domicile and the platform is fully ETF-ready and underpinned by a high-quality operational and regulatory framework.

Senior hires at Waystone:

Jamie Moran has joined Waystone as our new Chief Marketing Officer. Based in the UK, Jamie will be responsible for leading Waystone's marketing strategy and execution, enhancing brand visibility and driving growth through marketing initiatives. Jamie is a highly respected figure in the industry and brings over 25 years of marketing experience.

Eoin Moylan has joined Waystone as Head of Operations Transformation. Eoin will be based in our Dublin office. Eoin brings 25 years of experience of driving strategic operational efficiency programmes and optimising business and operational processes by leveraging digital technology.

# Compliance Updates

The table below details recent regulatory compliance developments that are relevant to WMUK. Featured items are gathered from a variety of sources including consultation papers, press releases and speeches.

A full regulatory update is issued to The Host Authority on monthly basis but can also be obtained by signing up to the Waystone Website. [UK/EU updates Archives - Waystone Compliance](#)

Title	Timing	WMUK Impact	WPP Impact	Status
UK Pensions Industry announces Mansion House Accord	Immediate	Medium	Medium	
Publication of the Pensions Investment Review Final Report	Immediate	Medium	Medium	
LGPS 'Access and fairness' consultation launched	Immediate	Medium	Medium	
CP25/13: Improving the complaints reporting process	Immediate	Low	To Note	

## LGPS 'Access and fairness' consultation launched

On 15 May 2025, Government launched a consultation on changes to the Local Government Pension Scheme (LGPS) in England and Wales. The proposed changes are intended to improve fairness in and access to the LGPS. The proposals include:

- addressing survivor pensions and deaths grants
- addressing the Gender Pension Gap in the LGPS
- collecting data on how many members opt out of the scheme and why
- changes to forfeiture, aiming to tackle long-standing issues with forfeiture in the LGPS
- several technical changes to how the McCloud remedy operates
- a number of other miscellaneous changes, including changes to five-year refunds, pre-2014 AVCs and small pot payments.

The consultation also includes questions on the potential administrator burden and the Government's duty under the Public Sector Equality Duty and a draft statutory instrument, the Local Government Pension Scheme (Miscellaneous Amendments) Regulations 2025.

The consultation closes on 7 August 2025.

## Publication of the Pensions Investment Review Final Report

### LGPS

Proposals are largely in line with the direction taken in the consultation, in particular:

- All Administering Authorities must delegate investment implementation to FCA-regulated pools by March 2026, although index investments will no longer need to be formally moved to an LGPS pool but will instead be deemed to be under the management of the pool, given the oversight these assets already receive from their pool owners.
- The number of pools will be reduced from 8 to 6, with powers to direct local authority participation in one of the pools if needed.
- Pools must support local investment and collaborate with regional authorities.

### Phase II of the Pensions Review

Today's publications mark the end of the Pensions Investment Review, and the Government has now confirmed that it will turn to the next phase of the Pensions Review later this year, exploring longer term challenges around retirement adequacy and outcomes. These are expected specifically to involve areas such as contribution levels and retirement outcomes.

# Relationship Overview

## Relationship Overview

Client	Wales Pension Partnership	AUM (as at 30 June 2025)	£13,601,784,593	Product Suite	ACS – UK
Contract Start Date	December 2017	Contract Expiry	December 2029 (with further 2-year extension provision)	Tenure of Relationship	7 years, 7 months

## Fund Range

### Wales Pension Partnership Sub-Fund Range

#### Equities

WS WPP Global Growth Fund  
WS WPP Global Opportunities Equities Fund  
WS Wales PP UK Opportunities Fund  
WS Wales PP Emerging Markets Equity Fund  
WS Wales PP Sustainable Active Equity Fund

#### Fixed Income

WS Wales PP Multi Asset Credit Fund  
WS Wales PP Global Credit Fund  
WS Wales PP Global Government Bond Fund  
WS Wales PP Absolute Return Bond Fund  
WS Wales PP Sterling Credit Fund

# WPP Sub Fund Values

## AUM & Quarterly

Fund	AUM (£)*
<b>Equities</b>	
WS WPP Global Growth Fund	£3,688,996,018
WS WPP Global Opportunities Equities Fund	£3,523,693,664
WS Wales PP UK Opportunities Fund	£823,616,679
WS Wales PP Emerging Markets Equity Fund	£294,121,736
WS Wales PP Sustainable Active Equity Fund	£1,577,339,785
<b>Fixed Income</b>	
WS Wales PP Multi Asset Credit Fund	£859,003,754
WS Wales PP Global Credit Fund	£1,041,792,490
WS Wales PP Global Government Bond Fund	£511,136,018
WS Wales PP Absolute Return Bond Fund	£534,991,212
WS Wales PP Sterling Credit Fund	£747,093,237
<b>Total</b>	<b>£13,601,784,593</b>

\* As at 30 June 2025

# WPP Sub Fund Values & Percentage Ownership\*

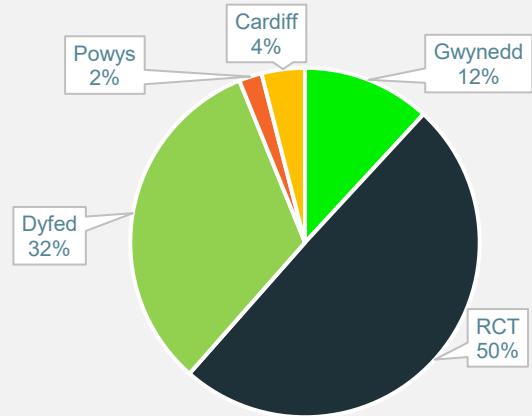
Fund name	Gwynedd	Powys	Clwyd	Swansea	Cardiff	Torfaen	RCT	Dyfed	Sub Fund Total
<b>Equities</b>									
WS WPP Global Growth Fund	£442,679,522 (12%)	£73,779,920 (2%)			£147,559,841 (4%)		£1,844,498,009 (50%)	£1,180,478,726 (32%)	£3,688,996,018 (100%)
WS WPP Global Opportunities Equities Fund	£493,317,113 (14%)			£1,233,292,782 (35%)	£563,790,986 (16%)	£704,738,733 (20%)	£528,554,050 (15%)		£3,523,693,664 (100%)
WS Wales PP UK Opportunities Fund					£172,959,503 (21%)	£650,657,176 (79%)			£823,616,679 (100%)
WS Wales PP Emerging Markets Equity Fund	£67,647,999 (23%)	£17,647,304 (6%)			£129,413,564 (44%)	£79,412,869 (27%)			£294,121,736 (100%)
WS Wales PP Sustainable Active Equity Fund	£331,241,355 (21%)	£78,866,989 (5%)	£378,561,549 (24%)	£173,507,376 (11%)	£141,960,581 (9%)	£173,507,376 (11%)	£110,413,785 (7%)	£189,280,774 (12%)	£1,577,339,785 (100%)
<b>Fixed Income</b>									
WS Wales PP Multi Asset Credit Fund	£249,111,089 (29%)	£34,360,150 (4%)	£335,011,464 (39%)	£68,720,300 (8%)	£171,800,751 (20%)				£859,003,754 (100%)
WS Wales PP Global Credit Fund	£239,612,273 (23%)	£31,253,775 (3%)			£166,686,798 (16%)	£270,866,047 (26%)		£333,373,597 (32%)	£1,041,792,490 (100%)
WS Wales PP Global Government Bond Fund					£245,345,289 (48%)	£265,790,729 (52%)			£511,136,018 (100%)
WS Wales PP Absolute Return Bond Fund	£406,593,321 (76%)	£53,499,121 (10%)		£74,898,770 (14%)					£534,991,212 (100%)
WS Wales PP Sterling Credit Fund							£747,093,237 (100%)		£747,093,237 (100%)
<b>Constituent Authority Total</b>	£2,230,202,672	£289,407,259	£713,573,013	£1,550,419,228	£1,739,517,313	£2,144,972,930	£3,230,559,081	£1,703,133,097	£13,601,784,593

\* as at 30 June 2025

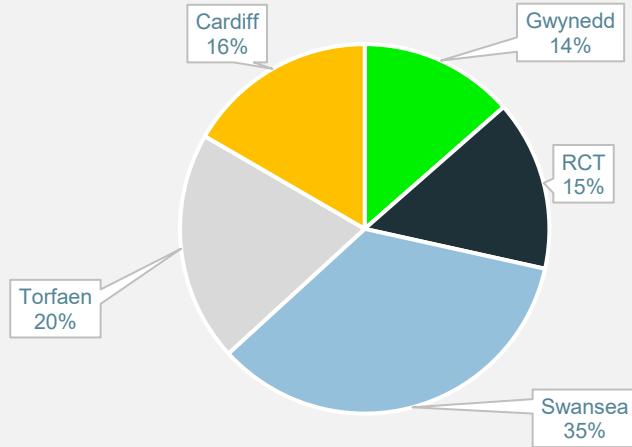
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40

# Fund Snapshot\* – Equities

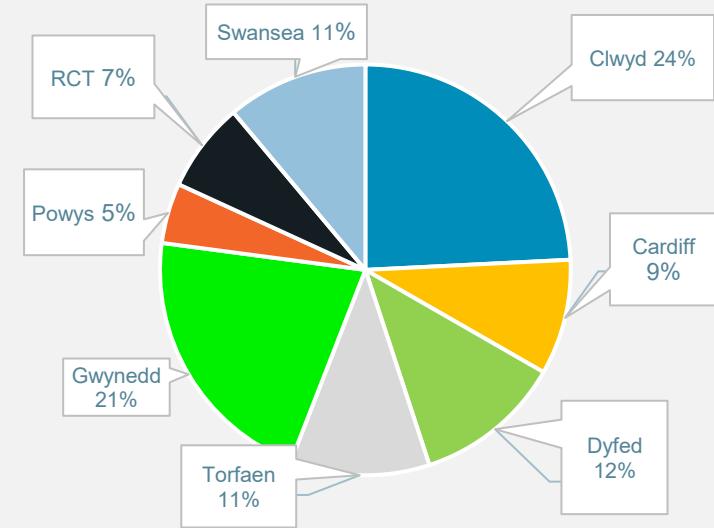
## Global Growth



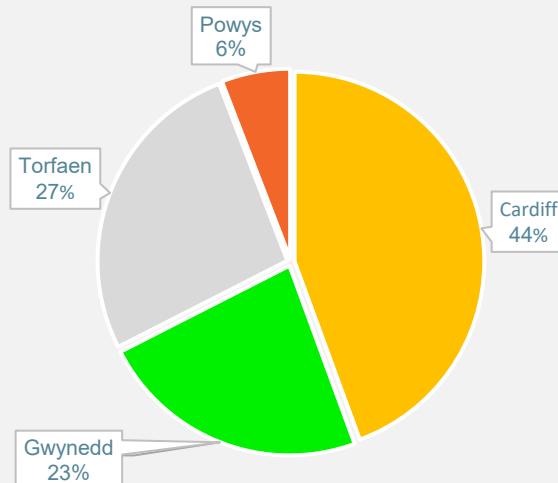
## Global Opportunities



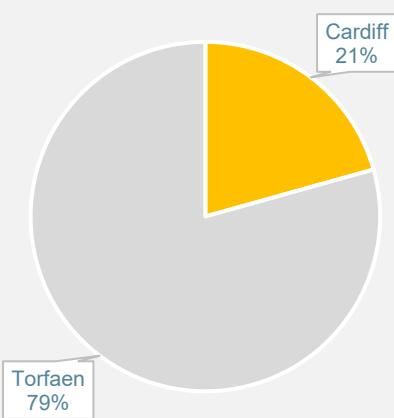
## Sustainable Active Equity



## Emerging Markets

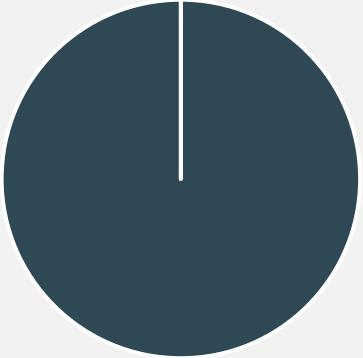


## UK Opportunities

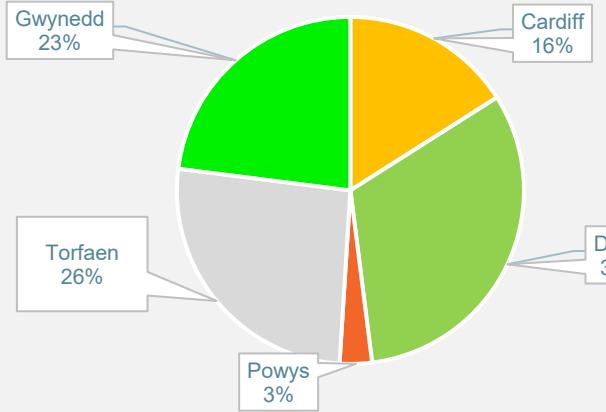


# Fund Snapshot\* - Fixed Income

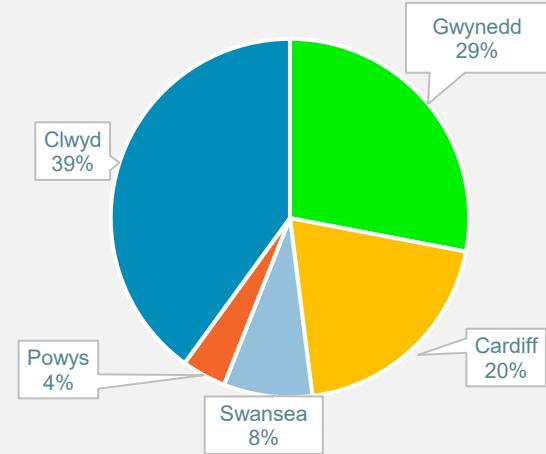
## Sterling Credit



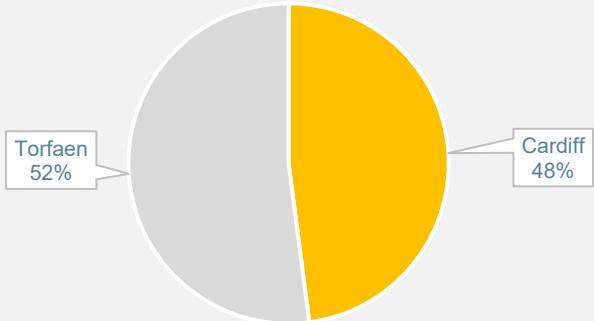
## Global Credit



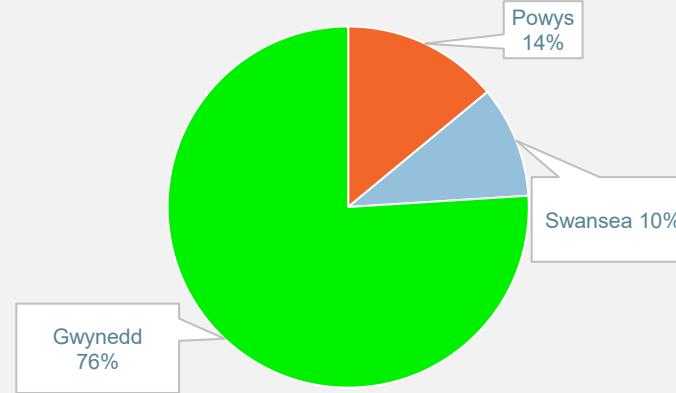
## Multi Asset Credit



## Global Gov. Bond



## Absolute Return Bond



# Initiatives

## Key Achievements & Updates

WS Wales PP Global Credit Fund – Appointment of Coolabah to the fund completed in May 2025

WS Wales PP Emerging Markets Equity Fund – Appointment of Sands Capital to the fund completed in May 2025

### Fund Launches/Wind ups & Changes

	Overview	Status	Details	Owner
Sub Fund Manager Update	WS Wales PP UK Opportunities Equity Fund Change of Sub Manager, removing JO Hambro, replacing with Jupiter Asset Management	Ongoing	<ul style="list-style-type: none"><li>Proposal of adding Jupiter Asset Management's UK Dynamic Strategy to the Fund at a 22% strategic weight and termination of JO Hambro.</li><li>RI have a high conviction in this strategy led by Alex Savvides and his team, who moved to Jupiter from JO Hambro last year.</li><li>Looking at early August for a live date</li></ul>	RI/WMUK

# Market Updates

	<b>Activity</b>	<b>Status</b>	<b>Commentary</b>
Russia / Ukraine	Impact to ACS sub-funds holding Russian companies	Ongoing	WMUK continue to monitor the situation and will advise Constituent Authorities of any developments. WMUK's Fair Value Pricing Committee regularly discuss this, and assets are still priced accordingly. There are no Russian holdings in any of the WPP funds.
	<b>Activity</b>	<b>Status</b>	<b>Commentary</b>
Middle East	Impact to ACS sub-funds holding Israeli companies	Ongoing	<p>Currently 4 securities held in direct Israeli companies across three sub funds;            Global Opportunities Fund - 4 companies with 0.44% exposure across the total AUM.            Global Growth Fund – 1 company with 0.03% exposure across the total AUM.            Global Government Bond Fund – 1 company with holding being a de minimis position.</p> <p>Total value of approx. £16.8m.</p> <p>Situation currently being monitored as part of the BAU oversight process.</p> <ul style="list-style-type: none"> <li>Figures from end of June 2025.</li> </ul>

# Oversight – Third Party Monitoring

## 2025 Plan

Third Party Provider	Reporting Period	Sub Fund	Location	Status
<b>Northern Trust</b>				
Transfer Agency	2025	All	Onsite, London – September 2025	N/A
Fund Administration	2025	All	Onsite, London – May 2025	Fieldwork has been completed, report currently at draft stage and to be agreed by NT and WMUK due towards end of August.
Price Analysis	2025	All	Onsite, Limerick – May 2025	Planning has commenced, with terms of reference being agreed. This is to be agreed with NT by end of July with fieldwork to commence in September.
Other 'Party' Questionnaire	2025	All	Questionnaire – February 2025	Questionnaire completed by NT with no findings associated with WMUK across all departmental areas.
IT Security Questionnaire	2025	All	Questionnaire – March 2025	Questionnaire is with NT to complete and return to Waystone Group IT for review by end of July.
Annual Due Diligence	2025	All	Questionnaire – June 2025	The annual DD questionnaire has outstanding questions which are currently with NT before being reviewed by WMUK. Expected return by end of July.
<b>Russell Investments</b>				
Annual Due Diligence	2025	All	Onsite, London - 3 February 2025	Completed – No findings following visit in February.

# WMUK Engagement

## Key Q2 and future WPP Engagement

### **Waystone attendance at OWG/JGC meetings in period:**

- OWG 20 May 2025
- JGC 12 March 2025

### **Waystone attendance at OWG/JGC meetings in next quarter:**

- OWG 21 July 2025
- WPP JGC 16 July 2025

### **Waystone attendance at Strategic Relationship Review:**

- 17 September 2025

### **Waystone - Pension Committee attendance in period:**

- None planned for this period

### **Waystone - Pension Committee attendance in next quarter:**

- None planned for this period

### **WPP Pension Board Chairs Engagement meeting**

- None planned for this period

### **Other meetings in period**

- Host Authority update – occurs bi-weekly
- DG Publishing Pooling Symposium, Belfry - May 2025

### **Other meetings in next quarter**

- LGC Pooling Symposium, Stratford upon Avon - July 2025

# Meeting Schedule

<b>Executive Review</b>	<b>Frequency</b>	<b>Objective</b>
	<ul style="list-style-type: none"> <li>- Semi-annual</li> <li>- Next: 17 September 2025</li> </ul>	<ul style="list-style-type: none"> <li>- Ensure strategic alignment</li> <li>- Mutual review of business and strategic goals, priorities and objectives</li> </ul>
<b>Attendees</b>		
WPP		Waystone Management (UK) Limited
<ul style="list-style-type: none"> <li>▪ Chris Moore, Anthony Parnell &amp; Two Section 151 / Deputy Section 151 officers</li> </ul>		<ul style="list-style-type: none"> <li>- Karl Midl, Country Head, UK and CEO, Waystone Management UK</li> <li>- Rachel Wheeler, Global Product Head – Regulated Fund Solutions</li> </ul>
<b>Joint Governance Committee Meetings</b>	<b>Frequency</b>	<b>Objective</b>
	<ul style="list-style-type: none"> <li>- Quarterly</li> </ul>	<ul style="list-style-type: none"> <li>- Key metrics</li> <li>- Pertinent matters</li> <li>- Strategic deliverables</li> </ul>
<b>Attendees</b>		
WPP		Waystone Management (UK) Limited
<ul style="list-style-type: none"> <li>▪ Joint Governance Committee (JGC)</li> </ul>		<ul style="list-style-type: none"> <li>- Karl Midl, Country Head, UK and CEO, Waystone Management UK</li> <li>- Richard Thornton, Head of Relationship Management, Asset Owners</li> <li>- James Zealander, Senior Relationship Manager</li> <li>- Russell Investments</li> </ul>
<b>Officers Working Group Meetings</b>	<b>Frequency</b>	<b>Objective</b>
	<ul style="list-style-type: none"> <li>- Quarterly</li> </ul>	<ul style="list-style-type: none"> <li>- Identify and deliver on opportunities to improve and expand the relationship</li> <li>- Provide update on open projects or issues</li> <li>- Monthly KPI Review (Data supplied quarterly)</li> </ul>
<b>Attendees</b>		
WPP		Waystone Management (UK) Limited
<ul style="list-style-type: none"> <li>▪ Officers Working Group (OWG)</li> </ul>		<ul style="list-style-type: none"> <li>- James Zealander, Senior Relationship Manager</li> <li>- Richard Thornton, Head of Relationship Management, Asset Owners</li> <li>- Heidi Robinson, Relationship Manager</li> <li>- Ad-hoc Waystone attendance from functional departments (as required): <ul style="list-style-type: none"> <li>- CIO Investment Management Supervision</li> <li>- Head of Product</li> <li>- Head of Compliance</li> <li>- Head of Oversight</li> </ul> </li> <li>- Russell Investment</li> </ul>

# Meeting Schedule continued

Host Authority Update	Frequency	Objective
	<ul style="list-style-type: none"> <li>- Semi-weekly</li> </ul>	<ul style="list-style-type: none"> <li>- Regular Host Authority – WMUK to discuss deliverables and business updates</li> </ul>
Attendees		
WPP		Waystone Management (UK) Limited
<ul style="list-style-type: none"> <li>▪ Anthony Parnell</li> <li>▪ Tracey Williams</li> </ul>		<ul style="list-style-type: none"> <li>- Richard Thornton, Head of Relationship Management, Asset Owners</li> <li>- James Zealander, Senior Relationship Manager</li> <li>- Heidi Robinson, Relationship Manager</li> <li>- Client Service Manager (as required)</li> </ul>
Pension Committees	Frequency	Objective
	<ul style="list-style-type: none"> <li>- Annual</li> </ul>	<ul style="list-style-type: none"> <li>- General update on the ACS and planned initiatives</li> </ul>
Attendees		
WPP		Waystone Management (UK) Limited
<ul style="list-style-type: none"> <li>▪ Individual Pension Fund Committee meetings</li> </ul>		<ul style="list-style-type: none"> <li>- Richard Thornton, Head of Relationship Management, Asset Owners</li> <li>- James Zealander, Senior Relationship Manager</li> <li>- Heidi Robinson, Relationship Manager</li> <li>- Russell Investments</li> </ul>
Pension Board Chair Engagement	Frequency	Objective
	<ul style="list-style-type: none"> <li>- Semi-Annual</li> </ul>	<ul style="list-style-type: none"> <li>- General update on the ACS and planned initiatives</li> </ul>
Attendees		
WPP		Waystone Management (UK) Limited
<ul style="list-style-type: none"> <li>▪ Chairpersons of the Constituent Authorities</li> <li>▪ Host Authority</li> </ul>		<ul style="list-style-type: none"> <li>- Waystone Relationship Team</li> <li>- Russell Investment</li> </ul>
Manager Engagement Days	Frequency	Objective
	<ul style="list-style-type: none"> <li>- Annual</li> <li>- 15 / 16 October 2025</li> </ul>	<ul style="list-style-type: none"> <li>- Open day for presentations on strategy and performance (with IM)</li> </ul>
Attendees		
WPP		Waystone Management (UK) Limited
<ul style="list-style-type: none"> <li>▪ Open to all involved parties with WPP</li> </ul>		<ul style="list-style-type: none"> <li>- Waystone Client Team including Exec Team</li> <li>- Northern Trust</li> <li>- Russell Investments and other Investment Managers</li> <li>- Other consultants as required (e.g. bFinance/Hymans)</li> </ul>

# Thank you

## Relationship Team

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Relationship Manager  
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Role: Head of Relationship Management – Asset Owners  
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## Executive Contact

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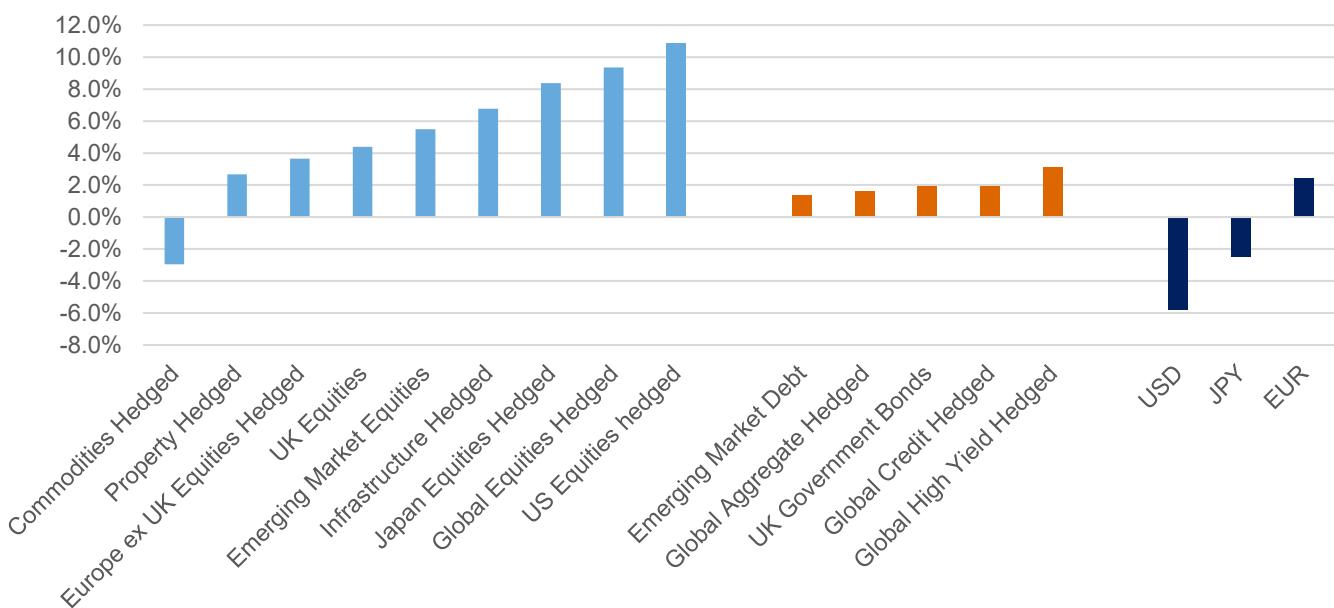
# JGC - WPP Performance Summary Q2 2025

## Global Market Commentary

The MSCI World Net Index increased by 11.5% (USD) in a volatile but ultimately positive quarter for global equities as fears over aggressive US tariffs receded. All markets recorded gains, most in double-digits, rebounding from weakness in April. Canada and Asia Pacific led while the UK lagged. After reaching a new record high mid-June the global index dropped following Israel's military strikes on Iran. However, sentiment lifted following a US-brokered ceasefire, sending equities higher. Oil prices were volatile, soaring on fears of supply disruptions in the Middle East but fell back on the fragile truce. Amid the market nervousness gold reached a new high. The European Central Bank (ECB) cut rates by 25 basis points (bps) in April, and again in June when it indicated it was approaching the end of its rate-cutting cycle. The Federal Reserve (Fed) left interest rates unchanged while the Bank of England (BoE) cut its main rate in May by 25 bps to 4.25% but left rates unchanged in June.

In the UK, gilts were impacted by the US Treasury sell-off, amid growing doubts over the safe haven status of US assets. Long-term borrowing costs jumped with the yield on 30-year gilts rising to levels last seen in the late 1990s. Markets remained volatile as the belligerence between the US and China continued. Later, the yield on 10-year gilts yields dipped following the weaker-than-expected inflation data. Bond prices were further supported by the Debt Management Office's decision to reduce the issuance of new long-dated bond sales. In May the BoE reduced interest rates by 25 bps in a 5:4 majority vote. The yield on 10-year gilts rose following the bank's decision and on news of a new trade deal between the US and UK. Slowing wage growth and a rise in unemployment reinforced expectations that the BoE will continue its monetary easing path. Although preliminary data showed the economy expanded by 0.7% QoQ in the first quarter, GDP contracted 0.3% in April, down more than expected, driven by reduced services output and lower exports to the US. This, and other underwhelming economic data, sent gilt yields lower and strengthened expectations of further rate cuts by the BoE. Although the bank left rates unchanged in June, it indicated a possible cut as early as August given signs of weakness in the jobs market. Over the period the yield on benchmark 10-year gilts fell 19 bps to 4.49%.

## Asset class performance – Quarter to Date (June 2025)



Benchmarks : Global equity hedged (MSCI World ACWI), UK equity (FTSE All Share), US equity hedged (Russell 1000 Net GBPH), Europe ex UK equity (MSCI Europe ex UK Equity Net GBPH), Japan equity (TOPIX Net GBPH), Emerging equity (MSCI Emerging Markets Net), Global HY bonds (BofAML Global High Yield 2% Constrained Index), EMD LC (JP Morgan GBI-EM Global Diversified Index), Global credit hedged (Bloomberg Barclays Global Aggregate Credit Index), Global aggregate hedged (Bloomberg Barclays Global Aggregate Bond Index GBPH), UK Government Bonds (ICEBofAML UK Gilts All Stocks (GB), Property hedged (FTSEEPRA Nareit Dev Re GBP)

This document is prepared for officers of the WPP based on performance from Northern Trust. Inception dates are based on the starting NAV for the sub-fund. Inception dates (and therefore performance) may differ from the investment manager, who typically takes over following a transition period.

## WPP Sub-fund Summary (Gross):

WPP Gross Performance	Q2 2025			1 Year			3 Year			Since Inception			Inception Date
	Sub Fund	Bench-mark	Excess	Sub Fund	Bench-mark	Excess	Sub Fund	Bench-mark	Excess	Sub Fund	Bench-mark	Excess	
Global Growth Equity Fund	5.0	5.1	<b>-0.1</b>	6.8	5.4	<b>1.4</b>	10.2	12.1	<b>-1.9</b>	9.9	11.1	<b>-1.2</b>	31/01/2019
Global Opportunities Equity Fund	3.7	5.1	<b>-1.4</b>	8.6	7.2	<b>1.4</b>	12.9	12.7	<b>0.2</b>	12.2	11.4	<b>0.8</b>	31/01/2019
Sustainable Active Equity Fund	3.7	5.1	<b>-1.4</b>	3.4	7.2	<b>-3.8</b>	-	-	-	9.5	14.4	<b>-4.9</b>	23/06/2023
Emerging Markets Equity Fund	7.8	5.9	<b>1.9</b>	10.0	7.9	<b>2.1</b>	6.6	7.0	<b>-0.4</b>	1.6	2.6	<b>-1.0</b>	20/10/2021
UK Opportunities Equity Fund	6.9	4.4	<b>2.5</b>	11.4	11.2	<b>0.2</b>	12.7	10.7	<b>2.0</b>	6.4	6.6	<b>-0.2</b>	23/09/2019
Global Government Bond Fund	1.6	1.4	<b>0.2</b>	5.7	5.2	<b>0.5</b>	2.1	1.6	<b>0.5</b>	-0.7	-1.5	<b>0.8</b>	30/07/2020
Global Credit Fund	1.9	1.9	<b>0.0</b>	6.7	6.8	<b>-0.1</b>	3.9	3.9	<b>0.0</b>	-0.4	-0.4	<b>0.0</b>	27/07/2020
Multi Asset Credit Fund	2.5	2.1	<b>0.4</b>	8.6	9.0	<b>-0.4</b>	8.0	8.6	<b>-0.6</b>	3.9	6.9	<b>-3.0</b>	27/07/2020
Absolute Return Bond Strategy Fund*	1.3	1.6	<b>-0.3</b>	7.0	7.0	<b>0.0</b>	6.5	6.6	<b>-0.1</b>	4.4	5.0	<b>-0.6</b>	30/09/2020
Sterling Credit Fund	2.9	2.9	<b>0.0</b>	5.8	6.0	<b>-0.2</b>	3.8	3.1	<b>0.7</b>	-0.3	-0.6	<b>0.3</b>	27/07/2020

## WPP Sub-fund Summary (Net):

WPP Net Performance	Q2 2025			1 Year			3 Year			Since Inception			Inception Date
	Sub Fund	Bench-mark	Excess	Sub Fund	Bench-mark	Excess	Sub Fund	Bench-mark	Excess	Sub Fund	Bench-mark	Excess	
Global Growth Equity Fund	4.9	5.1	<b>-0.2</b>	6.5	5.4	<b>1.1</b>	9.9	12.1	<b>-2.2</b>	9.5	11.1	<b>-0.6</b>	31/01/2019
Global Opportunities Equity Fund	3.6	5.1	<b>-1.5</b>	8.3	7.2	<b>1.1</b>	12.6	12.7	<b>-0.1</b>	11.9	11.4	<b>0.5</b>	31/01/2019
Sustainable Active Equity Fund	3.6	5.1	<b>-1.5</b>	3.0	7.2	<b>-4.2</b>	-	-	-	9.1	14.4	<b>-5.3</b>	23/06/2023
Emerging Markets Equity Fund	7.8	5.9	<b>1.9</b>	9.5	7.9	<b>1.6</b>	6.2	7.0	<b>-0.8</b>	1.2	2.6	<b>-1.4</b>	20/10/2021
UK Opportunities Equity Fund	6.8	4.4	<b>2.4</b>	11.1	11.2	<b>-0.1</b>	12.3	10.7	<b>1.6</b>	6.0	6.6	<b>-0.6</b>	23/09/2019
Global Government Bond Fund	1.5	1.4	<b>0.1</b>	5.5	5.2	<b>0.3</b>	1.9	1.6	<b>0.3</b>	-1.0	-1.5	<b>0.5</b>	30/07/2020
Global Credit Fund	1.8	1.9	<b>-0.1</b>	6.6	6.8	<b>-0.2</b>	3.8	3.9	<b>-0.1</b>	-0.6	-0.4	<b>-0.2</b>	27/07/2020
Multi Asset Credit Fund	2.4	2.1	<b>0.3</b>	8.2	9.0	<b>-0.8</b>	7.7	8.6	<b>-0.9</b>	3.5	6.9	<b>-3.4</b>	27/07/2020
Absolute Return Bond Strategy Fund*	1.2	1.6	<b>-0.4</b>	6.6	7.0	<b>-0.4</b>	6.1	6.6	<b>-0.5</b>	4.0	5.0	<b>-1.0</b>	30/09/2020
Sterling Credit Fund	2.9	2.9	<b>0.0</b>	5.7	6.0	<b>-0.3</b>	3.7	3.1	<b>0.6</b>	-0.4	-0.6	<b>0.2</b>	27/07/2020

Note: Inception date is based starting NAV for the sub-fund. This inception date (and therefore actual performance) may differ from the investment manager, who typically takes over following a transition period.

\* Russell Investments return figures as Russell Investments reconcile discrepancies with NT

## Global Growth Equity Fund:

The sub-fund has an expected outperformance of **2.0%** in excess of the sub-fund benchmark gross of fees, over the longer term.

	Q2 2025	1 Year	3 Year	5 Year	Since Inception
<b>Gross</b>	5.0	6.8	10.2	9.3	9.9
<b>Net</b>	4.9	6.5	9.9	8.9	9.5
<b>MSCI AC World Index Net*</b>	5.1	5.4	12.1	10.9	11.1
<b>Excess returns (gross)</b>	-0.1	1.4	-1.9	-1.6	-1.2
<b>Excess returns (Net)</b>	-0.2	1.1	-2.2	-2.0	-1.6

**Inception Date: 18<sup>th</sup> November 2024**

**Source: Northern Trust as of 30 June 2025**

**Benchmark: MSCI AC World Net Total Return Index GBP**

**\*Figures include a performance holiday in November 2024 around the transition of the Fund.**

Please note that Russell Investments took over the Global Growth Equity Fund mandate on 18 November 2024.

Inception date is based starting NAV for the sub-fund. This inception date (and therefore performance) may differ from the investment manager, who typically takes over following a transition period.

### Overall Fund Commentary

The Fund registered positive absolute returns over the second quarter but finished behind the benchmark on a relative basis. In the market environment, the Fund's tilt to small caps and value exposure were headwinds. In terms of sectors, underweight exposure to and stock selection within health care was the main detractor, in particular the overweight to UnitedHealth. Overweights to Bristol-Myers Squibb and Baxter International were also unhelpful. In consumer discretionary overweights to AutoZone and LVMH detracted. Underweight exposure to information technology was ineffective. This included underweights to Nvidia and Broadcom although an underweight to Apple and overweights to TSMC and Oracle contributed positively, mitigated some of the impact. An underweight to energy, the worst-performing sector, and stock selection were rewarded (underweight Exxon Mobil). Exposure to utilities was also effective. Elsewhere, stock selection within communication services (underweight Tencent) and industrials (overweight AeroVironment) contributed positively. Baillie Gifford was the best-performing manager, rewarded for its growth tilt and selection within information technology. Pzena was the worst-performer. Its value focus and tilt to small caps did not benefit in the market environment. Also, its stock selection within information technology was ineffective, notably zero exposure to Nvidia and Microsoft.

## Global Opportunities Equity Fund:

The sub-fund has an expected outperformance of **2.0%** in excess of the sub-fund benchmark gross of fees, over the longer term.

	Q2 2025	1 Year	3 Year	5 Year	Since Inception
<b>Gross</b>	3.7	8.6	12.9	12.2	12.2
<b>Net</b>	3.6	8.3	12.6	11.9	11.9
<b>MSCI AC World Index Net</b>	5.1	7.2	12.7	11.3	11.4
<b>Excess returns (gross)</b>	-1.4	1.4	0.2	0.9	0.8
<b>Excess returns (Net)</b>	-1.5	1.1	-0.1	0.6	0.5

**Inception Date: COB 31<sup>st</sup> January 2019**

**Source: Northern Trust as of 30 June 2025**

**Benchmark: MSCI AC World Net Total Return Index GBP**

Inception date is based starting NAV for the sub-fund. This inception date (and therefore performance) may differ from the investment manager, who typically takes over following a transition period.

### Overall Fund Commentary

The Fund registered a positive absolute return over the second quarter but finished behind the benchmark on a relative basis. In this environment, the Fund's value exposure and tilt to small caps were headwinds in the period. In sectors, stock selection within industrials detracted, notably an off-benchmark position in MISUMI Group. Stock selection within consumer staples was also unrewarded (overweight Clorox Co). In information technology underweight exposure to the sector and stock selection was unhelpful, notably underweights to Nvidia and Broadcom, although an underweight to Apple and an overweight to TSMC were effective. The biggest positive contributor to performance was stock selection within financials where an overweight to Commerzbank and an underweight to Berkshire Hathaway were beneficial. Stock selection within communication services was also beneficial (overweight Meta). Elsewhere, underweight exposure to energy was positive, helped by underweights to Exxon Mobil and Chevron, as this was the worst-performing sector in the period. At the manager level, Morgan Stanley was the best performer, rewarded for its growth focus and exposure to communication services (overweight Spotify). In contrast, Nissay was the only manager to record losses. Its value focus did not benefit in the market environment, and it suffered from poor stock selection within industrials, notably an overweight to MISUMI Group.

## Sustainable Active Equity Fund:

The sub-fund has an expected outperformance of **2.0%** in excess of the sub-fund benchmark gross of fees, over the longer term.

	<b>Q2 2025</b>	<b>1 Year</b>	<b>Since Inception</b>
<b>Gross</b>	3.7	3.4	9.5
<b>Net</b>	3.6	3.0	9.1
<b>MSCI AC World Index Net</b>	5.1	7.2	14.4
<b>Excess returns (gross)</b>	-1.4	-3.8	-4.9
<b>Excess returns (Net)</b>	-1.5	-4.2	-5.3

**Inception Date: COB 23<sup>rd</sup> June 2023**

**Source: Northern Trust as of 30 June 2025**

**Benchmark: MSCI AC World Net Total Return Index GBP**

Inception date is based starting NAV for the sub-fund. This inception date (and therefore performance) may differ from the investment manager, who typically takes over following a transition period.

### Overall Fund Commentary

The Fund registered a positive absolute return over the second quarter but finished behind the benchmark on a relative basis. The Fund's factor positioning was unrewarded within this environment. The tilt towards small cap stocks, alongside positive exposure to value and an underweight to momentum, detracted from relative returns. Stock selection was positive on aggregate but was negative within the United States, with underweights to Nvidia, Broadcom and Meta notable detractors. At the sector level, stock selection was negative within industrials and consumer discretionary but was strong within information technology (underweight Apple) and financials (underweight Berkshire Hathaway). The strategic underweight to and effective selection within the energy sector was also rewarded. At the manager level, Sparinvest was the weakest-performing strategy. The large value bias and tilt towards small cap stocks was unrewarded. Neuberger Berman was the only manager to outperform this quarter, reversing some of its early-year underperformance, through its quality growth positioning.

## EM Market Commentary

Most Emerging Markets recorded gains over the quarter. South Korea was the best-performing market followed by Greece and Taiwan. South Korea's main index, the Kospi, hit a three-and-a-half-year high in June as investors were encouraged by the government's efforts on trade talks after it established a special task force under the trade minister to expedite negotiations with the US. Investors also welcomed plans by the new leftwing government led by President Lee Jae-myung to implement corporate governance reforms with the aim of providing more protection for shareholders and raising low equity valuations. One of the stated goals is for the Kospi index to reach 5,000 during the president's 5-year term (3,072 as at 30 June). In addition, the government proposed increased spending to improve growth. Taiwan's equity market return benefitted from the new Taiwan dollar appreciating versus the US dollar. It also gained from its focus on technology, notably TSMC's dominance in semiconductors. At a technology show in Taiwan's capital, Taipei, Nvidia's CEO Jensen Huang outlined a new local base to be built in the city and reaffirmed his commitment to the country. Among the worst performers were China, Thailand and Saudi Arabia. In China, trade tensions with the US and a weak economy dampened demand for mainland-listed equities. Optimism that the government would introduce more stimulus measures to boost the economy and the country's financial markets faded with no new proposals. In Thailand growing political unrest and a lack of progress on trade talks with the US weighed on sentiment. The withdrawal of the coalition's second-largest party dealt a blow to Prime Minister Paetongtarn Shinawatra, who holds a slim parliamentary majority. Saudi Arabia's market was impacted by a prolonged period of lower oil prices.

## EM Equity Fund:

The sub-fund has an expected outperformance of 2% in excess of the sub-fund benchmark gross of fees, over the longer term.

	Q2 2025	1 Year	3 Year	Since Inception
<b>Gross</b>	7.8	10.0	6.6	1.6
<b>Net</b>	7.8	9.5	6.2	1.2
<b>MSCI Emerging Market Index</b>	5.9	7.9	7.0	2.6
<b>Excess returns (gross)</b>	1.9	2.1	-0.4	-1.0
<b>Excess returns (Net)</b>	1.9	1.6	-0.8	-1.4

**Inception Date: COB 20th October 2021**

**Source: Northern Trust as of 30 June 2025**

**Benchmark: MSCI Emerging Markets Index Net**

Inception date is based starting NAV for the sub-fund. This inception date (and therefore performance) may differ from the investment manager, who typically takes over following a transition period.

## Overall Fund Commentary

The Fund outperformed the positive benchmark return. In the market environment, the Fund's tilt towards small capitalization stocks and positive growth exposure was rewarded. An overweight to and effective stock selection within South Korea was a primary driver of outperformance. This included exposure to numerous names such as SK Hynix, Korea Investment Holdings and Korea Electric Power Corporation. An underweight to and effective stock selection within India was rewarded. Positive country allocation also included the underweight to Saudi Arabia, although the underweight to Taiwan (underweight TSMC) detracted. Stock selection was also rewarded within Brazil and Saudi Arabia. Negative selection within China (JD.com, Great Wall Motor Company Limited) weighed on additional relative returns. Artisan was the leading manager this quarter, benefitting from significantly strong stock selection within South Korea (heavy industry name Doosan Enerbility Co) and Brazil (e-commerce name MercadoLibre). Oaktree was the only manager to underperform, returning some of its early-year outperformance. An overweight to China, underweight to Taiwan and negative selection within South Korea detracted.

## UK Market Commentary

UK equities underperformed the global index and other markets. Industrials (Babcock) and telecoms were the best-performing sectors, while health care (AstraZeneca) and energy (BP) lagged, recording losses. Sentiment was boosted in May following reports of a trade deal between the US and UK, the first such agreement. A further deal was announced at the G7 Summit in June, which reduced US tariffs on cars (within a quota limit) and removed tariffs on aerospace goods. Chancellor Rachel Reeves announced a three-year spending review, prioritising investments in health, defence and infrastructure. Although preliminary data showed the economy expanded by 0.7% QoQ in the first quarter, GDP contracted 0.3% in April, down more than expected, driven by reduced services output and lower exports to the US. Both manufacturing and industrial production fell more than forecast in April. Additionally, unemployment hit a four-year high, growth in earnings slowed and weakening retail sales signalled a cooling economy. Inflation jumped in April to 3.5% YoY from 2.6%, before falling to 3.4% YoY in May. Core inflation matched forecasts in May at 3.5%, down from 3.8%. Meanwhile, May PMIs were revised higher, which pushed the composite to 50.3, entering expansionary territory. Preliminary PMIs for June were also positive with the composite and manufacturing PMIs above expectations and services in line with forecasts.

## UK Opportunities Equity Fund:

The sub-fund has an expected outperformance of **2.0%** in excess of the sub-fund benchmark gross of fees, over the longer term.

	<b>Q2 2025</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Years</b>	<b>Since Inception</b>
<b>Gross</b>	6.9	11.4	12.7	10.8	6.4
<b>Net</b>	6.8	11.1	12.3	10.4	6.0
<b>FTSE All Share</b>	4.4	11.2	10.7	10.8	6.6
<b>Excess returns (gross)</b>	2.5	0.2	2.0	0.0	-0.2
<b>Excess returns (Net)</b>	2.4	-0.1	1.6	-0.4	-0.6

**Inception Date: COB 23<sup>rd</sup> September 2019**

**Source: Northern Trust as of 30 June 2025**

**Benchmark: FTSE All Share Index**

Inception date is based starting NAV for the sub-fund. This inception date (and therefore performance) may differ from the investment manager, who typically takes over following a transition period.

## Overall Fund Commentary

The Fund outperformed the positive benchmark return. The Fund's tilt towards small capitalisation stocks contributed to outperformance – a contrast to the previous quarter. Effective stock selection underpinned excess relative returns, particularly among stocks exhibiting higher quality and higher anticipated growth rates. Positioning and selection within the consumer discretionary (overweight) and health care (underweight) sectors were key drivers of performance. The overweight to Burberry Group and underweight to AstraZeneca were leading performers at the stock level. Stock selection within consumer staples (overweight Tesco) and financials (overweight AJ Bell) was positive. The underweight to energy – the weakest sector this quarter – was also rewarded (underweight Shell). At the manager level, Ninety One was the standout performer this quarter, significantly outperforming the benchmark through strong stock selection and sector allocation. Fidelity was the only manager to underperform; its tilt away from growth names was unrewarded while the underweight to and negative selection within the industrials sector drove negative relative returns.

## Fixed Income Market Commentary

The Bloomberg Global Aggregate Bond Index (USDH) increased by 1.6% over the quarter. Long yields increased or remained stable in most developed markets. The yield on benchmark 10-year US Treasuries was largely flat after rising on concerns over the budget deficit and the government's tax cutting and spending bill. Recovering risk appetite along with speculation over imminent Federal Reserve (Fed) rate cuts later diluted fiscal concerns. In the corporate sector, as risk assets rallied high yield credit outperformed investment grade. The US dollar depreciated against most currencies largely due to investor concerns over President Trump's trade policies and the country's ballooning debt. The European Central Bank (ECB) cut rates by 25 basis points (bps) in April and in June. The Fed left interest rates unchanged while the Bank of England (BoE) cut its main interest rate by 25 bps to 4.25% in May but left them unchanged in June.

Credit spreads narrowed over the quarter as riskier assets rallied following volatility in April. Rising market optimism was prompted by signs of progress in trade negotiations and a noticeably more conciliatory tone from President Trump. In this environment, high yield (HY) outperformed investment grade (IG) credit. US HY was the best performer with spreads narrowing by 57 bps to 290. This compares to global HY spreads which tightened by 46 bps to 332. European HY spreads were 31 bps narrower over the period, at 303. The pattern was similar in investment grade though spread tightening was more modest. US IG spreads narrowed by 10 bps to 79 whereas European IG spread tightening was 5 bps to 80. UK IG also narrowed by single digits (-7 bps to 83). As in the previous quarter, local currency emerging market debt (EMD), as measured by the JP Morgan GBI-EM Global Diversified Index, benefitted from weakness in the US dollar, ending the quarter 7.6% higher. This compares with hard currency EMD which increased by 3.1% as measured by the JPM EMBI Global Index.

## Global Government Bond Fund:

The sub-fund has an expected outperformance of **0.70%** in excess of the sub-fund benchmark gross of fees, over the longer term.

	Q2 2025	1 Year	3 Year	Since Inception
<b>Gross</b>	1.6	5.7	2.1	-0.7
<b>Net</b>	1.5	5.5	1.9	-1.0
<b>FTSE World Gvt Bond Index (GBP Hedged)</b>	1.4	5.2	1.6	-1.5
<b>Excess returns (gross)</b>	0.2	0.5	0.5	0.8
<b>Excess returns (Net)</b>	0.1	0.3	0.3	0.5

**Inception Date: COB 30<sup>th</sup> July 2020**

**Source: Northern Trust as of 30 June 2025**

**Benchmark: FTSE World Government Bond Index (GBP Hedged)**

Inception date is based starting NAV for the sub-fund. This inception date (and therefore performance) may differ from the investment manager, who typically takes over following a transition period.

## Overall Fund Commentary

The Global Government Bond Fund outperformed the benchmark this quarter. The Fund's overweight to rates in Mexico was a key positive contributor this period – similar to the first quarter. The underweight to 30-year issues in the eurozone suited the market environment. Small exposure to rates in Indonesia, South Africa and Colombia was also rewarded. Underweights to rates in the US and Japan weighed on additional outperformance this quarter.

In terms of managers, RBC underperformed this quarter with exposure to longer-dated rates in Japan being a key detractor this period. Colchester outperformed to extend its positive 2025-to-date performance. An overweight to rates in Mexico remained the primary driver of outperformance.

## Global Credit Fund:

The sub-fund has an expected outperformance of **0.75%** in excess of the sub-fund benchmark gross of fees, over the longer term.

	Q2 2025	1 Year	3 Year	Since Inception
<b>Gross</b>	1.9	6.7	3.9	-0.4
<b>Net</b>	1.8	6.6	3.8	-0.6
<b>Bloomberg Barclays Global Agg Credit Index (GBP Hedged)</b>	1.9	6.8	3.9	-0.4
<b>Excess returns (gross)</b>	0.0	-0.1	0.0	0.0
<b>Excess returns (Net)</b>	-0.1	-0.2	-0.1	-0.2

**Inception Date: COB 27<sup>th</sup> July 2020**

**Source: Northern Trust as of 30 June 2025**

**Benchmark: Bloomberg Barclays Global Aggregate Credit Index (GBP Hedged)**

Inception date is based starting NAV for the sub-fund. This inception date (and therefore performance) may differ from the investment manager, who typically takes over following a transition period.

## Overall Fund Commentary

The Fund was flat against the benchmark over the second quarter. The Fund's overweight exposure to US high yield credit (financials, industrials) contributed positively. However, this was offset by the negative impact from underweight exposure to US investment grade (financials, industrials). In European credit, an overweight to high yield industrials was helpful. Elsewhere, an underweight to Canadian investment grade (financials, industrials) detracted. Exposure to hard currency emerging market debt was ineffective due to underweights to investment grade in Asia, Latin America, Europe and the Middle East. An underweight to Spanish sovereign debt was also negative. Fund performance was negatively impacted by rates positioning, mainly US Treasuries.

Robeco was the best-performing manager, supported by overweights to European financials across both high yield and investment grade. Fidelity was the worst performer. While yield and credit contributed positively, currency effects detracted modestly. Sector-wise, quasi, agency, and tech & communications added value, whereas utilities and banking detracted. As in the previous quarter, the main drag on relative returns was the underweight to European investment grade. US specialist, MetLife ended the quarter broadly in line with the benchmark. The main positive contributor was overweight exposure to US high yield financials and industrials, while an underweight to investment grade industrials was ineffective. As a replacement to Western, Coolabah's Global Credit Strategy was added to the portfolio at the end of the quarter.

## Multi Asset Credit Fund:

The sub-funds aims to achieve a total return (the combination of income and capital growth), the equivalent of the 3 Month **GBP SONIA + 4%**, over any five-year period, after all costs and charges have been taken.

	Q2 2025	1 Year	3 Year	Since Inception
<b>Gross</b>	2.5	8.6	8.0	3.9
<b>Net</b>	2.4	8.2	7.7	3.5
<b>3 Month GBP SONIA + 4%</b>	2.1	9.0	8.6	6.9
<b>Excess returns (gross)</b>	0.4	-0.4	-0.6	-3.0
<b>Excess returns (Net)</b>	0.3	-0.8	-0.9	-3.4
<b>Strategic asset allocation benchmark</b>	2.4	8.2	8.1	

**Inception Date: COB 27<sup>th</sup> July 2020**

**Source: Northern Trust as of 30 June 2025**

Inception date is based starting NAV for the sub-fund. This inception date (and therefore performance) may differ from the investment manager, who typically takes over following a transition period.

\*EMD local currency exposure is not hedged in this SAA return.

## Overall Fund Commentary

The Fund recorded a positive return in the second quarter. The Fund's credit and rates positioning were positive while currency allocations detracted. In rates, exposure to US Treasuries and German bunds was rewarded. Allocations to UK gilts were also helpful. In credit, a key positive contributor was overweight exposure to bank loans, particularly 1-year loans. Overweight exposure to US and European high yield credit was also beneficial. In hard currency emerging market debt an overweight to Latin America was a notable contributor; overweights to Europe and the Middle East were also additive. Elsewhere, exposure to US securitised debt was effective due to overweights to agency credit risk transfers, non-agency commercial mortgage-backed securities and collateralised loan obligations.

All managers recorded positive absolute returns. On a relative basis, RBC UK (BlueBay) was the best-performing manager, significantly outperforming its benchmark. Voya and GLG also delivered above-benchmark return, with GLG's performance driven by tactical duration extensions in Brazil, Mexico, and the US. In contrast, high yield specialists Barings and ICG underperformed their respective benchmarks.

## Absolute Return Bond Strategy Fund:

The sub-fund aims to achieve a total return (the combination of income and capital growth), the equivalent of the 3-month **GBP SONIA plus 2%**, over any five-year period, after all costs and charges have been taken.

	Q2 2025	1 Year	3 Year	Since Inception
<b>Gross*</b>	1.3	7.0	6.5	4.4
<b>Net*</b>	1.2	6.6	6.1	4.0
<b>3 Month GBP SONIA + 2%</b>	1.6	7.0	6.6	5.0
<b>Excess returns (gross) *</b>	-0.3	0.0	-0.1	-0.6
<b>Excess returns (Net) *</b>	-0.4	-0.4	-0.5	-1.0

**Inception Date: COB 30th September 2020**

**Source: Russell Investments as of 30 June 2025**

Inception date is based starting NAV for the sub-fund. This inception date (and therefore performance) may differ from the investment manager, who typically takes over following a transition period.

### Overall Fund Commentary

The Fund lagged behind target this quarter. Performance was supported by the recent addition of DNCA, which contributed positively, returning 1.67% since inception on April 23. DNCA's active regional duration positioning was a key driver of this outperformance.

Oaktree added 1.66% during the quarter, also meeting the return target. Credit markets produced strong returns during the second quarter, driven by both credit spread tightening and Treasury rate declines. By industry, Software/Services holdings contributed the most to quarterly absolute return, followed by REITs and Health Facilities. Pharmaceuticals holdings detracted. Aegon, the fund's ABS manager, returned 0.97% in the quarter. Performance benefited from the recovery in European ABS spreads following the post-“Liberation Day” rebound. After a muted primary market in early April, improved market sentiment in May led to tightening spreads and better issuance conditions. Strong investor demand, underpinned by elevated cash balances, absorbed the increase in supply. Wellington returned 0.66% over the quarter, underperforming the SONIA Overnight Rate Index by 43bps. The short UK and Euro area duration positions, combined with a steepening bias, detracted from performance. However, value was added through currency positioning—most notably an underweight in USD—and increased exposure to high yield credit, capitalizing on spread widening early in the quarter.

## Sterling Credit Fund:

The sub-fund has an expected outperformance of **0.65%** in excess of the sub-fund benchmark net of fees, over the longer term.

	Q2 2025	1 Year	3 Year	Since Inception
<b>Gross</b>	2.9	5.8	3.8	-0.3
<b>Net</b>	2.9	5.7	3.7	-0.4
<b>ICE Bank of America Merrill Lynch Euro-Sterling Index</b>	2.9	6.0	3.1	-0.6
<b>Excess returns (gross)</b>	0.0	-0.2	0.7	0.3
<b>Excess returns (Net)</b>	0.0	-0.3	0.6	0.2

**Inception Date: COB 27<sup>th</sup> July 2020**

**Source: Northern Trust as of 30 June 2025**

**Benchmark: ICE Bank of America Merrill Lynch Euro-Sterling Index.**

Inception date is based starting NAV for the sub-fund. This inception date (and therefore performance) may differ from the investment manager, who typically takes over following a transition period.

## Overall Fund Commentary

Term structure positioning contributed to returns with favourable positioning across US treasury yield curve adding value. Favourable positioning via quant model also enhanced returns. Credit positioning detracted from returns, but losses were largely offset by coupon income. Specifically, the underweight stance in consumer and telecommunications sector held back returns amid broad based spread tightening. Our structural underweight stance in quasi/supra names also weighed on returns. Holdings in Thames Water was the largest detractor from issuer standpoint as bonds underperformed due to a combination of financial distress, regulatory challenges, and investor concerns. In comparison, the overweight stance in banks such as BNP Paribas and Bank of America enhanced returns.

The Fund retains a relatively cautious stance in credit, given tight credit spreads and a challenging economic backdrop, alongside increased geopolitical uncertainty. While fundamentals remain intact, we prefer to be selective in specific parts of the market where we have more conviction. All-in yields remain attractive in sterling corporate bond markets, thus offering some cushion against underlying rates and credit volatility.

The second quarter saw rising geopolitical tensions, driven by US tariffs and Middle East developments. Recession fears spiked around the US Liberation Day tariff news but eased as a softer stance emerged. With central banks nearing the end of rate cuts, focus shifted to fiscal policy and debt sustainability, leading to steepening yield curves globally. Despite the uncertainty, credit markets remained resilient, supported by strong demand, high yields, and low net issuance, resulting in positive returns across sectors and regions.

# Agenda Item 7

MEETING:	<b>PENSION BOARD</b>
DATE :	<b>9 FEBRUARY 2026</b>
TITLE:	<b>PENSION FUND INVESTMENT PERFORMANCE UP TO 30<sup>TH</sup> SEPTEMBER 2025</b>
PURPOSE:	<b>TO INFORM BOARD MEMBERS OF THE PENSION FUND'S INVESTMENT PERFORMANCE</b>
RECOMMENDATION:	<b>NOTE THE INFORMATION</b>
AUTHOR:	<b><u>DELYTH JONES-THOMAS, INVESTMENT MANAGER</u></b>

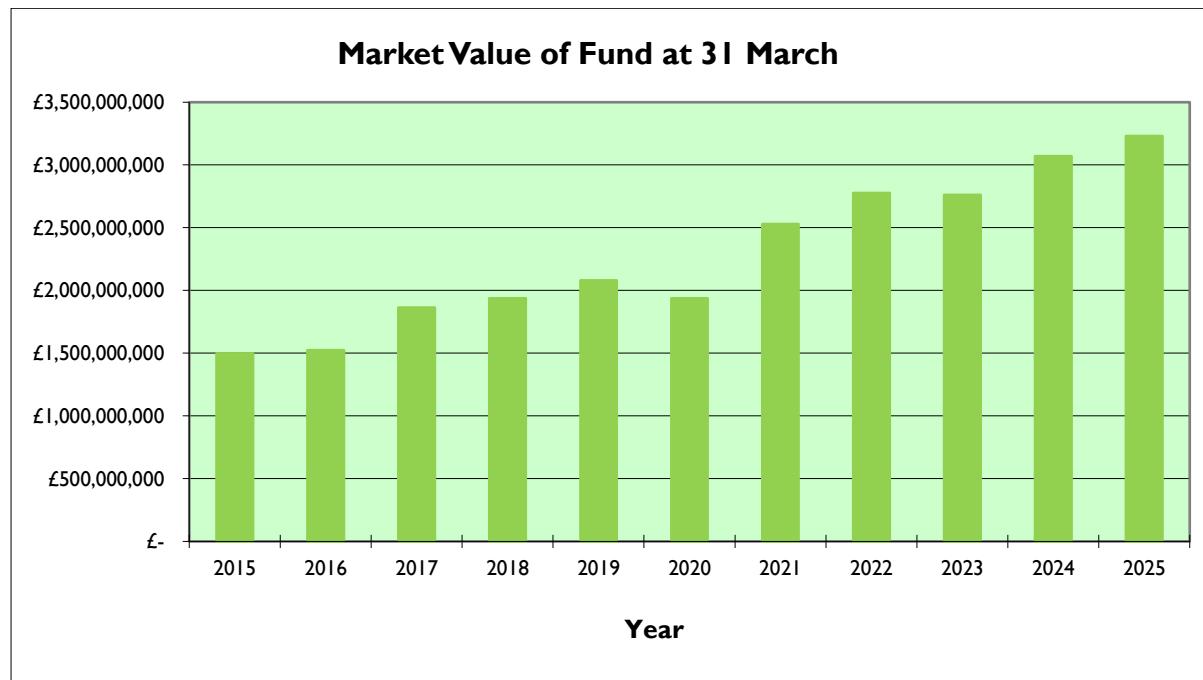
## 1. Introduction

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

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

## 2. Gwynedd Pension Fund Market Value

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



The Gwynedd Pension Fund is in a healthy position with the value of the fund increasing steadily over time. As at 31 March 2025, the market value of the Pension

Fund was £3.2 billion, with the value having risen to £3.5 billion by 30 September 2025.

### 3. Investment Performance of the Pension Fund up to 30 September 2025

The fund's performance against the benchmark is set out in the table below:

	3 Months %	1 Year %
Fund	5.6	10.7
Benchmark	5.2	10.9
<b>Relative Performance</b>	<b>+0.4</b>	<b>-0.2</b>

The Fund returned 5.6% over the quarter, outperforming the benchmark return. Total assets shown in this report increased by c.£186m to c.£3.501bn, as growth, income and protection assets increased in value.

The Fund saw positive returns over a year and while the absolute returns provided were strong, the fund failed to meet its benchmark. Most funds in England and Wales failed to meet their benchmark over the year period due to the challenging benchmark set, but the Gwynedd Pension Fund's performance was better than the average during the year.

#### Equity Investment Managers Performance

The table below summarises the performance of the individual equity Investment Managers as at 30<sup>th</sup> September 2025:

	Market Value 30/09/25 £m	Performance 3 Months %	Performance 1 Year %
Black Rock Aquila Life UK Equity Benchmark	329.2	6.9 6.9	16.2 16.2
<b>Relative Performance</b>		<b>0.0</b>	<b>0.0</b>
Black Rock ACS Low Carbon Benchmark	197.2	9.3 9.3	17.1 16.6
<b>Relative Performance</b>		<b>0.0</b>	<b>0.5</b>
WPP Emerging Markets Fund Benchmark	77.3	13.9 12.7	22.9 17.1
<b>Relative Performance</b>		<b>1.2</b>	<b>5.8</b>
WPP Global Growth Fund Benchmark	477.5	8.7 9.5	14.0 16.8
<b>Relative Performance</b>		<b>0.8</b>	<b>2.8</b>
WPP Global Opportunities Fund Benchmark	526.4	7.0 9.5	8.5 16.8
<b>Relative Performance</b>		<b>0.8</b>	<b>1.2</b>
WPP Sustainable Active Equity Fund Benchmark	352.1	7.0 9.5	8.5 16.8
<b>Relative Performance</b>		<b>-2.5</b>	<b>-8.3</b>

Equity markets rose over the quarter as trade tensions subsided. Markets were boosted by corporate earnings, AI momentum, resilient growth data and the Fed's first cut of the year. Performance from listed global equities was positive over the quarter, by performing better than the benchmark. This was driven by strong performance across regions, including North America which makes up much of indices, and emerging markets.

The WPP Emerging Markets equity mandate had the greatest absolute performance and outperformed the benchmark while the WPP Sustainable Equity, WPP Global Growth and WPP Global Opportunities mandates also delivered positive absolute returns, though performance relative to the global index was mixed.

The Black Rock UK equity fund and the Black Rock Low Carbon Equity fund delivered strong positive absolute returns, performing in line with their respective benchmarks.

### **Fixed Income Managers Performance**

	<b>Market Value 30/09/25 £m</b>	<b>Performance 3 Months %</b>	<b>Performance 1 Year %</b>
WPP Multi Asset Credit Fund Benchmark	<b>257.8</b>	4.2 2.0	7.3 8.8
<b>Relative Performance</b>		<b>2.2</b>	<b>-1.5</b>
WPP Absolute Return Bond Fund Benchmark	<b>412.3</b>	1.1 1.6	6.5 6.7
<b>Relative Performance</b>		<b>-0.5</b>	<b>-0.2</b>
WPP Global Credit Fund Benchmark	<b>242.6</b>	2.1 2.0	4.0 4.1
<b>Relative Performance</b>		<b>0.1</b>	<b>-0.1</b>

The fixed income funds launched in 2021 have had challenging times with market volatility due to Russia's invasion of Ukraine and a period in which inflation and the Bank of England's interest rates are at their highest in decades. Market conditions have now started to settle and the funds' performance is close to the benchmark.

### **Property Investment Managers Performance**

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

	<b>Market Value 30/09/25 £m</b>	<b>Performance 3 Months %</b>	<b>Performance 1 Year %</b>
UBS	79.2	1.2	5.0
Lothbury Property Trust	3.0	n/a	n/a
Black Rock Property Fund	57.6	0.9	5.2
Threadneedle Property Fund	37.1	1.0	5.7
Threadneedle Property Unit Trust		1.8	7.9

<b>Benchmark</b>		<b>1.2</b>	<b>6.8</b>
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The UK property market continues to face challenges including uneven demand, continued redemption pressure and high cost of capital. The Fund's mandates saw mixed returns, with Lothbury terminated on 30 May 2024.

### **Wales Pension Partnership Private Markets Managers Performance**

	<b>Market Value 30/09/25 £m</b>
WPP Private Equity	15.2
WPP Sustainable Equity	5.8
WPP Global Infrastructure	8.6
WPP Open Ended Infrastructure	120.1
WPP Private Credit	51.7
<b>Total</b>	<b>201.4</b>

This fund has been launched since 2023 with capital being called up regularly by the investment managers. Investments are expected to increase significantly over the period and we will report on their performance in due course.

### **Partners Group**

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

	<b>Market Value 30/09/25 £m</b>
Partners Private Equity	153.3
Partners Infrastructure	69.7
<b>Total</b>	<b>223.0</b>

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

### **4. Pension Fund historical performance**

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

The performance of the fund's investments has been lower than the benchmark in the year and over 3 years, mainly due to the performance of some of the equity, fixed income and property funds, but since inception, the performance has been higher than the benchmark, as seen in the table below:

	1 Year %	3 Years % p.a.	Since inception % p.a.
Fund	11.2	6.4	7.1
Benchmark	11.4	7.5	6.8
<b>Relative Performance</b>	<b>-0.2</b>	<b>-1.1</b>	<b>+0.3</b>

Even though the 3 year performance of the Fund has been behind benchmark, the performance was in the upper quartile of all LGPS funds. The benchmarks given are very challenging (i.e. MSCI AC World) and the fund is performing well in comparison to other LGPS funds.

## 5. Strategic Asset Allocation

The 2025 actuarial valuation once again showed that the Fund has a strong funding level and the Fund's proposed strategic asset allocation was approved at the last Pensions Committee.

This table shows the actual allocation as at 30 September 2025, the proposed interim allocation allowing for the earmarked portfolio (comprising 75% equity and 25% bonds and cash), and the proposed long-term target.

Asset class	Actual as at 30 Sep 2025	Proposed interim strategy	Proposed long term target (Alt 1)
<b>Growth assets</b>	<b>60.80%</b>	<b>53.40%</b>	<b>40.00%</b>
UK equities	9.40%	8.00%	6.00%
Global equities	44.40%	38.50%	27.00%
Emerging market equities	2.20%	2.00%	2.00%
Private equity	4.80%	4.80%	5.00%
<b>Income assets</b>	<b>19.70%</b>	<b>19.70%</b>	<b>37.50%</b>
Property	5.10%	5.10%	10.00%
Infrastructure	5.80%	5.80%	7.50%
Natural capital	0.00%	0.00%	5.00%
Private credit	1.50%	1.50%	7.50%
Multi- asset credit	7.40%	7.40%	7.50%
<b>Protection assets</b>	<b>19.50%</b>	<b>27.00%</b>	<b>22.50%</b>
Absolute return bonds	11.80%	17.90%	13.00%
Corporate bonds	6.90%	8.00%	8.00%
Gilts	0.00%	0.00%	2.50%

Cash	80.00%	1.10%	0.00%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

It was agreed to reduce the risk of the Fund due to the strong level of funding by introducing investments in natural capital assets that will assist in reducing the Fund's net zero target. A plan has been developed to move the Fund towards the proposed long-term target over the next 12-18 months. Investments in income assets and absolute return bonds will increase over time as the money is called.

## **6. Recommendation**

The Board is asked to note the information.

# Agenda Item 8

MEETING:	<b>PENSION BOARD</b>
DATE:	<b>9 FEBRUARY 2026</b>
TITLE:	<b>REVIEW OF STRATEGIC OBJECTIVES FOR THE FUND'S INVESTMENT CONSULTANTS</b>
PURPOSE:	<b>To report progress against current objectives and to note future objectives</b>
AUTHOR:	<b>DELYTH JONES-THOMAS, INVESTMENT MANAGER</b>

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## 1. INTRODUCTION

It is considered good practice for Pension Scheme Trustees to set objectives for their investment consultants and these objectives should be set and reviewed each year.

## 2. ESTABLISHING OBJECTIVES FOR INVESTMENT CONSULTANTS

The objectives for consultants should include a clear definition of the outcome expected, and should be:

- 'closely linked' to the pension scheme's strategic objectives
- reviewed at least every three years, and after a significant change to the investment strategy or objectives

Establishing long term objectives is part of a well organised governance approach. The extension to set objectives for investment consultants could be regarded as a natural progression towards all stakeholders being aligned towards a common goal.

## 3. GWYNEDD PENSION FUND OBJECTIVES FOR INVESTMENT CONSULTANTS

The objectives for Gwynedd Pension Fund can be found in Appendix 1, with the progress reported against them during 2025.

## 4. FUTURE OBJECTIVES

The future objectives have been noted in Appendix 2. They remain broadly similar but have emphasised the requirement to work with the Wales Pension Partnership's new investment company, WPP IM Co.

## 5. RECOMMENDATION

The Board is asked to note the progress report and the Investment Consultants' objectives for the upcoming year.

<b>Consultant's Objectives</b>	<b>Progress report during 2025</b>
<p>1. Advise on a suitable investment strategy, and amendments to the strategy, to deliver the required investment returns from the Fund's investments and support progress towards a long-term steady state of funding. This includes advice following triennial actuarial valuation as appropriate.</p>	<p>Undertook investment strategy review supported by asset liability modelling, leading to a new strategic asset allocation being agreed by the Committee. This includes a new allocation to natural capital. This was supported by advice regarding the implementation of the updated investment strategy, including sales from equities.</p> <p>Advice was provided in relation to index-linked equity solutions and transition to the evolved BlackRock mandate.</p> <p>Advice was provided in relation to the Fund's strategic allocation to property to inform day 1 commitments to UK commercial and UK local property via WPP programmes.</p> <p>Advice was also provided in relation to regular commitments to its private market allocations via WPP programmes.</p> <p>Fund returns over 12 months (and 3 years) to 30 September 2025 were 10.7% p.a. (9.8% p.a.). Both figures are 0.2% p.a. behind the benchmark return over the respective periods.</p>
<p>2. Deliver an investment approach that reflects the Fund's cashflow position, and likely evolution, and minimises the risk of forced disinvestment.</p>	<p>Advice was provided to reconfirm the make-up of the blended fund (equities, bonds and cash) that is earmarked for investment in private markets (Income) assets. This will be drawn down over a period of years to fund new capital commitments.</p>
<p>3. Advise on the cost-efficient implementation of the Fund's investment strategy as required, taking into account the evolution of the Wales Pension Partnership, and reform to LGPS pooling requirements.</p>	<p>As noted above, the Fund received advice in relation to WPP-aligned equity and property mandates, and in relation to regular commitments to private market allocations via WPP.</p> <p>Officers have engaged with WPP on natural capital to understand WPP's plans and timelines for launching a new fund. Officers will input to the design to ensure it meets the needs of the Fund.</p> <p>At end September, the Fund has c73% of its assets invested in WPP funds. This is expected to increase to c78% when the current property</p>

	<p>holdings are transitions to the WPP UK commercial property fund. In addition, c15% of assets are invested in index-tracking funds with BlackRock.</p> <p>The only material investments outside of WPP and BlackRock are the Partners private equity and infrastructure mandates, which are worth around 6% of total Fund assets. These mandates will be allowed to run off over a period of years with distributions expected to be reinvested in WPP programmes.</p> <p>Hymans considers transaction costs as part of the implementation of advice.</p> <p>Publications and investment updates shared with the Fund without cost.</p> <p>Advice provided in relation to UBS fee changes (although Officers dealt with UBS directly).</p>
<p>4. Ensure advice complies with relevant pensions regulations, legislation and supporting guidance.</p>	<p>All arrangements remain compliant.</p> <p>There have been no recent regulatory changes that the Fund needed to be aware of, other than the Fit for the Future changes that will be implemented from April 2026.</p>
<p>5. Develop the Committee's policies and beliefs, including those in relation to Responsible Investment.</p>	<p>The Fund received training in relation to natural capital via WPP.</p> <p>The Fund undertook a net zero workshop and net zero alignment project to assess the role of natural capital in meeting its climate ambitions.</p> <p>The Fund was involved in discussions in meetings in relation to social considerations.</p> <p>Hymans supported CIPFA risk reporting as requested.</p> <p>The Fund's investment strategy statement (ISS) is to be updated to reflect updated investment strategy and other pooling related requirements.</p>
<p>6. Ensure our advice reflects the Committee's own policies and beliefs,</p>	<p>The Fund's policies and beliefs are reflected throughout the investment advice received by the Fund.</p>

<p>including those in relation to Responsible Investment considerations.</p>	
<p>7. Provide relevant and timely advice. Services shall be proportionate and competitive in terms of costs relative to consultant peer group. Services should adhere to agreed budgets and be transparent, itemising additional work with fees in advance.</p>	<p>Timely follow-up after queries received during meetings, for example, in relation to natural capital exposure in other Fund mandates.</p> <p>Timely rebalancing advice received in Q4.</p> <p>Weekly market updates provided without cost during period of market volatility in Q2.</p> <p>Hymans' fees are in line with peer group, with fixed fees for certain core tasks, and time-cost fees for additional tasks.</p> <p>Hymans set pre-agreed budgets where possible.</p> <p>Feedback from Officers is that papers are of good quality, but delivery times are not always in line with Officer expectations. In particular, the strategy paper for the November Committee meeting was delivered later than expected.</p> <p>Hymans will review the make-up of the team to introduce extra resource. Hymans will also set out a work plan for 2026 with budgets.</p>
<p>8. Help the Committee develop knowledge and understanding of investment matters.</p>	<p>Natural capital training received via WPP.</p> <p>The Fund undertook a net zero workshop and net zero alignment project to assess the role of natural capital in meeting its climate ambitions.</p> <p>Hymans keeps the Panel updated on market developments via presentation of the quarterly performance reports.</p>
<p>9. Develop the Committee's knowledge on ESG and climate risk, leading to establishing a net zero target date and a climate transition action plan setting out the actions the Committee will take to reduce carbon emissions.</p>	<p>Hymans continue to incorporate ESG and climate risk considerations in its advice.</p> <p>The Fund continues to monitor the requirements relating to TCFD, measurement of carbon emissions for the portfolio and net zero targets.</p> <p>As noted above, the Fund undertook a net zero workshop and net zero alignment assessment. This illustrated the support an allocation to natural</p>

	capital could provide in meeting the Fund's net zero ambitions.
10. The investment consultant works collaboratively with the Fund actuary, asset managers, and custodian, as well as with other third parties including the pool's operator and advisors.	<p>Hymans collaborated with the Fund's actuary (also Hymans) as appropriate. Over this year, this has included providing the integrated actuarial valuation and investment strategy review.</p> <p>Hymans shared questions with the Fund in relation to the asset managers presenting at Panel meetings.</p> <p>Hymans work with investment managers where appropriate for performance reporting and projection of private market commitments to support efficient cashflow management.</p>
11. Develop the Committee's knowledge of the government consultation on the future of the LGPS and how this will impact the operation of the Fund.	<p>Hymans provided information to the Fund regarding LGPS consultations over 2025.</p> <p>The Fund received advice in line with pooling expectations following several consultations.</p>

## **Consultant's Objectives 2026**

1. Advise on a suitable investment strategy, and amendments to the strategy, to deliver the required investment returns from the Fund's investments and support progress towards a long-term steady state of funding.
2. Deliver an investment approach that reflects the Fund's cashflow position, and likely evolution, and minimises the risk of forced disinvestment.
3. Advise on the cost efficient implementation of the Fund's investment strategy as required, taking into account the evolution of the Wales Pension Partnership Investment Management company (WPP IM Co) and reform to LGPS pooling requirements.
4. Ensure advice complies with relevant pensions regulations, legislation and supporting guidance.
5. Develop the Committee's policies and beliefs, including those in relation to Responsible Investment.
6. Ensure our advice reflects the Committee's own policies and beliefs, including those in relation to Responsible Investment considerations.
7. Provide relevant and timely advice. Services shall be proportionate and competitive in terms of costs relative to consultant peer group. Services should adhere to agreed budgets and be transparent, itemising additional work with fees in advance.
8. Help the Committee develop knowledge and understanding of investment matters.
9. Develop the Committee's knowledge on ESG and climate risk, leading to establishing a net zero target date and a climate transition action plan setting out the actions the Committee will take to reduce carbon emissions.
10. The investment consultant works collaboratively with the Fund actuary, asset managers, and custodian, as well as with other third parties including WPP IM Co's operator and advisors.
11. Continue to develop the Committee's knowledge of the government consultation on the future of the LGPS and how this will impact the operation of the Fund.

# Agenda Item 9

MEETING: **PENSION BOARD**

DATE: **9 FEBRUARY 2026**

TITLE: **2026/27 BUDGET**

PURPOSE: **To note the 2026/27 financial year budget for the Pensions Administration and Investment sections.**

RECOMMENDATION: **NOTE THE BUDGET**

AUTHOR: **DELYTH JONES-THOMAS, INVESTMENT MANAGER**

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## 1. INTRODUCTION

- 1.1 The purpose of this report is to approve the 2026/27 financial year budget for the Pensions Administration and Investment sections.
- 1.2 This budget is being considered by the Pensions Committee at their meeting on 9th February 2026 at 10am.

## 2. PENSIONS ADMINISTRATION SECTION

	<b>Final 2025/26 £</b>	<b>Inflation £</b>	<b>Adjustments £</b>	<b>Budget 2026/27 £</b>
Employees	1,024,730	33,400	(1,380)	1,056,750
Travel and Subsistence	1,440	0	1,000	2,440
Supplies and Services	304,180	9,180	185,500	498,860
Central Services	138,810	4,160	0	142,970
<b>Total</b>	<b>1,469,160</b>	<b>46,740</b>	<b>185,120</b>	<b>1,701,020</b>

### 2.1 Employees, travel and subsistence

The budget for this section consists of 23 full time posts (4 of which are temporary) and 2 part time posts.

### 2.2 Supplies and Services

This budget includes printing costs, office supplies, and software costs.

The budget for these elements has increased over recent years due to the rise in the cost of posting letters imposed by the postal services. Although we have tried to increase the use of our online portal to send documents electronically and reduce the number of items sent physically through the post, postal costs have continued to rise. We will continue to increase the use of electronic communication during 2026/27 and in the years ahead.

There is a requirement to increase this budget permanently. This is mainly because the Fund needs to purchase additional elements within existing software, such as an ISP for the Pension Dashboard and development fees for the McCloud solution.

### 2.3 Central Services

Central services comprise an element of the Head of Finance and ancillary staff costs, and support from Council services such as information technology, corporate and legal.

## 3. INVESTMENT SECTION

	<b>Final 2025/26 £</b>	<b>Inflation £</b>	<b>Adjustments £</b>	<b>Budget 2026/27 £</b>
Employees	138,870	4,330	(7,970)	140,800

### 3.1 Employees

This section is located within the main Central Finance department and therefore only an element of the posts is funded by the Pension Fund.

There are 3 full time posts with officer time divided between the Gwynedd Pension Fund and Cyngor Gwynedd. The following percentages of posts are funded by the Pension Fund:

- Investment Manager (90%)
- Pensions and Investment Officer (85%)
- Pensions and Treasury Management Assistant Accountant (40%)

## 4. WALES PENSION PARTNERSHIP, FUND MANAGER AND CONSULTANCY FEES

4.1 There is no budget set at this stage as the expenditure can vary significantly, but the expenditure is reported fully in the Fund's financial statements and Annual Report.

## 5. FIT FOR THE FUTURE

5.1 In line with the Fit for the Future regulations, there will be a statutory requirement to appoint a Senior LGPS Officer by 1 October 2026. This new role will carry significant responsibilities in relation to scheme governance, compliance, and oversight.

Alongside this, the ongoing increase in governance requirements and the need to provide enhanced training for officers and Committee and Board members is expected to place additional demands on staffing resources. As a result, it is anticipated that staffing costs will need to rise during the 2026/27 financial year in order to ensure that the Fund can meet these obligations effectively and maintain compliance with regulatory standards.

Further detail on the precise impact of these requirements, including the scope of the Senior LGPS Officer role and the associated resource implications, will be provided to the Board as more information becomes available. Regular updates will be shared to ensure transparency and to support informed decision-making in relation to budget planning.

## **6. RECOMMENDATION**

- 6.1 The Board is asked to note the 2026/27 financial year budget for the Pensions Administration and Investment sections.

# Agenda Item 10

MEETING:	<b>PENSION BOARD</b>
DATE:	<b>9 FEBRUARY 2026</b>
TITLE:	<b>FUNDING STRATEGY STATEMENT</b>
PURPOSE:	<b>To present and review the Funding Strategy Statement and associated policies</b>
RECOMMENDATION:	<b>REVIEW THE FUNDING STRATEGY STATEMENT AND ASSOCIATED POLICIES</b>
AUTHOR:	<b><u>DELYTH JONES-THOMAS, INVESTMENT MANAGER</u></b>

## **1. INTRODUCTION**

- 1.1 The Fund is required to review and publish its Funding Strategy Statement (FSS) by 31 March 2026 following the triennial valuation.
- 1.2 The draft has been presented to the Pensions Committee in its meeting on the morning of the 9<sup>th</sup> February 2026.
- 1.2 The administering authority is required to consult with the scheme employers, the fund actuary and adviser, and any other persons we consider appropriate.
- 1.3 The consultation will take place between the 10<sup>th</sup> February 2026 and 9<sup>th</sup> March 2026.

## **2. ACTUARIAL VALUATION**

- 2.1 The triennial actuarial valuation has been prepared using assumptions agreed with the actuary. These assumptions were presented to and approved by the Pensions Committee on 15<sup>th</sup> September 2025.
- 2.2 The valuation of the Fund is currently being finalised. An employers' meeting was held on 24<sup>th</sup> October 2025 when the preliminary actuarial results were presented and discussed. Final reports are currently being prepared for each employer.
- 2.3 The preliminary results show that all employers are now in surplus and therefore do not have any deficit payments to make over the next three years.

## **3. DRAFT FUNDING STRATEGY STATEMENT (FSS)**

- 3.1 A draft FSS is attached in Appendix A.
- 3.2 The funding strategy objectives are to:
  - take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependants

- 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.

3.3 The Funding Strategy Statement has been prepared with assistance from the Fund's actuary, Hymans Robertson.

#### **4. ASSOCIATED POLICIES**

**4.1** In addition to the information presented in the Funding Strategy Statement, there are additional policies that also need to be approved that feed into the Funding Strategy Statement.

Appendix F – Policy on prepayment of contributions

Appendix G – Policy on pass-through

Appendix H – Policy on contribution reviews

Appendix I – Policy on ill-health risk management

Appendix J – Policy on cessations

#### **5. RECOMMENDATION**

The Board is asked to confirm the Funding Strategy Statement and associated policies.

Following the consultation process the Committee will receive the final version of the Funding Strategy Statement for adoption by 31<sup>st</sup> March 2026.

**Gwynedd Pension Fund**  
**Funding Strategy Statement**  
**April 2026**

Effective date	1 April 2026
Previous valuation date	31 March 2025
Date approved	
Next review	March 2029
Prepared in accordance with SAB / CIPFA / MHCLG guidance dated	January 2025

# Gwynedd Pension Fund

## Funding Strategy Statement

### Contents

1. Purpose of the Gwynedd Pension Fund and the Funding Strategy Statement
2. How does the Fund calculate employer contributions?
3. What additional contributions may be payable?
4. How does the Fund calculate assets and liabilities?
5. What happens when an employer joins the Fund?
6. What happens if an employer has a bulk transfer of staff?
7. What happens when an employer leaves the Fund?
8. What are the statutory reporting requirements?

### Appendices

Appendix A – The regulatory framework

Appendix B – Roles and responsibilities

Appendix C – Glossary

Appendix D – Risks and controls

Appendix E – Actuarial assumptions

Appendix F – Policy on prepayment of contributions

Appendix G – Policy on pass-through

Appendix H – Policy on contribution reviews

Appendix I – Policy on ill-health risk management

Appendix J – Policy on cessations

# 1 Purpose of the Gwynedd Pension Fund and the funding strategy statement

This document sets out the Funding Strategy Statement (FSS) for Gwynedd Pension Fund.

The Gwynedd Pension Fund is administered by Cyngor Gwynedd, known as the administering authority. Cyngor Gwynedd worked with the Fund's actuary, Hymans Robertson, to prepare this FSS which is effective from 1 April 2026.

There's a regulatory requirement for Cyngor Gwynedd to prepare an FSS. You can find out more about the regulatory framework in [Appendix A](#). If you have any queries about the FSS, contact [delythwlynjonesthomas@gwynedd.llyw.cymru](mailto:delythwlynjonesthomas@gwynedd.llyw.cymru).

## 1.1 What is the Gwynedd Pension Fund?

The Gwynedd Pension Fund is part of the Local Government Pension Scheme (LGPS). You can find more information about the LGPS at [www.lgpsmember.org](http://www.lgpsmember.org). The administering authority runs the Fund on behalf of participating employers, their employees and current and future pensioners. You can find out more about roles and responsibilities in [Appendix B](#).

## 1.2 What are the funding strategy objectives?

The funding strategy objectives are to:

- take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependants
- 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 Fund will engage with employers when developing funding strategy in a way which balances the risk appetite of stakeholders.

## 1.3 Who is the FSS for?

The FSS is mainly for employers participating in the Fund, because it sets out how money will be collected from them to meet the Fund's obligations to pay members' benefits.

Different types of employers participate in the Fund:

### **Scheduled bodies**

Employers who are specified in a schedule to the LGPS regulations, such as councils. Scheduled bodies must give employees access to the LGPS if they can't accrue benefits in another pension scheme, such as another public service pension scheme.

### **Designating employers (otherwise known as Resolution bodies)**

Employers like town and parish councils can join the LGPS through a resolution. If a resolution is passed, the Fund can't refuse entry. The employer then decides which employees can join the scheme.

### **Admission bodies**

Other employers can join through an admission agreement. The Fund can set participation criteria for them and can refuse entry if the requirements aren't met. This type of employer includes contractors providing outsourced services like cleaning or catering to a scheduled body.

Some existing employers may be referred to as **community admission bodies** (CABs). CABs are employers with a community of interest with another scheme employer. Others may be called **transferee admission bodies** (TABs), that provide services for scheme employers. These terms aren't defined under current regulations but remain in common use from previous regulations.

The Scheme Advisory Board refer to three different tiers of employers which may participate in the LGPS, specifically:

- Tier 1 – Local Authorities (including contractors participating in the LGPS with Local Authority backing)
- Tier 2 – Academy Trusts
- Tier 3 – Standalone employers with no local or national taxpayer backing. Includes further education institutions (colleges), universities, housing associations and charities.

### **1.4 How is the funding strategy specific to the Gwynedd Pension Fund?**

The funding strategy reflects the specific characteristics of the Fund employers and its own investment strategy.

### **1.5 How often is the Funding Strategy Statement reviewed?**

The FSS is reviewed in detail at least every three years ahead of the triennial actuarial valuation.

Amendments to the FSS may be made in the following circumstances:

- material changes to the scheme benefit structure (e.g. HM Treasury-led)
- on the advice of the Fund actuary
- Significant changes to investment strategy, or if there has been significant market volatility which impacts the FSS or goes beyond FSS expectations
- if there have been significant changes to the Fund membership and/or Fund maturity profile
- if there have been significant or notable changes to the number, type, or individual circumstances of any of the employing authorities to such an extent that they impact on the funding strategy (e.g exit/restructuring/failure which could materially impact cashflow and/or maturity profile and/or covenant)

- if there has been a material change in the affordability of contributions and/or employer(s) financial covenant strength which has an impact on the FSS.
- recommendations from MHCLG/GAD.

In undertaking such reviews, the administering authority should consider:

- looking at experiences in relation to long-term funding assumptions (in terms of both investment income and forecast contribution income) and consequences of actions taken by employers (e.g. pay awards and early retirements)
- the implications for the funding strategy and, if significant, determine what action should be taken to review the FSS
- the implications arising from the funding strategy for meeting the liabilities of individual employers and any amendments required to the ISS
- consulting with individual employers specifically impacted by any changes as an integral part of the monitoring and review process, and ensuring any communication regarding a review won't necessarily lead to contribution rate changes for individual employers but could impact admissions, terminations, approach to managing risk and employer risk assessment.

Any amendments will be consulted on, approved by the Pensions Committee and included in the Committee meeting minutes.

This Funding Strategy Statement is effective from 1 April 2026 and is expected to remain in force until 31 March 2029 at the latest, unless an interim review is carried out prior to then.

### **1.6 Actuarial valuation report**

LGPS Regulations (specifically Regulation 62) require an actuarial valuation to be carried out every three years, under which contribution rates for all participating employers are set for the following three years. This Funding Strategy Statement sets out the assumptions and methodology underpinning the 2025 actuarial valuation exercise. The actuarial valuation report sets out 1) the actuary's assessment of the past service funding position, and 2) the contributions required to ensure full funding by the end of the time horizon. The Rates and Adjustments certificate shows the contribution rates payable by each employer (which are expressed as a percentage of payroll).

## PART A – Key Funding Principles

### 2 How does the Fund calculate employer contributions?

#### 2.1 Calculating contribution rates

Employee contribution rates are set by the LGPS regulations.

Employer contribution rates are determined by a mandatory actuarial valuation exercise, and are made up of the following elements:

- **the primary contribution rate** – contributions payable towards future benefits
- **the secondary contribution rate** – the difference between the primary rate and the total employer contribution

The primary rate also includes an allowance for the Fund's expenses.

The Fund actuary uses a methodology known as Asset Liability Modelling to set employer contribution rates. Under this methodology, for a given proposed employer contribution rate, the model projects future asset and liability values for the employer under 5,000 different simulations of the future economic environment. Each simulation – generated by Hymans Robertson's Economic Scenario Service (ESS) model - has a different path for future interest rates, inflation rates and the investment return on different asset classes. This approach allows the Fund actuary to understand the potential range of future funding outcomes that could be achieved via payment of that contribution rate.

The Fund has set funding strategy criteria for each employer which must be satisfied in order for a given employer contribution to be deemed acceptable. The funding strategy criteria are specified in terms of the following four parameters:

- **the target funding level** – how much money the Fund aims to hold for each employer
- **the time horizon** – the time over which the employer aims to achieve the target funding level target
- **the funding basis** – the set of actuarial assumptions used to value the employer's (past and future service) liabilities
- **the likelihood of success** – the proportion of modelled scenarios where the target funding level is met.

For example, an employer's funding strategy criteria may be set as follows:

*The employer must have at least a **80% likelihood** of being **100% funded** on the **ongoing participation basis** at the end of a **17 year** funding time horizon.*

The funding strategy criteria used by the Fund are set out in Table 2. Further detail on the ESS and on the funding bases used by the Fund are set out in Appendix E.

The target funding level may be set greater than 100% as a buffer against future adverse experience. This may be appropriate for long term open employers, where adverse future funding experience may lead to future contribution rises.

The contribution rate setting approach takes into account the maturing profile of the membership when setting employer contribution rates. The approach taken by the Fund actuary helps the Fund meet the aim of maintaining as stable a primary employer contribution rate as possible.

The Fund permits the prepayment of employer contributions in specific circumstances. The Fund's policy on prepayments is detailed in [Appendix F](#).

## 2.2 The contribution rate calculation

Table 1: contribution rate calculation for individual or pooled employers

Type of employer	Scheduled and designating bodies		Further education and community admission bodies		Transferee admission bodies
Sub-type	Local Authorities, Police and Parc Cenedlaethol Eryri	Designating employers (i.e. Parish & town councils)	Open to new entrants	Closed to new entrants	(all)
SAB Tier	Tier 1	Tier 1	Tier 3	Tier 3	Tier 1
Funding basis <sup>2</sup>	Ongoing	Ongoing	Ongoing, but may move to low-risk exit basis		Ongoing, assuming fixed-term contract in the Fund
Target funding level	100%	100%	100%		100%
Minimum likelihood of success	80%	80%	80%	80%	80%
Maximum time horizon	17 years	17 years	14 years	14 years or average future working lifetime, if less	Outstanding contract term
Primary rate approach**	The contributions must be sufficient to meet the cost of benefits earned in the future with the required likelihood of success at the end of the time horizon, expressed as a percentage of pensionable pay				
Secondary rate	The difference between the total contribution rate payable (determined as per 2.1) and the primary rate. Negative adjustments are expressed as a percentage of payroll and positive adjustments can be expressed as a percentage of payroll or monetary amounts (for mature closed employers).				
Stabilised contribution rate?	Yes	No	No	No	No
Treatment of surplus	Covered by stabilisation arrangement	Covered by contribution algorithm	Covered by contribution algorithm	Reduce contributions through a negative secondary rate	Reduce contributions by spreading the surplus over the remaining contract term
Recognising covenant	Stabilisation parameters	Adjust likelihood of success	Adjust likelihood of success		

Employers participating in the Fund under a pass-through agreement will pay a contribution rate as agreed between the contractor and letting authority. Please see the Fund's pass-through policy in [Appendix G](#) for more information.

<sup>2</sup> See [Appendix E](#) for further information on funding bases.

*\*\*The Primary Rate for the whole fund is the weighted average (by payroll) of the individual employers' primary rates*

The Fund manages funding risks as part of its wider risk management framework, as documented in its risk register. The funding-specific risks identified and managed by the Fund are set out in Appendix D – Risks and Controls.

### 2.3 Making contribution rates stable

Making employer contribution rates reasonably stable is an important funding objective. Where appropriate, contributions are set with this objective in mind. The Fund adopts a stabilised approach to setting contributions for certain employers, which keeps contribution variations within a pre-determined range from year-to-year.

After taking advice from the Fund actuary, the administering authority believes a stabilised approach is a prudent longer-term strategy for the Fund's local authorities, the Police and Crime Commissioner for North Wales and Parc Cenedlaethol Eryri.

**Table 2: current stabilisation approach**

Type of employer	Local Authorities, Police and Parc Cenedlaethol Eryri
<b>Maximum contribution increase per year</b>	+1.0% of pay
<b>Maximum contribution decrease per year</b>	-1.0% of pay

Stabilisation criteria and limits are reviewed during the valuation process. The administering authority may review them between valuations to respond to membership or employer changes.

At their absolute discretion the administering authority may permit acceleration or extension of contribution rises and reductions within the contribution stability mechanism.

### 2.4 Contribution rates for other long-term employers

For other employers with a longer-term time horizon (open admitted bodies and town and parish councils), the Fund has applied an algorithm for the purpose of setting contribution rates. This brings some stability to rates. It allows rate reductions due to strong funding positions, whilst providing protection to the Fund against future adverse experience and recognising the need for inter-generational fairness around the pace at which surplus is returned.

For the 2025 valuation, this can be summarised mathematically by the following formula:

*Maximise [theoretical 2025 total rate, Minimise (2025 primary rate minus 3% of pay, Current rate minus 3% of pay)]*

where the 'theoretical 2025 total rate' is defined as the contribution rate calculated exactly in line with the funding strategy criteria outlined in Table 1 under section 2.2 above.

### 2.5 Links to investment strategy

The funding strategy sets out how money will be collected from employers to meet the Fund's obligations. Contributions, assets and other income are then invested according to an investment strategy set by the administering authority.

The funding and investment strategies are closely linked. The Fund must be able to pay benefits when they are due – those payments are met from a combination of contributions (through the funding strategy) and asset

returns and income (through the investment strategy). If investment returns or income fall short the Fund won't be able to pay benefits, so higher contributions would be required from employers.

The investment strategy is designed allowing for the funding position determined on an appropriate and prudent basis, with the objective of achieving the funding objective for each employer group over the specific time horizon.

The Fund's current strategic investment strategy as at 31 March 2025 is summarised in the table below.

**Table 2 – Strategic asset allocation**

Asset class	Allocation
UK Equities	6.0%
Global Equities	27.0%
Emerging market equities	2.0%
Private Equity	5.0%
Property	10.0%
Infrastructure	7.5%
Natural Capital	5.0%
Private credit	7.5%
Multi-asset credit	7.5%
Corporate bonds	7.5%
Absolute return bonds	12.5%
Gilts	2.5%

## 2.6 Does the funding strategy reflect the investment strategy

The funding policy is consistent with the investment strategy. Future investment return expectations are set with reference to the investment strategy, including a margin for prudence which is consistent with the regulatory requirement that funds take a 'prudent longer-term view' of funding liabilities (see [Appendix A](#))

## 2.7 Reviewing contributions between valuations

The Fund may amend contribution rates between formal valuations, in line with its policy on contribution reviews. The Fund's policy is available in [Appendix H](#). The purpose of any review is to establish the most appropriate contributions. A review may lead to an increase or decrease in contributions.

## 2.8 What is pooling?

The administering authority does not currently operate formal contribution rate pools for similar types of employers.

The only employers that may be pooled are those that have a pass-through or other form of risk sharing agreement in place with a letting authority. The Fund's pass-through policy is detailed in [Appendix G](#).

## **2.9 Administering authority discretion**

Individual employers may be affected by circumstances not easily managed within the FSS rules and policies. If this happens, the administering authority may adopt alternative funding approaches on a case-by-case basis.

Additionally, the administering authority may allow greater flexibility to the employer's contributions if added security is provided. Flexibility could include things like a reduced contribution rate, extended time horizon, or permission to join a pool. Added security may include a suitable bond, a legally binding guarantee from an appropriate third party, or security over an asset.

The Fund permits the prepayment of employer contributions in specific circumstances. Further details are set out in the Fund's prepayment policy detailed in [Appendix F](#).

The Fund will not accept any form of non-cash assets in lieu of contributions.

## **2.11 Managing surpluses and deficits**

The funding strategy is designed to ensure that all employers are at least fully funded on a prudent basis at the end of their own specific time horizon. The uncertain and volatile nature of pension scheme funding means that it is likely there will be times when employers are in surplus and times when employers are in deficit. The funding strategy recognises this by 1) including sufficient prudence to manage the effect of this over the time horizon, and 2) making changes to employer contribution rates to ensure the funding strategy objectives are met.

Fluctuations in funding positions are inevitable over the time horizon, due to market movements and changing asset values, which could lead to the emergent of deficits and surplus from time to time, and lead to changes in employer contribution rates.

Table 1 sets out the Fund's approach to setting contribution rates for each employer group.

### 3 What additional contributions may be payable?

#### 3.1 Pension costs – awarding additional pension and early retirement on non ill-health grounds

If an employer awards additional pension as an annual benefit amount, they pay an additional contribution to the fund as a single lump sum. The amount is set by guidance issued by the Government Actuary's Department and updated from time to time.

If an employee retires before their normal retirement age on unreduced benefits, employers may be asked to pay additional contributions called strain payments.

Employers typically make strain payments as a single lump sum, though strain payments may be spread if the administering authority agrees:

Major employing bodies	- up to 5 years
Community Admission Bodies and designating employers	- up to 3 years
Transferee Admission Bodies	- payable immediately

#### 3.2 Pension costs – early retirement on ill-health grounds

If a member retires early because of ill-health, their employer must pay a funding strain, which may be a large sum.

The administering authority has arranged an external insurance policy to cover ill-health early retirement strains for smaller employers. Each employer's contribution includes a share of the premium. When an active member retires on ill-health early retirement, the claim amount is credited to the employer's asset share.

For other employers, each employer's contributions include an allowance for expected ill health strain costs. These costs are monitored as part of the triennial valuation process.

The Fund's policy is detailed in [Appendix I](#).

## 4 How does the Fund calculate assets and liabilities?

### 4.1 How are employer asset shares calculated?

The Fund adopts a cashflow approach to track individual employer assets.

The fund uses Hymans Robertson's HEAT system to track employer assets monthly. Each employer's assets from the previous month end are added to monthly cashflows paid in/out and investment returns to give a new month-end asset value.

If an employee moves one from one employer to another within the Fund, assets equal to the cash equivalent transfer value (CETV) will move from the original employer to the receiving employer's asset share.

Alternatively, if employees move when an outsourced contract begins, the Fund actuary will calculate assets linked to the value of the liabilities transferring (see section 5).

### 4.2 How are employer liabilities calculated?

The Fund holds membership data for all active, deferred and pensioner members. Based on this data and the assumptions in [Appendix E](#), the Fund actuary projects the expected benefits for all members into the future. This is expressed as a single value – the liabilities – by allowing for expected future investment returns.

Each employer's liabilities reflect the experience of their own employees and ex-employees.

### 4.3 What is a funding level?

An employer's funding level is the ratio of the market value of asset share against liabilities. If this is less than 100%, the employer has a shortfall: the employer's deficit. If it is more than 100%, the employer is in surplus. The amount of deficit or surplus is the difference between the asset value and the liabilities value.

Funding levels and deficit/surplus values measure a particular point in time, based on a particular set of future assumptions. While this measure is of interest, for most employers the main issue is the level of contributions payable. The funding level does not directly drive contribution rates. See section 2 for further information on rates.

## PART B – Employer Events

### 5 What happens when an employer joins the fund?

#### 5.1 When can an employer join the Fund

Employers can join the Fund if they are a new scheduled body or a new admission body. New designating employers may also join the Fund if they pass a resolution to do so.

On joining, the Fund will determine the assets and liabilities for that employer within the Fund. The calculation will depend on the type of employer, the existence of any guarantee, and the circumstances of joining.

A contribution rate will also be set. This will be set in accordance with the calculation set out in Section 2, unless alternative arrangements apply (for example, the employer has agreed a pass-through arrangement). More details on this are in Section 5.2 below.

#### 5.2 New admission bodies as a result of outsourcing services

New admission bodies usually join the Fund because an existing employer (usually a scheduled body like a council) outsources a service to another organisation (a contractor). This involves TUPE transfers of staff from the letting authority to the contractor. The contractor becomes a new participating Fund employer for the duration of the contract and transferring employees remain eligible for LGPS membership. At the end of the contract, employees typically revert to the letting authority or a replacement contractor.

Liabilities for transferring active members will be calculated by the Fund actuary on the day before the outsourcing occurs.

New contractors will be allocated an asset share equal to the value of the transferring liabilities. The admission agreement may set a different initial asset allocation, depending on contract-specific circumstances.

There is flexibility for outsourcing employers when it comes to pension risk potentially taken on by the contractor. You can find more details on outsourcing options from the administering authority or in the contract admission agreement.

The Fund's policy is to allow all new admission bodies to be set up with a pass-through arrangement, at the discretion of the letting authority. The Fund's policy on pass through is detailed in [Appendix G](#).

#### 5.3 Other new employers

There may be other circumstances that lead to a new admission body entering the Fund, eg set up of a wholly owned subsidiary company by a Local Authority. Calculation of assets and liabilities on joining and a contribution rate will be carried out allowing for the circumstances of the new employer.

New designating employers may also join the Fund. These are usually town and parish councils. Contribution rates will be set using the same approach as other designating employers in the Fund.

#### 5.4 Risk assessment for new admission bodies

Under the LGPS regulations, a new admission body must assess the risks it poses to the Fund if the admission agreement ends early, for example if the admission body becomes insolvent or goes out of business. In practice, the Fund actuary assesses this because the assessment must be carried out to the administering authority's satisfaction.

After considering the assessment, the administering authority may decide the admission body must provide security, such as a guarantee from the letting employer, an indemnity or a bond.

This must cover some or all of the:

- strain costs of any early retirements, if employees are made redundant when a contract ends prematurely
- allowance for the risk of assets performing less well than expected
- allowance for the risk of liabilities being greater than expected
- allowance for the possible non-payment of employer and member contributions
- admission body's existing deficit.

## 6 What happens if an employer has a bulk transfer of staff?

Bulk transfer cases will be looked at individually, but generally:

- The Fund won't pay bulk transfers greater in value than either the asset share of the transferring employer in the Fund, or the value of the liabilities of the transferring members, whichever is lower
- the Fund won't grant added benefits to members bringing in entitlements from another fund, unless the asset transfer is enough to meet the added liabilities
- the Fund may permit shortfalls on bulk transfers if the employer has a suitable covenant and commits to meeting the shortfall in an appropriate period, which may require increased contributions between valuations.

## 7 What happens when an employer leaves the Fund?

### 7.1 What is a cessation event?

Triggers for considering cessation from the Fund are:

- the last active member stops participation in the Fund. The administering authority, at their discretion, can defer acting for up to three years by issuing a suspension notice. That means cessation won't be triggered if the employer takes on one or more active members during the agreed time
- insolvency, winding up or liquidation of the body
- a breach of any admission agreement obligations that isn't remedied to the Fund's satisfaction
- failure to pay any sums due within the period required
- failure to renew or adjust the level of a bond or indemnity, or to confirm an appropriate alternative guarantor
- termination of a deferred debt arrangement (DDA).

If no DDA exists, the administering authority will instruct the Fund actuary to carry out a cessation valuation to calculate if there is a surplus or a deficit when the employer leaves the Fund.

### 7.2 What happens on cessation?

The administering authority must protect the interests of the remaining Fund employers when an employer leaves the scheme. The actuary aims to protect remaining employers from the risk of future loss. The funding target adopted for the cessation calculation is below. These are defined in [Appendix E](#).

- (a) Where there is no guarantor, cessation liabilities and a final surplus/deficit will usually be calculated using a low-risk basis, which is more prudent than the ongoing participation basis. The low-risk exit basis is defined in [Appendix E](#).
- (b) Where there is a guarantor, the guarantee will be considered before the cessation valuation.
  - Where the guarantor is a guarantor of last resort (i.e. where the guarantee will cease to have affect the cessation event and final settlement), this will have no effect on the cessation valuation.
  - If this isn't the case (i.e. if the guarantee continues to apply in respect of the former employer's obligations post cessation), cessation may be calculated using the same basis that was used to calculate liabilities for triennial valuation purposes.
- (c) Depending on the guarantee, it may be possible to transfer the employer's liabilities and assets to the guarantor without crystallising deficits or surplus. This may happen if an employer can't pay the contributions due and the approach is within guarantee terms. This is known as 'subsumption' of the assets and liabilities.

If the Fund can't recover the required payment in full, unpaid amounts will be paid by the related letting authority (in the case of a ceased admission body) or shared between the other Fund employers. This may require an immediate revision to the Rates and Adjustments certificate or be reflected in the contribution rates set at the next formal valuation.

The Fund actuary charges a fee for cessation valuations and there may be other cessation expenses. Fees and expenses are at the employer's expense and are deducted from the cessation surplus or added to the cessation deficit. This improves efficiency by reducing transactions between employer and Fund.

The cessation policy is in [Appendix J](#).

### **7.3 What happens if there is a surplus?**

If the cessation valuation shows the exiting employer has more assets than liabilities – an exit credit – the administering authority can decide how much will be paid back to the employer based on:

- the surplus amount
- the proportion of the surplus due to the employer's contributions
- any representations (like risk sharing agreements or guarantees) made by the exiting employer and any employer providing a guarantee or some other form of employer assistance/support
- any other relevant factors.

The Fund's approach to exit credits is detailed in the cessation policy in [Appendix J](#).

### **7.4 How do employers repay cessation debts?**

If there is a deficit, full payment will usually be expected in a single lump sum or:

- spread over an agreed period, if the employer enters into a deferred spreading agreement (DSA)
- if an exiting employer enters into a deferred debt arrangement, it stays in the Fund and pays contributions until the cessation debt is repaid. Payments are reassessed at each formal valuation.

The employer flexibility on exit policy is detailed in the cessation policy in [Appendix J](#).

### **7.5 What if an employer has no active members?**

When employers leave the Fund because their last active member has left, they may pay a cessation debt, receive an exit credit or enter a DDA/DSA. Beyond this they have no further obligation to the Fund and either:

- a) their asset share runs out before all ex-employees' benefits have been paid. The other Fund employers will be required to contribute to the remaining benefits. The Fund actuary will portion the liabilities on a pro-rata basis at successive formal valuations.
- b) the last ex-employee or dependant dies before the employer's asset share is fully run down. The fund actuary will apportion the remaining assets to the other Fund employers on a pro-rata basis.

## 8 What are the statutory reporting requirements?

### 8.1 Reporting regulations

The Public Service Pensions Act 2013 requires the Government Actuary's Department to report on LGPS funds in England and Wales after every three-year valuation, in what's usually called a section 13 report. The report includes advice on whether the following aims are achieved:

- Compliance
- Consistency
- Solvency
- Long term cost efficiency

### 8.2 Solvency

Employer contributions are set at an appropriate solvency level if the rate of contribution targets a funding level of 100% over an appropriate time, using appropriate assumptions compared to other funds. Either:

- (a) employers collectively can increase their contributions, or the Fund can realise contingencies to target a 100% funding level
  - or
- (b) there is an appropriate plan in place if there is, or is expected to be, a reduction in employers' ability to increase contributions as needed.

### 8.3 Long-term cost efficiency

Employer contributions are set at an appropriate long-term cost efficiency level if the contribution rate makes provision for the cost of current benefit accrual, with an appropriate adjustment for any surplus or deficit.

To assess this, the administering authority may consider absolute and relative factors.

Relative factors include:

1. comparing LGPS funds with each other
2. the implied deficit recovery period
3. the investment return required to achieve full funding after 20 years.

Absolute factors include:

1. comparing funds with an objective benchmark
2. the extent to which contributions will cover the cost of current benefit accrual and interest on any deficit
3. how the required investment return under relative considerations compares to the estimated future return targeted by the investment strategy
4. the extent to which contributions paid are in line with expected contributions, based on the Rates and Adjustments certificate
5. how any new deficit recovery plan reconciles with, and can be a continuation of, any previous deficit recovery plan, allowing for Fund experience.

These metrics may be assessed by GAD on a standardised market-related basis where the Fund's actuarial bases don't offer straightforward comparisons.

Standard information about the Fund's approach to its solvency and long-term cost efficiency will be provided in a uniform dashboard format in the valuation report to facilitate comparisons between funds.

# Appendices

## Appendix A – The regulatory framework

### **A1 Why do funds need a funding strategy statement?**

The Local Government Pension Scheme (LGPS) regulations require funds to maintain and publish a funding strategy statement (FSS). According to the Ministry for Housing, Communities and Local Government (MHCLG) the purpose of the FSS is to document the processes the administering authority uses to:

- *establish a clear and transparent fund-specific strategy identifying how employers' pension liabilities are best met going forward*
- *support the desirability of maintaining as constant and stable primary contribution rate as possible, as defined in Regulation 62(5) of the LGPS Regulations 2013*
- *ensure that the regulatory requirements to set contributions to ensure the solvency and long term cost efficiency of the Fund are met.*
- *explain how the Fund balances the interests of different employers*
- *explain how the Fund deals with conflicts of interest and references other policies/strategies.*

To prepare this FSS, the administering authority has used guidance jointly prepared by the Scheme Advisory Board (SAB), MHCLG and the Chartered Institute of Public Finance and Accountancy (CIPFA) dated January 2025.

The Fund has a fiduciary duty to scheme members and obligations to employers to administer the scheme competently to keep employer contributions at an affordable level. The funding strategy statement sets out how the Fund meets these responsibilities.

### **A2 Consultation**

Both the LGPS regulations and most recent CIPFA guidance state the FSS should be prepared in consultation with “*persons the authority considers appropriate*”. This should include ‘*meaningful dialogue... with council tax raising authorities and representatives of other participating employers*’.

In practice, for the Fund, the consultation process for this FSS was as follows:

- A draft version of the FSS was issued to all participating employers in February 2026 for comment;
- Comments were requested within 20 working days;
- There was an Employers’ Forum on 24 October 2025 at which the funding strategy was outlined and questions regarding funding strategies could be raised and answered;

- Following the end of the consultation period the FSS was updated where required and then published, in March 2026.

#### **A3 How is the FSS published?**

The FSS is made available through the following routes:

- Published on the website
- A copy sent by e-mail to each participating employer in the Fund;
- A full copy linked from the annual report and accounts of the Fund;
- Copies made available on request.

#### **A4 How does the FSS fit into the overall Fund documentation?**

The FSS is a summary of the Fund's approach to funding liabilities. It isn't exhaustive – the Fund publishes other statements like the investment strategy statement, governance strategy and communications strategy. The Fund's annual report and accounts also includes up-to-date Fund information.

You can see all Fund documentation at [Home \(gwynneddpensionfund.wales\)](http://gwynneddpensionfund.wales).

## Appendix B – Roles and responsibilities

### **B1 The administering authority is required to:**

- 1 operate a pension fund
- 2 collect employer and employee contributions, investment income and other amounts due to the pension fund as stipulated in LGPS Regulations
- 3 have an escalation policy in situations where employers fail to meet their obligations
- 4 pay from the Fund the relevant entitlements as stipulated in LGPS Regulations
- 5 invest surplus monies in accordance with the relevant regulations
- 6 ensure that cash is available to meet liabilities as and when they fall due.
- 7 ensure benefits paid to members are accurate and undertake timely and appropriate action to rectify any inaccurate benefit payments
- 8 take measures as set out in the regulations to safeguard the fund against the consequences of employer default
- 9 manage the valuation process in consultation with the Fund's actuary
- 10 prepare and maintain an FSS and associated funding policies and ISS, after proper consultation with interested parties
- 11 monitor all aspects of the Fund's performance and funding, and amend the FSS/ISS accordingly
- 12 establish a policy around exit payments and payment of exit credits/debits in relation to employer exits
- 13 effectively manage any potential conflicts of interest arising from its dual role as both Fund administrator and scheme employer
- 14 support and monitor a local pension board (LPB) as required by the Public Service Pensions Act 2013, the Regulations and the Pensions Regulator's relevant Code of Practice
- 15 enable the LPB to review the valuation and FSS review process, as set out in their terms of reference.

### **B2 Individual employers are required to:**

- 1 Ensure staff who are eligible are contractually enrolled and deduct contributions from employees' pay correctly after determining the appropriate employee contribution rate (in accordance with the Regulations).
- 2 provide the Fund with accurate data and understand that the quality of the data provided to the Fund will directly impact on the assessment of their liabilities and their contributions. In particular, any deficiencies in their data may result in the employer paying higher contributions than otherwise would be the case if their data was of high quality
- 3 pay all ongoing contributions, including employer contributions determined by the actuary and set out in the rates and adjustments certificate, and any exit payments on ceasing participation in the Fund, promptly by the due date
- 4 develop a policy on certain discretions and exercise those discretions as permitted within the regulatory framework

- 5 make additional contributions in accordance with agreed arrangements in respect of, for example, augmentation of scheme benefits and early retirement strain
- 6 notify the administering authority promptly of all changes to active membership that affect future funding.

**B3 The Fund actuary should:**

- 1 prepare valuations including the setting of employers' contribution rates at a level to ensure Fund solvency and long-term cost efficiency based on the assumptions set by the administering authority and having regard to the FSS and the LGPS Regulations
- 2 provide advice so the Fund can set the necessary assumptions for the valuation
- 3 prepare advice and calculations in connection with bulk transfers and the funding aspects of individual benefit-related matters such as pension strain costs, ill health retirement costs, compensatory added years costs, etc
- 4 provide advice and valuations to the Fund so that it can make decisions on exiting employers
- 5 provide advice to the Fund on bonds or other forms of security against the financial effect on the Fund of employer default
- 6 assist the Fund in assessing whether employer contributions need to be revised between valuations as permitted or required by the regulations
- 7 ensure that the Fund is aware of any professional guidance or other professional requirements that may be relevant in the role of advising the Fund.
- 8 Identify to the Fund and manage any potential conflicts of interest that may arise in the delivery of contractual arrangements to the Fund and other clients.

**B4 Local Pension Board (LPB):**

Local pension boards have responsibility to assist the administering authority to secure compliance with the LGPS regulations, other legislation relating to the governance and administration of the LGPS, any requirements imposed by the Regulator in relation to the LGPS, and to ensure the effective and efficient governance and administration of the LGPS. It will be for each fund to determine the input into the development of the FSS (as appropriate within a fund's own governance arrangements) however this may include:

- 1 Assist with the development, and review, of the FSS
- 2 Review the compliance of scheme employers with their duties under the FSS, regulations and other relevant legislation
- 3 Assist with the development, and review, of communications in relation to the FSS

**B5 Employer guarantors**

- 1 Department for Education - To pay cessation debts in the case of academy cessations (where the obligations are not being transferred to another MAT) and to consider using intervention powers if an academy is deemed to be in breach of the regulations.
- 2 Other bodies with a financial interest (outsourcing employers).

**B6 Other parties:**

1. internal and external investment advisers ensure the investment strategy statement (ISS) is consistent with the funding strategy statement
2. investment managers, custodians and bankers play their part in the effective investment and dis-investment of Fund assets in line with the ISS
3. auditors comply with standards, ensure Fund compliance with requirements, monitor and advise on fraud detection, and sign-off annual reports and financial statements
4. governance advisers may be asked to advise the administering authority on processes and working methods
5. internal and external legal advisers ensure the Fund complies with all regulations and broader local government requirements, including the administering authority's own procedures
6. the Ministry for Housing, Communities and Local Government, assisted by the Government Actuary's Department and the Scheme Advisory Board, work with LGPS funds to meet Section 13 requirements.

## Appendix C – Glossary

### **Actuarial certificates**

A statement of the contributions payable by the employer (see also rates and adjustments certificate). The effective date is 12 months after the completion of the valuation.

### **Actuarial valuation**

An investigation by an actuary, appointed by an administering authority into the costs of the scheme and the ability of the fund managed by that authority to meet its liabilities. This assesses the funding level and recommended employer contribution rates based on estimating the cost of pensions both in payment and those yet to be paid and comparing this to the value of the assets held in the Fund. Valuations take place every three years (triennial).

### **Administering authority (referred to as ‘the fund’)**

A body listed in Part 1 of Schedule 3 of the regulations who maintains a fund within the LGPS and a body with a statutory duty to manage and administer the LGPS and maintain a pension fund (the fund). Usually, but not restricted to being, a local authority.

### **Admission agreement**

A written agreement which provides for a body to participate in the LGPS as a scheme employer

### **Assumptions**

Forecasts of future experience which impact the costs of the scheme. For example, pay growth, longevity of pensioners, inflation, and investment returns,

### **Code of Practice**

The Pensions Regulator’s General Code of Practice.

### **Debt spreading arrangement**

The ability to spread an exit payment over a period of time

### **Deferred debt agreement**

An agreement for an employer to continue to participate in the LGPS without any contributing scheme members

### **Employer covenant**

The extent of the employer’s legal obligation and financial ability to support its pension scheme now and in the future.

### **Funding level**

The funding level is the value of assets compares with the liabilities. It can be expressed as a ratio of the assets and liabilities (known as the funding level) or as the difference between the assets and liabilities (referred to as a surplus or deficit).

### **Fund valuation date**

The effective date of the triennial fund valuation.

**Guarantee / guarantor**

A formal promise by a third party (the guarantor) that it will meet any pension obligations not met by a specified employer. The presence of a guarantor will mean, for instance, that the fund can consider the employer's covenant to be as strong as its guarantor's.

**Local Pension Board**

The board established to assist the administering authority as the Scheme Manager for each Fund.

**Non-statutory guidance**

Guidance which although it confers no statutory obligation on the parties named, they should nevertheless have regard to its contents

**Notifiable events**

Events which the employer should make the administering authority aware of

**Past service liabilities**

The cost of pensions already built up or in payment

**Pension committee**

A committee or sub-committee to which an administering authority has delegated its pension function

**Pensions administration Strategy**

A statement of the duties and responsibilities of scheme employers and administering authorities to ensure the effective management of the scheme

**Primary and secondary employer contributions**

Primary employer contributions meet the future costs of the scheme and secondary employer contributions meet the costs already built up (adjusted to reflect the experience of each scheme employer). Contributions will therefore vary across scheme employers within a Fund.

**Rates and adjustments certificate**

A statement of the contributions payable by each scheme employer (see actuarial certificates)

**Scheme Manager**

A person or body responsible for managing or administering a pension scheme established under section 1 of the 2013 Act. In the case of the LGPS, each Fund has a Scheme Manager which is the administering authority.

## Appendix D – Risks and controls

### D1 Managing risks

The administering authority has a risk management programme to identify and control financial, demographic, regulatory and governance risks.

The Pensions Board has an oversight / assisting role not a decisions 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

Details of the key fund-specific risks and controls are set out in the risk register at [Risk Register 2021 \(gwynneddpensionfund.wales\)](https://gwynneddpensionfund.wales).

### D2 Employer covenant assessment and monitoring

Many of the employers participating in the Fund, such as admitted bodies (including TABs and CABs), have no local tax-raising powers. The Fund assesses and monitors the long-term financial health of these employers to assess an appropriate level of risk for each employer's funding strategy.

Type of employer	Assessment	Monitoring
Local Authorities, Police, Parc Cenedlaethol Eryri	Tax-raising or government-backed, no individual assessment required	n/a
Designating employers	Often tax-raising or government-backed, no individual assessment required	n/a
Further education bodies	Assessments may be commissioned by specialists as appropriate or carried out by Fund Officers	The Fund may review employers periodically or when a significant event occurs
Admission bodies (CABs)	Assessments may be commissioned by specialists as appropriate or carried out by Fund Officers	The Fund may review employers periodically or when a significant event occurs
Admission bodies (TABs)	Effective guarantee provided by the Awarding Authority in most cases, otherwise: Assessments may be commissioned by specialists as appropriate or carried out by Fund Officers	The Fund may review employers periodically or when a significant event occurs

Any change in covenant over the inter-valuation period may lead to a contribution rate review

### D3 Climate risk and TCFD reporting

The Fund has considered climate-related risks when setting the funding strategy. To consider the resilience of the strategy the Fund has carried out climate scenario analysis incorporating both stress testing, and narrative-based scenario analysis for the local authority employers at the 2025 valuation. The narrative approach explores the complex and interrelated risks associated with climate change by defining a specific extreme, downside risk (in this instance a food shock) and constructing narratives around potential policy and market responses, noting these may be sub-optimal. This approach allows consideration to be given to the impact of sudden, severe downside risks in the short term, the interdependencies that arise and potential immediate actions. Coupling this approach with stress testing (to better understand the impact of possible climate scenarios) has allowed the Fund to assess a range of outcomes that may arise and assess the resilience of the Fund under these scenarios.

The results show that:

1. When considering climate scenario stress tests, the Fund appears to be generally resilient to different climate scenarios, with generally modest impacts versus the base case modelled
2. The results of the downside, narrative analysis suggest that the Fund is likely to be resilient in the face of some severe downside risk events (in comparison to the base case), but not all.

Climate scenario analysis helps assess risks and tests the resilience of current and long-term strategies under various scenarios. This helps to identify vulnerabilities across both assets and liabilities. Identification of these vulnerabilities can inform risk management processes (see figure 1), helping the Fund ensure appropriate controls and mitigations are in place. Scenario analysis therefore supports informed decision making, and may be used in future to assist with disclosures prepared in line with Task Force on Climate-Related Financial Disclosures (TCFD) principles.

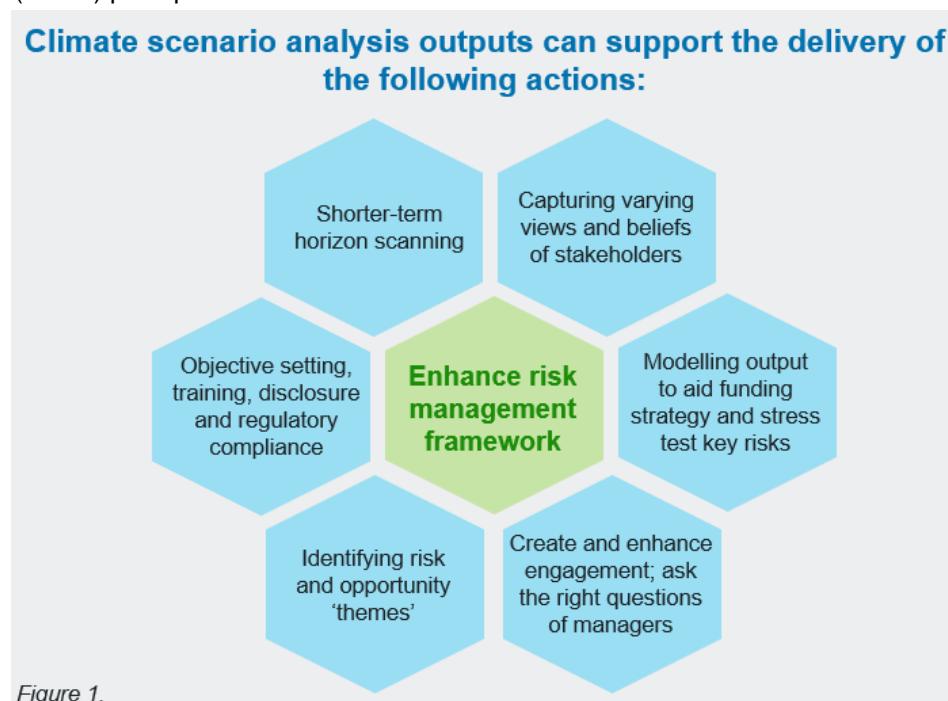


Figure 1.

This climate analysis was not applied to the funding strategy modelling for smaller employers. However, given that the same underlying model is used for all employers and that the local authority employers make up the

vast majority of the Fund's assets and liabilities, applying the climate analysis to all employers was not deemed proportionate at this stage and would not be expected to result in any changes to the agreed contribution plans.

The Fund has a Responsible Investment Policy which was last agreed by Pensions Committee in 2022.

## Appendix E – Actuarial assumptions

The key outputs from an employer's funding valuation are its contribution rate requirement (see Section 2 for further details) and its funding level (see Section 4). For both calculations the Fund actuary requires actuarial assumptions.

The Fund typically reviews and sets the actuarial assumptions used for funding purposes as part of the triennial valuation. Those assumptions are then used until the next triennial valuation (updated for current market conditions where appropriate).

The Fund has reviewed the actuarial assumptions used for funding purposes as part of the 2025 valuation. These are set out below.

### **E1 What are actuarial assumptions?**

Actuarial assumptions are required to value the Fund's liabilities because:

- There is uncertainty regarding both the timing and amount of the future benefit payments (the actual cost can't be known until the final payment is made). Therefore to estimate the cost of benefits earned to date and in the future, assumptions need to be made about the timing and amount of these future benefit payments
- The assets allocated to an employer today are a known figure. However, the future investment return earned on those assets and future cashflows into the fund are uncertain. An assumption is needed about what those future investment returns will be

There are two types of actuarial assumptions that are needed to perform an actuarial valuation: **financial assumptions** determine the expected amount of future benefit payments and the expected investment return on the assets held to meet those benefits, whilst **demographic assumptions** relate primarily to the expected timing of future benefit payments (i.e. when they are made and for how long).

All actuarial assumptions are set as best estimates of future experience with the exception of the discount rate assumption which is deliberately prudent to meet the regulatory requirement for a 'prudent' valuation.

Any change in the assumptions will affect the value that is placed on future benefit payments ('liabilities'), but different assumptions don't affect the actual benefits the fund will pay in future.

### **E2 What funding bases are operated by the Fund?**

A *funding basis* is the set of actuarial assumptions used to value an employer's (past and future service) liabilities. The fund operates two funding bases for funding valuations: the *ongoing participation basis* and the *low-risk exit basis*. All actuarial assumptions are the same for both funding bases with the exception of the discount rate – see further details below.

### **E3 What financial assumptions are used by the Fund?**

#### **Discount rate**

The discount rate assumption is the average annual rate of future investment return assumed to be earned on an employer's assets from a given valuation date.

The Fund uses a risk-based approach to setting the discount rate which allows for prevailing market conditions on the valuation date (see 'Further detail on the calculation of financial assumptions') and the Fund's investment strategy.

The discount rate is determined by the *prudence level*. Specifically, the discount rate is calculated to be:

*The average annual level of future investment return that can be achieved on the Fund's assets over a 20 year period with a x% likelihood.*

The prudence level is the likelihood. The prudence levels used by the fund are as follows:

Funding basis	Prudence level
Ongoing participation	80%
Low-risk exit	90% (mid point of cessation corridor)

Further information on the cessation corridor can be found in [Appendix J](#).

### CPI inflation

The CPI inflation assumption is the average annual rate of future Consumer Price Index (CPI) inflation assumed to be observed from a given valuation date. This assumption is required because LGPS benefit increases (in deferment and in payment) and revaluation of CARE benefits are in line with CPI.

The fund uses a risk-based approach to setting the CPI inflation assumption which allows for prevailing market conditions on the valuation date (see 'Further detail on the calculation of financial assumptions').

The CPI inflation assumption is calculated to be:

*The average annual level of future CPI inflation that will be observed over a 20 year period with a 50% likelihood*

### Salary growth

The salary growth assumption is linked to the CPI inflation assumption via a fixed margin. The salary growth assumption is 0.5% above the CPI inflation assumption plus a promotional salary scale.

### E4 Further detail on the calculation of financial assumptions

The ongoing participation basis discount rate and CPI inflation assumptions are calculated using a risk-based method. To assess the likelihood associated with a given level of investment return or a given level of future inflation, the fund actuary uses Hymans Robertson's proprietary economic scenario generator; the *Economic Scenario Service* (or *ESS*). The model uses statistical distributions to project a range of 5,000 different possible outcomes for the future behaviour of different asset classes and wider economic variables, such as inflation.

The table below shows the calibration of the model as at 31 March 2025 for some sample asset classes and economic variables. All returns are shown net of fees and are the annualised total returns over 5, 10 and 20 years. Yields and inflation refer to the simulated yields at that time horizon.

Time period	Percentile	Annualised total returns								Inflation/Yields				
		UK Equity	Overseas equity	Emerging market equity	Private Equity	Property	Infrastructure equity	UK Corporate bonds (A-rated)	Absolute return bonds	Multi-asset credit	Private lending	Inflation (CPI)	17 year real yield (CPI)	17 year yield
5 years	16 <sup>th</sup>	0.1%	-0.5%	-3.2%	-2.5%	0.2%	1.1%	4.0%	3.6%	4.1%	4.5%	1.2%	1.5%	4.8%
	50 <sup>th</sup>	8.2%	8.2%	8.5%	10.0%	6.8%	8.1%	5.2%	5.0%	6.7%	8.2%	2.8%	2.4%	5.8%
	84 <sup>th</sup>	16.4%	16.9%	20.9%	22.8%	14.1%	15.5%	6.1%	6.5%	8.8%	11.4%	4.3%	3.3%	7.1%
10 years	16 <sup>th</sup>	2.5%	2.1%	0.2%	1.2%	2.3%	3.1%	4.8%	4.0%	5.8%	6.4%	0.8%	0.8%	3.9%
	50 <sup>th</sup>	8.6%	8.5%	8.8%	10.2%	7.3%	8.4%	5.8%	5.4%	7.4%	8.8%	2.5%	2.1%	5.3%
	84 <sup>th</sup>	14.6%	14.8%	17.5%	19.6%	12.7%	13.8%	6.7%	6.9%	8.9%	10.9%	4.1%	3.3%	7.1%
20 years	16 <sup>th</sup>	3.8%	3.7%	2.2%	3.4%	3.5%	4.2%	4.6%	3.7%	6.1%	7.0%	0.7%	-0.5%	1.6%
	50 <sup>th</sup>	8.4%	8.3%	8.5%	9.9%	7.3%	8.3%	5.8%	5.3%	7.6%	8.8%	2.3%	1.3%	3.6%
	84 <sup>th</sup>	12.9%	13.1%	15.1%	17.0%	11.3%	12.4%	7.2%	7.1%	9.1%	10.7%	3.9%	3.0%	6.2%
Volatility (1 yr)		16.3%	18.6%	24.3%	26.6%	15.2%	14.5%	3.2%	2.7%	6.3%	9.3%	1.4%	-	-

The ESS model is recalibrated monthly. The Fund actuary uses the most recent calibration of the model (prior to the valuation date) to set financial assumptions for each funding valuation.

## **E5 What demographic assumptions are used by the Fund?**

The Fund uses advice from Club Vita to set demographic assumptions, as well as analysis and judgement based on the Fund's experience.

Demographic assumptions vary by type of member, so each employer's own membership profile is reflected in the assumptions that apply to them.

### **Life expectancy**

The longevity assumptions are a bespoke set of VitaCurves produced by detailed analysis and tailored to fit the Fund's membership profile.

Allowance has been made for future improvements to mortality, in line with the 2024 version of the continuous mortality investigation (CMI) model published by the actuarial profession. The core parameters of the model apply, however, the starting point has been adjusted by +0.25% (for males and females) to reflect the difference between the population-wide data used in the CMI and LGPS membership. A long-term rate of mortality improvements of 1.5% pa applies.

### **Other demographic assumptions**

Retirement in normal health	Members are assumed to retire at the earliest age possible with no pension reduction.
Promotional salary increases	Sample increases below
Death in service	Sample rates below
Withdrawals	Sample rates below
Retirement in ill health	Sample rates below
Family details	A varying proportion of members are assumed to have a dependant partner at retirement or on earlier death. At age 65 this is assumed to be 55% for males and 54% for females). Dependant of a male is 3.5 years younger than him Dependent of a female is 0.6 years older than her
Commutation	75% of maximum under HMRC limits.
50:50 option	0% of members will choose the 50:50 option.

## Rates for demographic assumptions

**Males**

Age	Salary Scale	Death Before Retirement	Withdrawals		III Health Tier 1		III Health Tier 2	
			FT & PT	FT	PT	FT	PT	FT
20	105	0.17	210.24	365.85	0.00	0.00	0.00	0.00
25	117	0.17	138.87	241.66	0.00	0.00	0.00	0.00
30	131	0.20	98.53	171.44	0.00	0.00	0.00	0.00
35	144	0.24	76.99	133.93	0.10	0.07	0.02	0.01
40	151	0.41	61.98	107.80	0.16	0.12	0.03	0.02
45	159	0.68	58.22	101.23	0.35	0.27	0.07	0.05
50	167	1.09	47.99	83.35	0.90	0.68	0.23	0.17
55	173	1.70	37.79	65.67	3.54	2.65	0.51	0.38
60	174	3.06	33.68	58.51	6.23	4.67	0.44	0.33
65	174	5.10	20.67	35.91	11.83	8.87	0.00	0.00

**Females**

Age	Salary Scale	Death Before Retirement	Withdrawals		III Health Tier 1		III Health Tier 2	
			FT & PT	FT	PT	FT	PT	FT
20	105	0.17	210.24	365.85	0.00	0.00	0.00	0.00
25	117	0.17	138.87	241.66	0.00	0.00	0.00	0.00
30	131	0.20	98.53	171.44	0.00	0.00	0.00	0.00
35	144	0.24	76.99	133.93	0.10	0.07	0.02	0.01
40	151	0.41	61.98	107.80	0.16	0.12	0.03	0.02
45	159	0.68	58.22	101.23	0.35	0.27	0.07	0.05
50	167	1.09	47.99	83.35	0.90	0.68	0.23	0.17
55	173	1.70	37.79	65.67	3.54	2.65	0.51	0.38
60	174	3.06	33.68	58.51	6.23	4.67	0.44	0.33
65	174	5.10	20.67	35.91	11.83	8.87	0.00	0.00

## Appendix F – Policy on Prepayments

Effective date of policy	1 April 2026
Next review	March 2029

### F1 Introduction

The purpose of this policy is to set out the administering authority's approach to the prepayment of regular contributions due by participating employers.

It should be noted that this statement is not exhaustive and individual circumstances may be taken into consideration where appropriate.

### Aims and objectives

The administering authority's aims and objectives related to this policy are as follows:

- To provide employers with clarity around the circumstances where prepayment of contributions will be permitted.
- To outline the key principles followed when calculating prepayment amounts.
- To outline the approach taken to assess the suitability of a prepayment as sufficient to meet the required contributions.

### Background

It is common practice in the LGPS for employers to pre-pay regular contributions that were otherwise due to be paid to the Fund in future. Employer contributions include the 'Primary Rate' – which is expressed as a percentage of payroll and reflects the employer's share of the cost of future service benefits, and the 'Secondary Rate' – which can be expressed as a percentage of payroll or a monetary amount and is an additional contribution designed to ensure that the total contributions payable by the Employer meet the funding objective.

On 22 March 2022, following a request from the LGPS Scheme Advisory Board, James Goudie QC provided an Opinion on the legal status of prepayments. This Opinion found that the prepayment of employee and employer contributions was not illegal, subject to the basis for determining the prepayment amount being reasonable, proportionate and prudent. Further, the Opinion set out specific requirements around the presentation of prepayments.

### Guidance and regulation framework

The Local Government Pension Scheme Regulations 2013 (as amended) set out the way in which LGPS funds should determine employer contributions and contain relevant provisions regarding the payment of these, including the following:

- Regulation 9 – outlines the contribution rates payable by active members
- Regulation 62 - sets the requirement for an administering authority to prepare an R&A certificate.
- Regulation 67 – sets out the requirement for employers to pay contributions in line with the Rates and Adjustments (R&A) certificate and specifies that primary contributions be expressed as a percentage of pensionable pay of active members.

## **F2 Statement of principles**

This statement of principles covers the prepayment of regular employer contributions to the Fund. Each case will be treated on its own merits, but in general:

- The administering authority will permit the prepayment of employer contributions.
- Prepaying contributions expressed as a percentage of pay introduces the risk that the prepayment amount will be insufficient to meet the scheduled contribution (as a result of differences between expected and actual payroll). Prepaying contributions is therefore only permissible in the case of secure, long-term employers (e.g. local authorities).
- The prepayment of employee contributions is not permitted.
- A discount will be applied where employer contributions are prepaid, to reflect the investment return that is assumed to be generated by the Fund over the period of prepayment.
- The Fund actuary will determine the prepayment amount, which may require assumptions to be made about payroll over the period which the scheduled contribution is due.
- Where contributions expressed as a percentage of pay have been prepaid, the administering authority will carry out an annual check (and additional contributions may be required by the employer) to make sure that the actual amounts paid are sufficient to meet the contribution requirements set out in the R&A certificate.
- Prepayment agreements will be documented by way of correspondence between the administering authority and the employer.
- The R&A certificate will be updated on an annual basis to reflect any prepayment agreements in place.
- Employers are responsible for ensuring that any prepayment agreement is treated appropriately when accounting for pensions costs.
- Prepayment agreements can cover any annual period of the R&A (or a consecutive number of annual periods).

## **F3 Policy**

### **Eligibility and periods covered**

The Fund is happy to consider requests from any employers to pre-pay certified primary and secondary contributions. However, in general, prepayments are most appropriate for large, secure employers with stable active memberships. Employer contributions over the period of the existing R&A certificate (and, where a draft R&A certificate is being prepared following the triennial valuation, the draft R&A certificate) may be pre-paid by employers.

Prepayment of contributions due after the end of the existing (or draft) R&A certificate is not permitted, i.e. it would not be possible to prepay employer contributions due in the 2029/30 year until the results of the 2028 valuation are known and a draft R&A certificate covering the 2029 to 2032 period has been prepared.

### **Request and timing**

Prior to making any prepayment, employers are required to inform the Fund in writing of their wish to prepay employer contributions and to request details of the amount required by the Fund to meet the scheduled future contribution.

This request should be received by the Fund within 2 months of the start of the period for which the prepayment is in respect of.

The Fund will then provide the employer with a note of the prepayment amount and the date by which this should be paid. In general, the prepayment should be as close as possible to the beginning of the appropriate R&A period and by 30 April at the latest.

Failure to pay the prepayment amount by the specified date may lead to the need for an additional and immediate payment from the employer to ensure that the amount paid is sufficient to meet the certified amount set out in the R&A certificate.

### **Calculation**

The Fund actuary will determine the prepayment amount required.

Where the prepayment is in respect of contributions expressed as a percentage of pay:

- The Fund actuary will determine the discounted value of scheduled contributions based on an estimate of payroll over the period (using the information available and assumptions set at the previous valuation) and the discount rate set for the purpose of the previous actuarial valuation (as specified in the previous actuarial valuation report).
- A sufficiency check will be required at the end of the period (see section 3.4)

Where the prepayment is in respect of contributions expressed as a monetary amount:

- The Fund actuary will determine the discounted value of scheduled contributions based on the discount rate set for the purpose of the previous actuarial valuation (as specified in the previous actuarial valuation report).
- No sufficiency check will be required

Employers may pay more than the prepayment amount determined by the Fund actuary.

No allowance for expected outsourcing of services will be made in the Fund actuary's estimation of payroll for the prepayment period.

### **Sufficiency check**

Where required, the Fund actuary will carry out an **annual** assessment to check that sufficient contributions have been prepaid in respect of that period. Specifically, this will review the prepayment calculation based on actual payroll of active members over the period and this may lead to a top-up payment being required from the employer.

If this sufficiency check reveals that the prepayment amount was higher than that which would have been required based on actual payroll (i.e. if actual payroll over the period is less than was assumed), this will not lead to a refund of contributions to the employer.

The sufficiency check will not compare the assumed investment return (i.e. the discount rate) with actual returns generated over the period. i.e. the check considers payroll only. Any shortfall arising due to actual investment returns being lower than that assumed will form part of the regular contribution assessment at the next valuation (as per the normal course of events).

The administering authority will notify the employer of any top-up amount payable following this annual sufficiency check and the date by which any top-up payment should be made.

### **Documentation and auditor approval**

The Fund will provide the employer with a note of the information used to determine the prepayment amount, including:

- Discount rate used in the calculations
- The estimate of payroll (where applicable)
- The effective date of the calculation (and the date by which payment should be made)
- The scheduled regular payments which the prepayment amount covers.

The prepayment agreement will be reflected in the R&A certificate as follows:

- The unadjusted employer regular contribution rate payable over the period of the certificate
- As a note to the contribution rate table, information relating to the prepayment amount and the discount applied, for each employer where a prepayment agreement exists.

The R&A certificate will be updated on an annual basis to reflect any prepayment agreements in place.

Employers should discuss the prepayment agreement with their auditor prior to making payment and agree the accounting treatment of this. The Fund will not accept any responsibility for the accounting implications of any prepayment agreement.

### **Costs**

Employers entering into a prepayment agreement will be required to meet the cost of this, which includes (but is not limited to) the actuarial fees incurred by the administering authority. These costs would be recharged to employers by the Fund.

### **Risks**

Employers may enter into prepayment agreements on the expectation that the Fund will be able to generate higher returns than they can over the prepayment period. Employers should be aware that future returns are not guaranteed, and it is possible that the returns generated on prepayment amounts may generate a lower return than that which can be generated by the employer. It is also possible that negative returns will lead to the value of any prepayment being less than that which was scheduled to be paid. In such circumstances, a top-up payment would not be required (as the sufficiency check only considers the effect of actual payroll being different to that assumed in the prepayment calculation), however the employer's asset share would be lower than it would have been if contributions were paid as scheduled. This would be considered by the Fund actuary at the next triennial valuation (as per the normal course of events).

### **F4 Related policies**

The Fund's approach to setting regular employer contribution rates is set out in the Funding Strategy Statement, specifically "Section 2 – How does the Fund calculate employer contributions?".

## Appendix G - Policy on pass-through

Effective date of policy	1 April 2026
Next review	March 2029

### G1 Introduction

The purpose of this policy is to set out the administering authority's approach to admitting new contractors into the Fund on a pass-through basis. In addition, and subject to review on a case-by-case basis, the Fund may be willing to apply its pass-through principles to other admission bodies where liabilities are covered by a guarantor within the Fund.

It should be noted that this statement is not exhaustive and individual circumstances may be taken into consideration where appropriate.

### Aims and objectives

The administering authority's aims and objectives related to this policy are as follows:

- To set out the Fund's approach to admitting new contractors / admission bodies, including the calculation of contribution rates and how risks are shared under the pass-through arrangement.
- To outline the process for admitting new contractors / admission bodies into the Fund.

### Background

Employees outsourced from local authorities, police and fire authorities must be offered pension benefits that are the same, better than, or count as being broadly comparable to, the Local Government Pension Scheme (as per the Best Value Authorities Staff Transfer (Pensions) Direction 2007) and the Welsh Authority Staff Transfers (Pensions) Direction 2012. This is typically achieved by employees remaining in the LGPS and the new employer becoming an admitted body to the Fund and making the requisite employer contributions.

Pass-through is an arrangement whereby the letting authority (e.g. the local authority) retains the main risks of fluctuations in the employer contribution rate during the life of the contract, and the risk that the employer's assets may be insufficient to meet the employees' pension benefits at the end of the contract.

### Guidance and regulatory framework

The Local Government Pension Scheme Regulations 2013 (as amended) set out the way in which LGPS funds should determine employer contributions and contain relevant provisions regarding the payment of these, including the following:

- Schedule 2 Part 3 sets out the entities eligible to join the Fund as an admitted body, their key responsibilities as an admitted body and the requirements of the admission agreement.
- Regulation 64 - covers the requirements for a cessation valuation following the exit of a participating employer from the Fund.
- Regulation 67 – sets out the requirement for employers to pay contributions in line with the Rates and Adjustments (R&A) certificate and provides a definition of the primary rate.

## G2 Statement of principles

This statement of principles covers the admission of new contractors (or other admission bodies) to the Fund on a pass-through basis. Each case will be treated on its own merits, but in general:

- Employers which “**outsource**” have flexibility in the way that they can deal with the pension risk potentially taken on by the contractor. There are typically **three different routes that such employers may wish to adopt**. Clearly as the risk ultimately resides with the employer letting the contract, it is for them to agree the appropriate route with the contractor:
  - Pooling
    - Under this option the contractor is pooled with the letting authority. In this case, the contractor pays the same rate as the letting authority, which may be under a stabilisation approach.
  - Letting authority retains pre-contract risks
    - Under this option the letting authority would retain responsibility for assets and liabilities in respect of service accrued prior to the contract commencement date. The contractor would be responsible for the future liabilities that accrue in respect of transferred staff.
    - The contractor’s contribution rate could vary from one valuation to the next. It would be liable for any deficit (or entitled to any surplus) at the end of the contract term in respect of assets and liabilities attributable to service accrued during the contract term. Please note, the level of exit credit (if any) payable on cessation would be determined by the Administering Authority in accordance with the Regulations and this FSS.
  - Fixed contribution rate agreed
    - Under this option the contractor pays a fixed contribution rate throughout its participation in the Fund and does not pay any deficit or receive an exit credit.
- The Fund’s preference and default approach is to use the pooling approach described above. However, the administering authority may be willing to administer any of the above options as long as the approach is documented in the admission agreement as well as the transfer agreement.
- Unless otherwise instructed by the letting authority, under the fixed contribution rate approach, the contractor’s pension contribution rate is set equal to the primary contribution rate payable by the letting authority.
- The letting authority retains responsibility for variations in funding level, for instance due to investment performance, changes in market conditions, and longevity under its pass-through arrangement, irrespective of the size of the outsourcing.
- The contractor will meet the cost of additional liabilities arising from (non-ill health) early retirements and augmentations together with funding strains arising from excessive salary growth.
- Ill health experience will be pooled with the letting authority and no additional strain payments will be levied on the contractor in respect of ill health retirements.
- The contractor will not be required to obtain an indemnity bond.

- There will be no notional transfer of assets to the contractor within the Fund. This means that all assets and liabilities relating to the contractor's staff will remain the responsibility of the letting authority during the period of participation.
- At the end of the contract (or when there are no longer any active members participating in the Fund, for whatever reason), the admission agreement will cease and no further payment will be required from the contractor (or the letting authority) to the Fund, save for any outstanding regular contributions and/or invoices. Likewise, no "exit credit" payment will be required from the Fund to the contractor (or letting authority).
- The terms of the pass-through agreement will be documented by way of the admission agreement between the administering authority, the letting authority, and the contractor.
- All existing admission agreements are unaffected by this policy.

The principles outlined above are the default principles which will apply; however, the letting authority may request the specific details of a particular agreement to differ from the principles outlined above.

The administering authority is not obliged to agree to a departure from the principles set out in this policy but will consider such requests and engage with the letting authority to reach agreement.

### **G3 Policy and process**

#### **Compliance**

Adherence to this policy is the responsibility of the relevant responsible service manager for any given outsourcing.

The administering authority and the Fund actuary must always be notified that an outsourcing has taken place, regardless of the number of members involved.

#### **Contribution rates**

Where a contract is let on the basis of pass-through, as described above, the contribution rate payable by the contractor over the period of participation will be determined at the start of the contract in accordance with the agreed methodology (as discussed above) and this approach will apply throughout its participation in the Fund.

#### **Risk sharing and cessation valuation**

The letting authority will retain the risk of the contractor becoming insolvent during the period of admission and so no indemnity bond will be required from contractors participating in the Fund on a pass-through basis. The letting authority is effectively guaranteeing the contractor's participation in the Fund.

A cessation valuation is required when a contractor no longer has any active members in the Fund. This could be due to a contract coming to its natural end, insolvency of a contractor or the last active member leaving employment or opting out of the LGPS.

Where a pass-through arrangement is in place, the Fund assets and liabilities associated with outsourced employees are retained by the letting authority. At the end of the admission, the cessation valuation will therefore record nil assets and liabilities for the ceasing employer and therefore that no cessation debt or exit credit is payable to or from the Fund.

The contractor will be required to pay any outstanding regular contributions and/or unpaid invoices relating to the cost of (non-ill health) early retirement strains and/or augmentations and/or in respect of excessive salary increases at the end of the contract.

Under a typical pass-through arrangement, the contractor will be liable for additional pension costs that arise due to items over which it exerts control. The risk allocation is as follows:

Risks	Letting authority	Contractor/ Admitted body
Surplus/deficit prior to the transfer date	✓	
Interest on surplus/deficit	✓	
Investment performance of assets held by the Fund	✓	
Changes to the discount rate that affect past service liabilities	✓	
Changes to the discount rate that affect future service accrual	✓	
Change in longevity assumptions that affect past service liabilities	✓	
Changes to longevity that affect future accrual	✓	
Price inflation affects past service liabilities	✓	
Price inflation / pension increases that affect future accrual	✓	
Exchange of pension for tax free cash	✓	
Ill health retirement experience	✓	
Strain costs attributable to granting early retirements (not due to ill health (e.g. redundancy, efficiency, waiving actuarial reductions on voluntary early retirements)		✓
Greater/lesser level of withdrawals	✓	
Rise in average age of contractor's employee membership	✓	
Changes to LGPS benefit package	✓	
Excess liabilities attributable to the contractor granting pay rises that exceed those assumed in the last formal actuarial valuation of the Fund		✓
Award of additional pension or augmentation		✓

## Accounting valuations

Accounting for pensions costs is a responsibility for individual employers.

It is the administering authority's understanding that contractors may be able to account for such pass-through admissions on a defined contribution basis and therefore no formal FRS102 / IAS19 report may be required (e.g. contractors paying a fixed rate are largely indemnified from the risks inherent in providing defined benefit pensions).

As the letting authority retains most of the pension risk relating to contractors, it is the administering authority's understanding that these liabilities (and assets) should be included in the letting authority's FRS102 / IAS19 disclosures.

The administering authority expects employers to seek approval to the treatment of pension costs from their auditor.

## Application

Letting authorities may request terms which differ from those set out in this policy and any such request will be considered by the administering authority.

All existing admission agreements (i.e. which commenced prior to the effective date of this policy) are unaffected by this policy.

## Process

The procurement department at each letting authority that has responsibility for staff/service outsourcing must be advised of this policy. The process detailed below must be adhered to by the letting authority and (where applicable) the contractor.

- **Tender Notification** - The letting authority must publicise this pass-through policy as part of its tender process to bidders. This should confirm that the winning bidder will not be responsible for ensuring that the liabilities of outsourced employees are fully funded at the end of the contract, and that the winning bidder will only be responsible for paying contributions to the Fund during the period of participation and meeting the cost of (non-ill health) early retirement strains, the cost of benefit augmentations and excessive salary growth (assuming the terms of this policy are adhered to). It should also advise the employer contribution rate as detailed in paragraph 3.2.
- **Initial notification to Pension Team** – The letting authority must contact the administering authority when a tender (or re-tender) of an outsourcing contract is taking place and staff (or former staff) are impacted. The administering authority must be advised prior to the start of the tender and the letting authority must also confirm that the terms of this policy have been adhered to.
- **Confirmation of winning bidder** – The letting authority must immediately advise the administering authority of the winning bidder.
- **Request for winning bidder to become an admitted body** – The winning bidder (in combination with the letting authority), should request to the administering authority that it wishes to become an admitted body within the Fund.

- **Template admission agreement** – a template pass-through admission agreement will be used for admissions under this policy. It will set out all agreed points relating to employer contribution rate, employer funding responsibilities, and exit conditions. Only in exceptional circumstances, and only with the prior agreement of the administering authority, will the wording within the template agreement be changed. All admission agreements must be reviewed (including any changes) by the administering authority and possibly its legal advisors.
- **Signed admission agreement** - Signing of the admission agreement can then take place between an appropriate representative of the winning bidder, the lead finance officer of the letting authority, and the administering authority. It is at this point the Fund can start to receive contributions from the contractor and its employee members (backdated if necessary).
- **Admitted body status** – The letting authority will advise the contractor of its requirements and responsibilities within the Fund.

## Costs

Contractors being admitted to the Fund under a pass-through agreement will be required to meet the cost associated with the agreed contribution rate, which includes (but is not limited to) the actuarial fees incurred by the administering authority.

## G4 Related policies

The Fund's approach to setting regular employer contribution rates is set out in its Funding Strategy Statement, specifically "Section 2 – How does the Fund calculate employer contributions?".

The treatment of new employers joining the Fund is set out in the Funding Strategy Statement, specifically "Section 5 – What happens when an employer joins the Fund?"

The treatment of employers exiting the Fund is set out in the Funding Strategy Statement, specifically "Section 7 – What happens when an employer leaves the Fund?"

## Appendix H - Policy on contribution reviews

Effective date of policy	1 April 2026
Next review	March 2029

### H1 Introduction

The purpose of this policy is to set out the administering authority's approach to reviewing contribution rates between triennial valuations.

It should be noted that this statement is not exhaustive and individual circumstances may be taken into consideration where appropriate.

### Aims and objectives

The administering authority's aims and objectives related to this policy are as follows:

- To provide employers with clarity around the circumstances where contribution rates may be reviewed between valuations.
- To outline specific circumstances where contribution rates will not be reviewed.

### Background

The Fund may amend contribution rates between valuations for 'significant change' to the liabilities or covenant of an employer.

Such reviews may be instigated by the Fund or at the request of a participating employer.

Any review may lead to a change in the required contributions from the employer.

### Guidance and regulatory framework

Regulation 64 of the Local Government Pension Scheme Regulations 2013 (as amended) sets out the way in which LGPS funds should determine employer contributions, including the following;

- Regulation 64 (4) – allows the administering authority to review the contribution rate if it becomes likely that an employer will cease participation in the Fund, with a view to ensuring that the employer is fully funded at the expected exit date.
- Regulation 64A - sets out specific circumstances where the administering authority may revise contributions between valuations (including where a review is requested by one or more employers).

This policy also reflects statutory guidance from the Ministry of Housing, Communities and Local Government (MHCLG) on preparing and maintaining policies relating to the review of employer contributions. Interested parties may want to refer to an accompanying guide that has been produced by the Scheme Advisory Board as well as the letter from MHCLG in March 2025 to all Administering Authorities regarding the Government's intention to consult on changes to the Regulations as they apply to revision of contribution rates.

### H2 Statement of principles

This statement of principles covers review of contributions between valuations. Each case will be treated on its own merits, but in general:

- The administering authority reserves the right to review contributions in line with the provisions set out in the LGPS Regulations.
- The decision to make a change to contribution rates rests with the administering authority, subject to consultation with employers during the review period.
- Full justification for any change in contribution rates will be provided to employers.
- Advice will be taken from the Fund actuary in respect of any review of contribution rates.
- Any revision to contribution rates will be reflected in the Rates & Adjustments certificate.
- An additional level of security or guarantee may be sought by the Fund, in certain circumstances.

### **H3 Policy**

#### **Circumstances for review**

The Fund would consider the following circumstances as a potential trigger for review:

- in the opinion of an administering authority there are circumstances which make it likely that an employer (including an admission body) will become an exiting employer sooner or later than anticipated at the last valuation;
- an employer is approaching exit from the Fund within the next two years and before completion of the next triennial valuation;
- there are changes to the benefit structure set out in the LGPS Regulations which have not been allowed for at the last valuation;
- it appears likely to the administering authority that the amount of the liabilities arising or likely to arise for an employer or employers has changed significantly since the last valuation;
- it appears likely to the administering authority that there has been a significant change in the ability of an employer or employers to meet their obligations (e.g. a material change in employer covenant, or provision of additional security);
- it appears to the administering authority that the membership of the employer has changed materially such as bulk transfers, significant reductions to payroll or large-scale restructuring; or
- where an employer has failed to pay contributions or has not arranged appropriate security as required by the administering authority.

#### **Employer requests**

The administering authority will also consider a request from any employer to review contributions where the employer has undertaken to meet the costs of that review and sets out the reasoning for the review (which would be expected to fall into one of the above categories, such as a belief that their covenant has changed materially, or they are going through a significant restructuring impacting their membership). If the reason does not explicitly meet the criteria a contribution review will not take place.

The administering authority will require additional information to support a contribution review made at the employer's request. The specific requirements will be confirmed following any request and this is likely to include the following:

- a copy of the latest accounts;
- details of any additional security being offered (which may include insurance certificates);
- budget forecasts; and/or
- information relating to sources of funding.

The administering authority will endeavour to complete any review within 3 months of request subject to receipt of satisfactory evidence. The administering authority will also monitor any change in an employer's circumstances on a regular basis following any change in contribution rate and may require further information from the employer to support this monitoring process.

The costs incurred by the administering authority in carrying out a contribution review (at the employer's request) will be met by the employer. These will be confirmed upfront to the employer prior to the review taking place.

### **Impact on other employers**

When undertaking any review of contributions, the administering authority will also consider the impact of a change to contribution rates on other Fund employers. This will include the following factors:

- The existence of a guarantor.
- The amount of any other security held.
- The size of the employer's liabilities relative to the whole Fund.

The administering authority will consult with other Fund employers as necessary.

### **Effect of market volatility**

Except in circumstances such as an employer nearing cessation, the administering authority will not consider market volatility or changes to asset values as a basis for a change in contributions outside a formal valuation. In particular, a contribution rate review will not be considered for local authority employers in order to manage surpluses in between formal triennial actuarial valuations.

### **Documentation**

Where revisions to contribution rates are necessary, the Fund will provide the employer with a note of the information used to determine these, including:

- Explanation of the key factors leading to the need for a review of the contribution rates, including, if appropriate, the updated funding position.
- A note of the new contribution rates and effective date of these.
- Date of next review.
- Details of any processes in place to monitor any change in the employer's circumstances (if appropriate), including information required by the administering authority to carry out this monitoring.

The Rates & Adjustments certificate will be updated to reflect the revised contribution rates.

#### **H4 Related policies**

The Fund's approach to setting employer contribution rates is set out in the Funding Strategy Statement, specifically "Section 2 – How does the Fund calculate employer contributions?".

# Appendix I - Policy on ill health risk management

Effective date of policy	1 April 2026
Next review	March 2029

## I1 Introduction

The purpose of this policy is to set out the administering authority's approach to managing the risk arising due to ill health retirements.

It should be noted that this statement is not exhaustive and individual circumstances may be taken into consideration where appropriate.

## Aims and objectives

The administering authority's aims and objectives related to this policy are as follows:

- To explain the approach taken to manage ill health risk
- To specify circumstances where a review of experience may lead to additional contributions.
- To outline the key risks and benefits to this arrangement.

## Background

Additional liabilities can arise following the retirement of members due to ill health. These additional liabilities can include the unreduced early payment of pension benefits and the award of additional service. The level of pension benefits paid on ill health depends on the severity of the member's condition.

The LGPS Regulations require the additional liabilities to be funded by way of payments from employers. Payment of large lump sums to meet strains as and when they arise can lead to unexpected payments and put significant strain on employers' budgets. LGPS funds are able to put arrangements in place which mitigate the risk of having to pay a large cash sum due to an ill health retirement strain payment.

To mitigate this risk to smaller employers, and to evidence good governance and risk management, the administering authority has arranged for an external insurance policy to cover ill health early retirement strains for smaller employers in the Fund. Each of these employer's contributions to the Fund includes its share of that year's insurance premium. When an active member retires on ill health early retirement, the claim amount received from the insurer will be credited to the respective employer's asset share in the Fund.

For all other employers that are not covered by the external insurance policy, any funding strain in excess of the allowance made in the funding basis would be met through an increase to ongoing contributions.

## Guidance and regulatory framework

The Local Government Pension Scheme Regulations 2013 (as amended) set out the benefits payable to members and the way in which additional benefits (such as those arising on ill health early retirement) should be funded. These include the following:

- Regulation 35 – permits the early retirement of pension on ill health grounds.
- Regulation 39 – sets out the calculation of the pension payable in the instance of ill health retirement.

- Regulation 68 – sets out the additional contributions payable by the employer to meet the liability strain caused by a member retiring through ill health.

## **I2 Statement of principles**

This statement of principles covers the external insurance arrangement in place to manage the risks created by ill health retirements for smaller employers, and the equivalent risks for larger employers not using the ill health insurance arrangement. In general:

- Employers will not be required to pay lump sum amounts to meet ill health retirement strains (in the normal course of events).
- Both Tier 1 and Tier 2 ill health retirement strains will be covered by this arrangement.
- For smaller employers in the Fund that are covered by external insurance:
  - Eligible employers are unable to opt out of this arrangement.
  - Each of these employer's contributions to the Fund includes its share of that year's insurance premium.
- For all other employers in the Fund:
  - Regular contribution rates will include the expected cost of assumed ill health retirements.
  - The Hymans Robertson Employer Asset Tracker (HEAT) system is used to track actual ill health experience.
  - Any funding strain in excess of the allowance made in the funding basis would ordinarily be met through an increase to ongoing contributions at the next triennial valuation. However, the Fund reserves the right to request immediate additional contributions in the event of material ill health strains during the period between valuations.

## **I3 Policy**

### **Purpose**

The purpose of this ill health risk management policy is to protect the Fund against adverse ill health retirement experience of individual employers.

### **Eligibility**

This policy applies to all employers in the Fund.

The 'smaller employers' (with under 60 active members) that are covered by external insurance.

### **Operation**

The policy works as follows:

- Assets shares for each employer are determined each month by Hymans Robertson, using the HEAT system and based on the monthly cashflows and asset information provided by the Fund.
- Contribution rates are set by the Fund Actuary every three years as part of the triennial valuation.

Primary contribution rates include allowance for the expected cost of assumed ill health retirements (expressed as a percentage of payroll).

This provides ongoing funding for the assumed level of ill health retirement strains.

## **Smaller employers**

- Smaller employers in the Fund are covered by the ill health insurance arrangement.
  - When an active member retires on tier one or tier two ill health early retirement, a claim amount equal to the Fund-calculated strain cost for the retirement will be received from the insurer (assuming a valid claim) and credited to the respective employer's asset share in the Fund.
  - It is not guaranteed that the insurer will pay the claim, for example if it does not believe that the requirements for a tier one or tier two ill health retirement have been met.

## **Other employers**

- Other employers in the Fund not covered by the ill health insurance arrangement.
  - Where the actual level of ill health retirement strains exceeds the assumed level, this will lead to a shortfall arising at the next triennial valuation for those employers not covered by the ill health insurance arrangement.

No immediate additional contributions will be required from employers to meet this shortfall, but this could increase the contribution requirement following the next triennial valuation.

- Similarly, where the actual level of ill health retirement strains is lower than the assumed level, this will lead to a surplus arising at the next triennial valuation.

No refund will be paid to employers as a result of this, but this surplus could lead to downwards pressures on contributions following the next triennial valuation.

## **Review and additional contributions**

The administering authority will review the level of ill health experience across all employers at each triennial valuation.

If an employer has an unusually high incidence of ill health retirement over the previous inter-valuation period, the administering authority will engage with the employer to understand the reasons for this. In the event of concerns around the eligibility criteria applied by the employer in granting ill health retirements, this could lead to the need for the employer to pay additional contributions to the Fund.

## **Costs**

The costs of operating this policy will be met by the Fund as part of its administration expenses.

## **I4 Related policies**

The Fund's approach to setting regular employer contribution rates is set out in the Funding Strategy Statement, specifically "Section 2 – How does the Fund calculate employer contributions?".

## Appendix J - Policy on cessations

Effective date of policy	1 April 2026
Next review	March 2029

### J1 Introduction

The purpose of this policy is to set out the administering authority's approach to dealing with circumstances where a scheme employer leaves the Fund and becomes an exiting employer (a cessation event).

It should be noted that this policy is not exhaustive. Each cessation will be treated on a case-by-case basis, however certain principles will apply as governed by the regulatory framework (see below) and the Fund's discretionary policies (as described in Section 3 – Policies below).

### Aims and objectives

The administering authority's aims and objectives related to this policy are as follows:

- To confirm the approach for the treatment and valuation of liabilities for employers leaving the Fund.
- To provide information about how the Fund may apply its discretionary powers when managing employer cessations.
- To outline the responsibilities of (and flexibilities for) exiting employers, the administering authority, the actuary and, where relevant, the original ceding scheme employer (usually a letting authority).

### Background

As described in Section 7 of the Funding Strategy Statement (FSS), a scheme employer may become an exiting employer when a cessation event is triggered e.g. when the last active member stops participating in the Fund. On cessation from the Fund, the administering authority will instruct the Fund actuary to carry out a valuation of assets and liabilities for the exiting employer to determine whether a deficit or surplus exists. The Fund has full discretion over the repayment terms of any deficit, and the extent to which any surplus results in the payment of an exit credit.

### Guidance and regulatory framework

The Local Government Pension Scheme Regulations 2013 (as amended) contain relevant provisions regarding employers leaving the Fund (Regulation 64) and include the following:

- Regulation 64 (1) – this regulation states that, where an employing authority ceases to be a scheme employer, the administering authority is required to obtain an actuarial valuation of the liabilities of current and former employees as at the termination date. Further, it requires the Rates & Adjustments Certificate to be amended to show the revised contributions due from the exiting employer
- Regulation 64 (2) – where an employing authority ceases to be a scheme employer, the administering authority is required to obtain an actuarial valuation of the liabilities of current and former employees as at the exit date. Further, it requires the Rates & Adjustments Certificate to be amended to show the exit payment due from the exiting employer or the excess of assets over the liabilities in the fund.

- Regulation 64 (2ZAB) – the administering authority must determine the amount of an exit credit, which may be zero, taking into account the factors specified in paragraph (2ZC) and must:
  - a) Notify its intention to make a determination to-
    - (i) The exiting employer and any other body that has provided a guarantee to the Exiting Employer
    - (ii) The scheme employer, where the exiting employer is a body that participated in the Scheme as a result of an admission agreement
  - b) Pay the amount determined to that exiting employer within six months of the exit date, or such longer time as the administering authority and the exiting employer agree.
- Regulation (2ZC) – In exercising its discretion to determine the amount of any exit credit, the administering authority must have regard to the following factors-
  - a) The extent to which there is an excess of assets in the fund relating to that employer in paragraph (2)(a)
  - b) The proportion of this excess of assets which has arisen because of the value of the employer's contributions
  - c) Any representations to the administering authority made by the exiting employer and, where that employer participates in the scheme by virtue of an admission agreement, any body listed in paragraphs (8)(a) to (d)(iii) of Part 3 to Schedule 2 of the Regulations: and
  - d) Any other relevant factors
- Regulation 64 (2A) & (2B) – the administering authority, at its discretion, may issue a suspension notice to suspend payment of an exit amount for up to three years, where it reasonably believes the exiting employer is to have one or more active members contributing to the fund within the period specified in the suspension notice.
- Regulation 64 (3) – in instances where it is not possible to obtain additional contributions from the employer leaving the Fund or from the bond/indemnity or guarantor, the contribution rate(s) for the appropriate scheme employer or remaining fund employers may be amended.
- Regulation 64 (4) – where it is believed a scheme employer may cease at some point in the future, the administering authority may obtain a certificate from the Fund actuary revising the contributions for that employer, with a view to ensuring that the assets are expected to be broadly equivalent to the exit payment that will be due.
- Regulation 64 (5) – following the payment of an exit payment to the Fund, no further payments are due to the Fund from the exiting employer.
- Regulation 64 (7A-7G) – the administering authority may enter into a written deferred debt agreement, allowing the employer to have deferred employer status and to delay crystallisation of debt despite having no active members.
- Regulation 64B (1) – the administering authority may set out a policy on spreading exit payments.

In addition to the 2013 Regulations summarised above, Regulation 25A of the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 ("the Transitional Regulations")

give the Fund the ability to levy a cessation debt on employers who have ceased participation in the Fund (under the previous regulations) but for whom a cessation valuation was not carried out at the time. This policy document describes how the Fund expects to deal with any such cases.

This policy also reflects statutory guidance from the Ministry of Housing, Communities and Local Government on preparing and maintaining policies relating to employer exits. Interested parties may want to refer to an accompanying guide that has been produced by the Scheme Advisory Board.

These regulations relate to all employers in the Fund.

## **J2 Statement of principles**

This Statement of Principles covers the Fund's approach to exiting employers. Each case will be treated on its own merits but in general:

- it is the Fund's policy that the determination of any surplus or deficit on exit should aim to minimise, as far as is practicable, the risk that the remaining, unconnected employers in the Fund have to make contributions in future towards meeting the past service liabilities of current and former employees of employers leaving the Fund.
- the Fund's preferred approach is to request the full payment of any exit debt (an exit payment), which is calculated by the actuary on the appropriate basis (as per Section 7 of the FSS and Section 3.1 below). This would extinguish any liability to the Fund by the exiting employer.

The Fund's key objective is to protect the interests of the Fund, which is aligned to protecting the interests of the remaining employers. A secondary objective is to consider the circumstances of the exiting employer in determining arrangements for the recovery of the exit debt.

## **J3 Policies**

On cessation, the administering authority will instruct the Fund actuary to carry out a cessation valuation to determine whether there is any deficit or surplus as defined in Section 4.3 of the FSS.

Where there is a deficit, payment of this amount in full would normally be sought from the exiting employer. The Fund's normal policy is that this cessation debt is paid in full in a single lump sum within 28 days of the employer being notified.

However, the Fund will consider written requests from employers to spread the payment over an agreed period, in the exceptional circumstance where payment of the debt in a single immediate lump sum could be shown by the employer to be materially detrimental to the employer's financial situation (see 3.2 Repayment flexibility on exit payments below).

In circumstances where there is a surplus, the administering authority will determine, at its sole discretion, the amount of exit credit (if any) to be paid to the exiting employer (see 3.3 Exit credits below).

## **Approach to cessation calculations**

Cessation valuations are carried out on a case-by-case basis at the sole discretion of the Fund depending on the exiting employer's circumstances. However, in general the following broad principles and assumptions may apply, as described in Section 7.2 of the FSS and summarised below:

Type of employer	Cessation exit basis	Responsible parties for unpaid or future deficit emerging
Local Authorities, Police, Parc Cenedlaethol Eryri	Low risk basis <sup>1</sup>	Shared between other Fund employers
Other Scheduled Bodies	Low risk basis <sup>1</sup>	Shared between other Fund employers
Admission bodies (TABs)	Ongoing basis <sup>2</sup>	Letting authority (where applicable), otherwise shared between other Fund employers
Admission bodies (CABs)	Low risk basis	Shared between other Fund employers (if no guarantor exists)
Designating employers	Low risk basis	Shared between other Fund employers (if no guarantor exists)

<sup>1</sup>Cessation is assumed not to be generally possible, as Scheduled Bodies are legally obliged to participate in the LGPS. In the rare event of cessation occurring (e.g. machinery of Government changes), these cessation principles would apply.

<sup>2</sup>Where a TAB has taken, in the view of the administering authority, action that has been deliberately designed to bring about a cessation event (e.g. stopping future accrual of LGPS benefits), then the cessation valuation will be carried out on a low-risk basis.

### Risk based cessation approach

The fund uses a risk-based approach to set employer funding strategy, including within cessation calculations. In particular, the likelihood of the fund's assets achieving particular future investment returns is analysed.

Where appropriate, the Fund will use this approach to set an upper and lower amount (or "corridor") in order to consider the amount of assets a ceasing employer must leave behind to pay for its members' benefits. The lower and upper bounds will correspond to an 85% and 95% prudence level respectively.

Under this approach, an employer is deemed to have a deficit if its assets are below the lower amount and a surplus if its assets are above the higher amount (ie there will be no deficit or surplus if a ceasing employer's assets fall within the corridor).

### Repayment flexibility on exit payments

#### Deferred spreading arrangement (DFA)

The Fund will consider written requests from exiting employers to spread an exit payment over an agreed period, in the exceptional circumstance where payment of the debt in a single immediate lump sum could be shown by the employer to be materially detrimental to the employer's financial situation.

In this exceptional case, the Fund's policy is:

- The agreed spread period is no more than three years, but the Fund could use its discretion to extend this period in extreme circumstances.

- The Fund may consider factors such as the size of the exit payment and the financial covenant of the exiting employer in determining an appropriate spreading period.
- The exiting employer may be asked to provide the administering authority with relevant financial information such as a copy of its latest accounts, sources of funding, budget forecasts, credit rating (if any) etc. to help in this determination.
- Payments due under the DSA may be subject to an interest charge.
- The Fund will only consider written requests within six months of the employer exiting the Fund. The exiting employer would be required to provide the Fund with detailed financial information to support its request.
- The Fund would take into account the amount of any security offered and seek actuarial, covenant and legal advice in all cases.
- The Fund proposes a legal document, setting out the terms of the exit payment agreement, would be prepared by the Fund and signed by all relevant parties prior to the payment agreement commencing.
- The terms of the legal document should include reference to the spreading period, the annual payments due, interest rates applicable, other costs payable and the responsibilities of the exiting employer during the exit spreading period.
- Any breach of the agreed payment plan would require payment of the outstanding cessation amount immediately.
- Where appropriate, cases may be referred to the Pensions Committee for consideration and considered on their individual merits. Decisions may be made by the Chair in consultation with officers if an urgent decision is required between Committee meetings.

#### **Deferred debt agreement (DDA)**

As an alternative, where the ceasing employer is continuing in business, the Administering Authority may enter into a written agreement with the employer to defer its obligations to make an exit payment and continue to make secondary contributions (a 'Deferred Debt Agreement' as described in Regulation 64 (7A)).

The adoption of this approach will continue to expose the employer to stock market and other funding risks during the deferment period, leading to changes in the size of the debt, rather than crystallising the size of the debt at the point of cessation.

The employer must meet all requirements on Scheme employers and pay the secondary rate of contributions as determined by the Fund actuary until the termination of the DDA.

- The Administering Authority may consider a DDA in the following circumstances:
- The employer requests the Fund consider a DDA.
- The employer is expected to have a deficit if a cessation valuation was carried out.
- The employer is expected to be a going concern.
- The covenant of the employer is considered sufficient by the administering authority.

The Administering Authority will normally require:

- A legal document to be prepared, setting out the terms of the DDA and signed by all relevant parties prior to the arrangement commencing.(including details of the time period of the DDA, the annual payments due, the frequency of review and the responsibilities of the employer during the period).
- Relevant financial information for the employer such as a copy of its latest accounts, sources of funding, budget forecasts, credit rating (if any) to support its covenant assessment.
- Security be put in place covering the employer's deficit on their cessation basis and the Fund will seek actuarial, covenant and legal advice in all cases.
- Regular monitoring of the contribution requirements and security requirements
- All costs of the arrangement are met by the employer, such as the cost of advice to the Fund, ongoing monitoring or the arrangement and correspondence on any ongoing contribution and security requirements.

A DDA will normally terminate on the first date on which one of the following events occurs:

- The employer enrolls new active fund members.
- The period specified, or as varied, under the DDA elapses.
- The take-over, amalgamation, insolvency, winding up or liquidation of the employer.
- The administering authority serves a notice on the employer that the administering authority is reasonably satisfied that the employer's ability to meet the contributions payable under the DDA has weakened materially or is likely to weaken materially in the next 12 months.
- The Fund actuary assesses that the employer has paid sufficient secondary contributions to cover all (or almost all) of the exit payment due if the employer becomes an exiting employer on the calculation date (i.e. employer is now largely fully funded on its low risk basis).
- The Fund actuary assesses that the employer's value of liabilities has fallen below an agreed de minimis level and the employer becomes an exiting employer on the calculation date.
- The employer requests early termination of the agreement and settles the exit payment in full as calculated by the Fund actuary on the calculation date (i.e. the employer pays its outstanding cessation debt on its cessation basis)

On the termination of a DDA, the employer will become an exiting employer and a cessation valuation will be completed in line with this policy.

### **Exit credits**

The administering authority's entitlement to determine whether exit credits are payable in accordance with these provisions shall apply to all employers ceasing their participation in the Fund after 14 May 2018. This provision therefore is retrospectively effective to the same extent as provisions of the Local Government Pension Scheme (Amendment) Regulations 2020.

The administering authority may determine the amount of exit credit payable to be zero, however, in making a determination, the Administering Authority will take into account the following factors.

- a) the extent to which there is an excess of assets in the Fund relating to the employer over and above the liabilities specified.

- b) the proportion of the excess of assets which has arisen because of the value of the employer's contributions.
- c) any representations to the administering authority made by the exiting employer, guarantor, ceding Scheme Employer (usually the Letting Authority) or by a body which owns, funds or controls the exiting employer; or in some cases, the Secretary of State.
- d) any other relevant factors

The Fund will consider the following principles as part of the determination process. However, it is important to bear in mind that each and every potential exit credit case will be determined by the administering authority on its own merits, and the administering authority will make its discretionary decision on that basis.

#### **Admitted bodies**

- i. No exit credit will normally be payable in respect of admissions who joined the Fund before 14 May 2018 unless it is subject to a risk sharing arrangement as per paragraph iii) below. Prior to this date, the payment of an exit credit was not permitted under the Regulations and this will have been reflected in the commercial terms agreed between the admission body and the letting authority/awarding authority/ceding employer. This will also apply to any pre-14 May 2018 admission which has been extended or 'rolled over' beyond the initial expiry date and on the same terms that applied on joining the fund.
- ii. No exit credit will normally be payable to any admission body who participates in the fund via a pass-through approach. For the avoidance of doubt, whether an exit credit is payable to any admission body who participates in the Fund via the "Letting employer retains pre-contract risks" route is subject to its risk sharing arrangement, as per paragraph iii) below.
- iii. The Fund will make an exit credit payment in line with any contractual or risk sharing agreements which specifically covers the ownership of exit credits/cessation surpluses or if the admission body and letting authority have agreed any alternative approach (which is consistent with the Regulations and any other legal obligations). This information, which will include which party is responsible for which funding risk, must be presented to the Fund in a clear and unambiguous document with the agreement of both the admission body and the letting authority/awarding authority/ceding employer and within one month (or such longer time as may be agreed with the administering authority) of the admission body ceasing participation in the Fund. The Fund will also consider any representations made by the letting authority/awarding authority/ceding employer regarding monies owed to them by the admission body in respect of the contract that is ceasing or any other contractual arrangement between the two parties. The letting authority/awarding authority/ceding employer must make such representations in a clear and unambiguous document within one month of the admission body ceasing participation in the Fund.
- iv. In the absence of this information or if there is any dispute from either party with regards interpretation of contractual or risk sharing agreements as outlined in iii) above, the Fund will withhold payment of the exit credit until such disputes are resolved and the information is provided to the administering authority.
- v. Where a guarantor arrangement is in place, but no formal risk-sharing arrangement exists, the Fund will consider how the approach to setting contribution rates payable by the admission body during its participation in the Fund reflects which party is responsible for funding risks. This decision will inform the determination of the value of any exit credit payment.
- vi. If the admission agreement ends early, the Fund will consider the reason for the early termination, and whether that should have any relevance on the Fund's determination of the value of any exit credit

payment. In these cases, the Fund will consider the differential between employers' contributions paid (including investment returns earned on these monies) and the size of any cessation surplus.

- vii. If an admitted body leaves on a low risk basis (because no guarantor is in place), then any exit credit will normally be paid in full to the employer.
- viii. The decision of the Fund is final in interpreting how any arrangement described under iii), v), vi) and vii) applies to the value of an exit credit payment.

#### **Scheduled bodies and designating bodies**

- i. Where a guarantor arrangement is in place, but no formal risk-sharing arrangement exists, the Fund will consider how the approach to setting contribution rates payable by the employer during its participation in the Fund reflects which party is responsible for funding risks. This decision will inform the determination of the value of any exit credit payment.
- ii. Where no formal guarantor or risk-sharing arrangement exists, the Fund will consider how the approach to setting contribution rates payable by the employer during its participation in the Fund reflects the extent to which it is responsible for funding risks. This decision will inform the determination of the value of any exit credit payment.
- iii. The decision of the Fund is final in interpreting how any arrangement described under i) and ii) applies to the value of an exit credit payment.
- iv. If a scheduled body or designating body becomes an exiting employer due to a reorganisation, merger or take-over, then no exit credit will be paid.
- v. If a scheduled body or designating body leaves on a low-risk basis (because no guarantor is in place), then any exit credit will normally be paid in full to the employer.

#### **General**

- i. The Fund will advise the exiting employer as well as the letting authority and/or other relevant scheme employers of its decision to make an exit credit determination under Regulation 64.
- ii. Subject to any risk sharing or other arrangements and factors discussed above, when determining the cessation funding position the Fund will generally make an assessment based on the value of contributions paid by the employer during their participation, the assets allocated when they joined the Fund and the respective investment returns earned on both.
- iii. The Fund will also factor in if any contributions due or monies owed to the Fund remain unpaid by the employer at the cessation date. If this is the case, the Fund's default position will be to deduct these from any exit credit payment.
- iv. The final decision will be made by the pension manager, in conjunction with advice from the Fund's actuary and/or legal advisors where necessary, in consideration of the points held within this policy.
- v. The Fund accepts that there may be some situations that are bespoke in nature and do not fall into any of the categories above. In these situations the Fund will discuss its approach to determining an exit credit with all affected parties. The decision of the Fund in these instances is final.
- vi. The guidelines above at point v) in the 'Admitted bodies' section, and at points i) and ii) in the 'Scheduled bodies and designating bodies' section, make reference to the Fund 'considering the approach to setting contribution rates during the employer's participation'. The different funding approaches, including the parameters used and how these can vary based on employer type, are covered in detail in Table 1 (section

2.2) in the FSS. Considering the approach taken when setting contribution rates of the exiting employer may help the Fund to understand the extent to which the employer is responsible for funding the underlying liabilities on exit. For example, if contribution rates have always been based on ongoing assumptions then this may suggest that these are also appropriate assumptions for exit credit purposes (subject to the other considerations outlined within this policy). Equally, a shorter than usual funding time horizon or lower than usual probability of success parameter may reflect underlying commercial terms about how responsibility for pension risks is split between the employer and its guarantor. For the avoidance of doubt, each exiting employer will be considered in the round alongside the other factors mentioned above.

- vii. None of the above should be considered as fettering the Fund's discretionary decision, instead it is an indication of how decisions are likely to be made.

### **Disputes**

In the event of any dispute or disagreement on the amount of any exit credit paid and the process by which that has been considered, the appeals and adjudication provisions contained in Regulations 74-78 of the LGPS Regulations 2013 would apply.

### **J4 Practicalities and process**

#### **Responsibilities of ceasing employers**

An employer which is aware that its participation in the Fund is likely to come to an end must:

- advise the Fund, in writing, of the likely ending of its participation (either within the terms of the admission agreement in respect of an admission body (typically a 3 month notice period is required) or otherwise as required by the Regulations for all other scheme employers). It should be noted that this includes closed employers where the last employee member is leaving (whether due to retirement, death or otherwise leaving employment).
- provide any relevant information on the reason for leaving the Fund and, where appropriate, contact information in the case of a take-over, merger or insolvency.
- provide all other information and data requirements as requested by the administering authority which are relevant, including in particular any changes to the membership which could affect the liabilities (e.g. salary increases and early retirements) and an indication of what will happen to current employee members on cessation (e.g. will they transfer to another Fund employer, will they cease to accrue benefits within the Fund, etc.).

#### **Responsibilities of administering authority**

The administering authority will:

- gather information as required, including, but not limited to, the following:
  - details of the cessation - the reason the employer is leaving the Fund (i.e. end of contract, insolvency, merger, machinery of government changes, etc.) and any supporting documentation that may have an effect on the cessation.
  - complete membership data for the outgoing employer and identify changes since the previous formal valuation.
  - the likely outcome for any remaining employee members (e.g. will they be transferred to a new employer, or will they cease to accrue liabilities in the Fund).

- identify the party that will be responsible for the employer's deficit on cessation (i.e. the employer itself, an insurance company, a receiver, another Fund employer, guarantor, etc.).
- commission the Fund actuary to carry out a cessation valuation under the appropriate regulation.
- where applicable, discuss with the employer the possibility of paying adjusted contribution rates that target a 100% funding level by the date of cessation through increased contributions in the case of a deficit on the cessation basis or reduced contributions in respect of a surplus.
- where applicable, liaise with the original ceding employer or guarantor and ensure it is aware of its responsibilities, in particular for any residual liabilities or risk associated with the outgoing employer's membership.
- having taken actuarial advice, notify the employer and other relevant parties in writing of the payment required in respect of any deficit on cessation and pursue payment.

#### **Payment of an exit credit**

- If the actuary determines that there is an excess of assets over the liabilities at the cessation date, the administering authority will act in accordance with the exit credit policy above. If payment is required, the administering authority will advise the exiting employer of the amount due to be repaid and seek to make payment within six months of the exit date. However, in order to meet the six month timeframe, the administering authority requires prompt notification of an employers' exit and all data requested to be provided in a timely manner. The administering authority is unable to make any exit credit payment until it has received all data requested.
- At the time this policy was produced, the Fund has been informed by HMRC that exit credits are not subject to tax, however all exiting employers must seek their own advice on the tax and accounting treatment of any exit credit.

#### **Responsibilities of the actuary**

Following commission of a cessation valuation by the administering authority, the Fund actuary will:

- calculate the surplus or deficit attributable to the outgoing employer on an appropriate basis, taking into account the principles set out in this policy.
- provide actuarial advice to the administering authority on how any cessation deficit should be recovered, giving consideration to the circumstances of the employer and any information collected to date in respect to the cessation.
- where appropriate, advise on the implications of the employer leaving on the remaining Fund employers, including any residual effects to be considered as part of triennial valuations.

#### **J5 Related policies**

The Fund's approach to exiting employers is set out in the FSS, specifically "Section 7 – What happens when an employer leaves the Fund?"

The approach taken to set the actuarial assumptions for cessation valuations is set out in Appendix E of the FSS.

# Agenda Item 11

<b>Meeting:</b>	Pension Board
<b>Date:</b>	09/02/2026
<b>Title:</b>	The Pension Regulator: Public Service Governance Survey 2025/26
<b>Purpose:</b>	Receive feedback from the Board in order to complete the survey
<b>Author:</b>	Meirion Jones, Pensions Manager

## 1. INTRODUCTION

The Pensions Regulator has issued a survey that all local scheme managers are required to complete for the pension fund they administer. Cyngor Gwynedd is the local scheme manager for the Gwynedd Pension Fund and therefore has the statutory responsibility to complete the survey.

In accordance with the requirements of the Pensions Regulator, the survey must be completed jointly by the Scheme Manager and the Chair of the Pension Board. Historically, the Board has agreed that the most appropriate approach is for the full Board to review the content of the survey, discuss the proposed responses, and then agree the final version before submission. The deadline for submitting the survey is 13 February 2026.

## 2. THE SURVEY

A copy of the survey is attached as Appendix A. The responses to the questions will be considered at this meeting. Following the discussion, the final version will be agreed with the Chair before being submitted to the Pensions Regulator.

To support completion of the survey, factual questions and initial comments from the Pensions Manager have been highlighted in Appendix A. These provide a basis for discussion, and the Board will have the opportunity to propose amendments or improvements before agreeing the final response.

**The Pensions Regulator**  
**PSPS Governance and Administration Survey 2025-26**

**This document is intended to be used as a guide to help you gather the information required for the survey. Please note, however, that we need you to complete the questionnaire through the [online survey link](#) contained in your invitation email.**

Thank you for taking the time to complete this survey. Please answer the questions in relation to the scheme referenced in your invitation email. Where the scheme is locally administered, we mean the sub-scheme or fund administered by the local scheme manager.

Your responses will be kept anonymous unless you consent otherwise at the end of the survey. Linking your scheme name to your answers will help inform The Pensions Regulator's (TPR's) engagement with you in the future

This survey should be completed by the scheme manager or by another party on behalf of the scheme manager. They should work with the pension board chair to complete it, and other parties (e.g. the administrator) where appropriate.

There is a space at the end of the survey to add comments about your answers where you feel this would be useful.

**SECTION A – GOVERNANCE**

The first set of questions is about how your pension board works in practice.

**A1. EVERYONE TO ANSWER**

Focusing on the scheme's pension board meetings in the last 12 months, please tell us the following:

*Please write in the number for each of a-c below. Please include any board meetings that were held remotely (e.g. via teleconference or online meeting software)*

- a) Number of board meetings that were scheduled to take place (in the last 12 months) ..... 4 .....
- b) Number of board meetings that actually took place (in the last 12 months) ..... 4 .....
- c) Number of board meetings that were attended by the scheme manager or their representative (in the last 12 months) ..... 4 .....

**A2. ANSWER IF KNOW NUMBER OF BOARD MEETINGS THAT TOOK PLACE (A1b=0+)**

Thinking about the number of pension board meetings that took place, was this more, the same or less than in the previous 12 month period?

*Please select one answer only*

- 1. More
- 2. Same
- 3. Less
- 4. Don't know

**A3. EVERYONE TO ANSWER**

**Do the scheme manager and pension board have sufficient time to run the scheme properly?**

*Please select one answer only*

1. Yes
- 2. No**
3. Don't know

**A4. EVERYONE TO ANSWER**

**Do the scheme manager and pension board have sufficient resources to run the scheme properly?**

**By resources we mean staffing, IT/systems and available budget.**

*Please select one answer only*

1. Yes
- 2. No**
3. Don't know

**A5. EVERYONE TO ANSWER**

**Do the scheme manager and pension board have access to all the knowledge, understanding and skills necessary to properly run the scheme?**

*Please select one answer only*

- 1. Yes**
2. No
3. Don't know

**A6. EVERYONE TO ANSWER**

**How often does the scheme manager or pension board carry out an evaluation of the knowledge, understanding and skills of the board as a whole in relation to running the scheme?**

*Please select one answer only*

1. At least monthly
- 2. At least quarterly**
3. At least every six months
4. At least annually
5. Less frequently
6. Never
7. Don't know

**A7. EVERYONE TO ANSWER**

**Has the knowledge and understanding of the entire pension board been assessed against the expectations set for board members by TPR?**

*Please select one answer only*

- 1. Yes**
2. No
3. Don't know

**A8. EVERYONE TO ANSWER**

**On average, how many hours of training per year does each pension board member have in relation to their role on the pension board?**

**We appreciate that this may differ for individual board members, but please provide your best estimate of the average hours.**

*Please write in the number below*

.....**20**..... hours per year

**A9. EVERYONE TO ANSWER**

**Does the pension board believe that in the last 12 months it has had access to all the information about the operation of the scheme it has needed to fulfil its functions?**

*Please select one answer only*

1. Yes
2. No
3. Don't know

**A10. EVERYONE TO ANSWER**

**Does the scheme (or the sponsoring body) have a succession plan in place for the members of the pension board?**

**By this we mean a plan or process for how you will find, appoint and train suitable new members of the pension board to replace any existing board members who leave or retire.**

*Please select one answer only*

1. Yes
2. No
3. Don't know

**A11. EVERYONE TO ANSWER**

**To what extent do you agree or disagree with the following...?**

<i>Please select one answer per row</i>						
	Strongly disagree	Tend to disagree	Neither agree nor disagree	Tend to agree	Strongly agree	Don't know
<b>Pension board members have a good range of relevant experience</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
<b>The pension board is diverse in terms of protected characteristics such as age, gender, ethnicity and disability</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>The pension board has the right knowledge, skills and capabilities to deal with the advice and recommendations it needs to provide</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
<b>The pension board has a good mix of cognitive diversity (i.e. people with different ways of thinking, problem-solving and approaching decisions)</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
<b>The chair drives and promotes equality, diversity and inclusion within the board</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

**SECTION B – MANAGING RISKS**

The next set of questions is about managing risks.

**B1. EVERYONE TO ANSWER**

Does your scheme have adequate processes for governing the following?

<i>Please select one answer per row</i>	Yes	No	Don't know	Not applicable
<b>Conflicts of interest</b>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>The knowledge and skills of pension board members</b>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Identifying and reporting breaches of law</b>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Resolving contribution and payment issues</b>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>LGPS SCHEMES ONLY: Assessing and managing investment risks to the scheme</b>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Assessing and managing operational risks to the scheme</b>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Ensuring accuracy of scheme and member data</b>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Monitoring and managing the performance of advisers and service providers</b>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>LGPS SCHEMES ONLY: Monitoring scheme investments</b>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>The maintenance of IT systems and cyber controls</b>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Ensuring compliance with statutory disclosures</b>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**B2. ANSWER IF HAVE ANY ADEQUATE PROCESSES (YES AT ANY B1 OPTION)****When were these processes last reviewed by the scheme manager or pension board?**

<i>Please select one answer per row (just for those selected at B1)</i>	In the last 12 months	More than 12 months ago but less than 3 years ago		More than 3 years ago	Never been reviewed	Don't know
		More than 12 months ago but less than 3 years ago	More than 3 years ago			
<b>Conflicts of interest</b>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>The knowledge and skills of pension board members</b>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Identifying and reporting breaches of law</b>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Resolving contribution and payment issues</b>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>LGPS SCHEMES ONLY: Assessing and managing investment risks to the scheme</b>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Assessing and managing operational risks to the scheme</b>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Ensuring accuracy of scheme and member data</b>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Monitoring and managing the performance of advisers and service providers</b>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>LGPS SCHEMES ONLY: Monitoring scheme investments</b>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>The maintenance of IT systems and cyber controls</b>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Ensuring compliance with statutory disclosures</b>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**B3. ANSWER IF HAD ANY BOARD MEETINGS IN LAST 12 MONTHS (A1b=1+)****In the last 12 months, how many pension board meetings reviewed the scheme's exposure to new and existing risks?***Please write in the number below*

.....4.....

#### B4. EVERYONE TO ANSWER

**To what do the top three governance and administration risks facing your scheme relate?**

*Please select up to three options below*

1. Securing compliance with changes in scheme regulations
2. Ensuring the scheme is compliant with the pensions dashboards requirements
3. Lack of resources/time
4. Recruitment and retention of staff or knowledge
5. Risks related to the remediation of age-related discrimination (McCloud/Sergeant)
6. Risks associated with other remediation or rectification exercises (e.g. reputational, complaints, resourcing etc.)
7. Record-keeping (i.e. the receipt and management of correct data)
8. Production of Annual Benefit Statements
9. Systems failures (IT, payroll, administration systems, etc.)
10. Cyber risk (i.e. the risk of loss, disruption or damage to a scheme or its members as a result of the failure of its IT systems and processes)
11. Administrator issues (expense, performance, etc.)
12. Increases in 'business as usual' workload (e.g. restructuring which leads to increased retirement or redundancy quotes)
13. Guaranteed Minimum Pension (GMP) reconciliation
14. Scheme funding or investment (including asset pooling)
15. Impact of wider political decisions (e.g. local government reorganisation)
16. Other (please specify): .....
17. Don't know

#### B5. EVERYONE TO ANSWER

**Which, if any, of the following actions have you taken in relation to the remediation of age-related discrimination in the 2015 schemes (often referred to as McCloud or Sergeant)?**

*Please select all the options that apply*

1. Assessed the possible long-term administration impacts
2. Carried out immediate detriment calculations
3. Assessed any additional resources likely to be required for 'business as usual' services
4. Secured budget for additional requirements
5. Recruited additional staff
6. Completed relevant system changes
7. Engaged with your Scheme Advisory Board or relevant authority
8. Provided specific information to members
9. Established a dedicated project team
10. Taken other actions (please specify): .....
11. None of these
12. Don't know

**B6. EVERYONE TO ANSWER**

**How confident does the pension board feel in identifying and evaluating any risks related to each of the following?**

<i>Please select one answer per row</i>	Not				
	Not at all confident	particularly confident	Fairly confident	Very confident	Don't know
<b>Regulatory and legislative</b>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>LGPS SCHEMES ONLY: Investment</b>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Scheme funding</b>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>LGPS SCHEMES ONLY: Climate change and ESG (environmental, social and governance)</b>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Cyber control</b>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Administration and data</b>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

**SECTION C – ADMINISTRATION AND RECORD-KEEPING PROCESSES**

**The next set of questions is about administration and record-keeping.**

**C1. EVERYONE TO ANSWER**

**Does the scheme have an administration strategy?**

**By this we mean policies and procedures that set out the responsibilities of the scheme governing body, administrators and its employer(s).**

*Please select one answer only*

1. Yes
2. No
3. Don't know

**C2. EVERYONE TO ANSWER**

**Which of the following best describes the scheme's administration services?**

*Please select one answer only*

1. Delivered in house
2. Undertaken by another public body (e.g. a county council) under a shared service agreement or outsource contract
3. Outsourced to a commercial third party
4. Other
5. Don't know

**C3. ANSWER IF HAD ANY BOARD MEETINGS IN LAST 12 MONTHS (A1b=1+)**

**In the last 12 months, how many pension board meetings had administration as a dedicated item on the agenda?**

*Please write in the number below*

.....4.....

**C4. EVERYONE TO ANSWER****Does the scheme's administrator have a formal data management plan or policy?****A data management plan or policy formally records the scheme's approach to managing and improving its pension scheme data.***Please select one answer only*

1. Yes
2. No
3. Don't know

**C5. ANSWER IF HAVE A DATA MANAGEMENT PLAN/POLICY (C4=1)****Does this data management plan or policy set out any of the following?**

<i>Please select one answer per row</i>	Yes	No	Don't know
a) What data is held or used	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
b) Where data is received from or transferred to	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
c) Processes for receiving, sharing and managing data	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) Data quality controls in place (e.g. validation checks)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
e) The approach to measuring data and steps being taken to improve data (e.g. an improvement plan)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
f) A data governance framework	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

**C6. EVERYONE TO ANSWER****Have you conducted any specific data improvement work in the past 12 months?***Please select one answer only*

1. Yes
2. No
3. Don't know

**C7. EVERYONE TO ANSWER****Is your scheme single employer or multi-employer?***Please select one answer only*

1. Single employer scheme (i.e. used by just one employer)
2. Multi-employer scheme (i.e. used by several different employers)

**C8. ANSWER IF SINGLE EMPLOYER SCHEME (C7=1)****In the last 12 months, has your participating employer...**

<i>Please select one answer per row</i>	Yes	No	Don't know
a) Always provided you with accurate and complete data?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) Always submitted the data required each month to you on time?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**C9. ANSWER IF SINGLE EMPLOYER SCHEME (C7=1)**

**And in the last 12 months, has your participating employer submitted data to you electronically?**

*Please select one answer only*

1. Yes – all data
2. Yes – some but not all data
3. No
4. Don't know

**C10. ANSWER IF MULTI-EMPLOYER SCHEME (C7=2)**

**To the best of your knowledge, in the last 12 months what proportion of your scheme's employers have...**

*Please write in the percentage (from 0% to 100%) in each box. If you don't know exactly, please give approximate percentages. By 'data' we are referring to member or contribution data.*

- a) Always provided you with accurate and complete data? ..... 90 %
- b) Always submitted the data required each month to you on time? ..... 90 %

**C11. ANSWER IF MULTI-EMPLOYER SCHEME (C7=2)**

**And in the last 12 months, what proportion of your scheme's employers have...**

*Please write in the percentage in each box – these three figures should add up to 100%. If you don't know exactly, please give approximate percentages.*

Submitted all data to you electronically? ..... 100 %

Submitted some but not all data to you electronically? ..... %

Not submitted any data to you electronically? ..... %

**C12. EVERYONE TO ANSWER**

**Do you automatically test the data received from the employer(s) (i.e. automatic validation)?**

**For example, checking that there are no duplicate National Insurance numbers or that postcodes are in a valid format.**

*Please select one answer only*

1. Yes
2. No
3. Don't know

**C13. EVERYONE TO ANSWER**

**Do you provide information or training to the employer(s) on the data they need to provide?**

*Please select one answer only*

1. Yes
2. No
3. Don't know

**C14. EVERYONE TO ANSWER**

**In the last 2 years, would you say that the budget you've spent on managing and/or improving the scheme's data has increased, stayed the same or decreased?**

**In this context we're referring to data about scheme members such as personal identifiers (e.g. name, national insurance number), contribution records, etc.**

*Please select one answer only*

- 1. Increased**
2. Stayed the same
3. Decreased
4. Don't know

**C15. ANSWER IF BUDGET FOR MANAGING/IMPROVING DATA HAS INCREASED (C14=1)**

**What were the reasons for this increased spend on managing and/or improving the scheme's data?**

*Please select all the options that apply*

- 1. Due to increased focus or scrutiny by TPR**
- 2. To deliver special project requirements (such as changing administrator or preparing for pensions dashboards)**
3. To identify and address scheme issues (such as improving understanding of the risks to the scheme, addressing data issues or correcting data errors)
4. To drive efficiencies and cost savings
5. To deliver improved services to members (e.g. online portals, improved delivery of Annual Benefit Statements)
6. To prepare for remediation
7. Other reason (please specify): .....
8. Don't know

**C16. EVERYONE TO ANSWER**

**In the next 2 years, do you expect your budget for managing and/or improving data to...?**

*Please select one answer only*

- 1. Increase**
2. Stay the same
3. Decrease
4. Don't know

**C17. EVERYONE TO ANSWER**

**In the last 2 years, would you say that the investment you've made in administration technology and/or automation has increased, stayed the same or decreased?**

*Please select one answer only*

- 1. Increased**
2. Stayed the same
3. Decreased
4. Don't know

**C18. ANSWER IF INVESTMENT IN ADMINISTRATION TECHNOLOGY/AUTOMATION HAS INCREASED (C17=1)**

**What were the reasons for this increased investment in administration technology and/or automation?**

*Please select all the options that apply*

1. Due to increased focus or scrutiny by TPR
2. To prepare for the pensions dashboards
3. To prepare for remediation
4. To reduce errors and complaints
5. To drive efficiencies and cost savings
6. To deliver improved services to members (e.g. online portals, improved delivery of Annual Benefit Statements)
7. To implement digital or biometric checks
8. Other reason (please specify): .....
9. Don't know

**C19. EVERYONE TO ANSWER**

**In the next 2 years, do you expect your budget for administration technology and/or automation to...?**

*Please select one answer only*

1. Increase
2. Stay the same
3. Decrease
4. Don't know

**SECTION D – ANNUAL BENEFIT STATEMENTS**

**The next set of questions is about members' Annual Benefit Statements (ABS).**

**D1. EVERYONE TO ANSWER**

**In 2025, in which of the following ways were your active members sent their ABS?**

*Please select all the options that apply*

1. Via a digital online portal,
2. By post
3. Other way(s) (please specify): .....
4. Don't know

**D2. ANSWER IF ABS SENT VIA DIGITAL PORTAL (D1=1)**

**How are members notified that their ABS is available on the portal?**

*Please select all the options that apply*

1. Email from the scheme
2. Letter from the scheme
3. Informed by the employer
4. Other (please specify): .....
5. Don't know

**D3. ANSWER IF USED MORE THAN ONE METHOD TO SEND ABS AT D1**

**In 2025, what proportion of your active members were sent their annual benefit statements in each of these ways?**

*Please write in the percentage (from 0% to 100%). If you do not know exactly, please give approximate percentages*

Via a digital online portal ..... 95 %

By post ..... 5 %

Other way(s) .....

**D4. EVERYONE TO ANSWER**

**In 2025, what proportion of active members received their ABS by the statutory deadline?**

*Please write in the percentage below. If you do not know exactly, please give an approximate percentage*

..... 100 %

**D5. ANSWER IF DEADLINE WAS MISSED FOR ANY MEMBERS (D4=0.99%)**

**Was the missed deadline for issuing active member ABS's reported to TPR?**

*Please select one answer only*

1. Yes and Breach of Law report made
2. Yes but decided not to make a Breach of Law report
3. No not reported
4. Don't know

**D6. ANSWER IF MISSED DEADLINE WAS NOT REPORTED TO TPR (D5=3)**

**What was the main reason for not reporting the breach?**

*Please select one answer only*

1. Not material few statements affected
2. Not material very short delay
3. Other reason (please specify): .....
4. Don't know

**D7. EVERYONE TO ANSWER**

**What proportion of all the ABS's the scheme sent out in 2025 contained all the data required by regulations?**

*Please write in the percentage below. If you do not know exactly, please give an approximate percentage*

..... 100 %

**D8. EVERYONE TO ANSWER**

**Looking forwards, how confident are you that all active members will receive their annual benefit statements by the statutory deadline in 2026?**

*Please select one answer only*

1. Very confident
2. Fairly confident
3. Not particularly confident
4. Not at all confident
5. Don't know

**The next set of questions focus on the remediation of age-related discrimination in the 2015 schemes (often referred to as McCloud or Sergeant).**

**D9. ANSWER IF LGPS (FIRE, POLICE & OTHER SCHEMES SKIP TO D11)**

**What proportion of your ABS's issued by 31 August 2025 included remedy information for affected members?**

*Please write in the percentage below. If you do not know exactly, please give an approximate percentage*

..... **100** ..... %

**D10. ANSWER IF LGPS**

**Has your Pension Committee/Board made a determination to extend the deadline for including remedy information on ABS's beyond 31 August 2025 for any members where this deadline could not be met?**

*Please select one answer only*

1. Yes
- 2. No**
3. Don't know
4. Not applicable as deadline was met for all members

**D11. ANSWER IF NOT LGPS (LGPS SCHEMES SKIP TO SECTION E)**

**In 2025, what proportion of affected members received their Remediable Service Statement (RSS) by the statutory deadline?**

*Please write in the percentage (from 0% to 100%) for each type of member. If you do not know exactly, please give approximate percentages*

- a) Pensioner members ..... %
- b) Deferred members ..... %
- c) Active members ..... %

**D12. ANSWER IF NOT LGPS**

**In 2025, what proportion of your affected members were sent their RSS in each of these ways?**

*Please write in the percentage (from 0% to 100%). If you do not know exactly, please give approximate percentages*

- Via a digital online portal ..... %
- By post ..... %
- Other way(s) ..... %

**D13. ANSWER IF LESS THAN 100% OF MEMBERS RECEIVED RSS BY DEADLINE AT D11**

**For those RSS's that could not be issued in time to meet the statutory deadline, what were the main reasons for missing this deadline?**

*Please select a maximum of three answers*

1. Lack of resources or time
2. Complexity of the remedy calculations
3. Lack of necessary data
4. Recruitment, training and retention of staff and knowledge
5. Delays in receiving regulations/guidance
6. Lack of knowledge, effectiveness or leadership among key personnel
7. Issues with systems (IT, administration systems, etc.)
8. Lack of automation of calculations
9. Competing regulatory priorities (e.g. pensions dashboards requirements)
10. Other reason (please specify): .....
11. Don't know

**D14. ANSWER IF LESS THAN 100% OF MEMBERS RECEIVED RSS BY DEADLINE AT D11**

**Was the missed deadline for issuing affected members their RSS reported to TPR?**

*Please select one answer only*

1. Yes – and Breach of Law report made
2. Yes – but decided not to make a Breach of Law report
3. No – not reported
4. Don't know

**D15. ANSWER IF MISSED RSS DEADLINE WAS NOT REPORTED TO TPR (D14=3)**

**What was the main reason for not reporting the breach?**

*Please select one answer only*

1. Not material – few statements affected
2. Not material – very short delay
3. Other reason (please specify): .....
4. Don't know

**D16. ANSWER IF NOT LGPS**

**Has your scheme used the regulatory discretion to defer the statutory deadline for issuing some or all RSS's?**

*Please select one answer only*

1. Yes
2. No
3. Don't know

**D17. ANSWER IF USED REGULATORY DISCRETION TO DEFER RSS (D16=1)**

**Has your scheme manager made a written record of any decision to exercise the discretion regarding a particular member or class of members, which includes a full description of the reasons for the decision?**

*Please select one answer only*

1. Yes
2. No
3. Don't know

**D18. ANSWER IF LESS THAN 95% OF MEMBERS RECEIVED RSS BY DEADLINE AT D11**

**At what point do you expect 95% of your RSS's to have been issued?**

*Please select one answer only*

1. Have already reached this target
2. Within 6 months
3. Within 1 year
4. Within 2-3 years
5. Over 3 years
6. Don't know

**D19. ANSWER IF NOT YET REACHED 95% TARGET (D18-2-5)**

**Looking forwards, how confident are you that this timescale will be met?**

*Please select one answer only*

1. Very confident
2. Fairly confident
3. Not particularly confident
4. Not at all confident
5. Don't know

**D20. ANSWER IF LESS THAN 100% OF MEMBERS RECEIVED RSS BY DEADLINE AT D11**

**Have you communicated with those members whose RSS's have missed the statutory deadline?**

*Please select one answer only*

1. Yes, they have been informed of the delay and given an estimated date for their RSS to be issued
2. Yes, they have been informed of the delay but not given an estimated date
3. No
4. Don't know

## **SECTION E – REPORTING BREACHES**

The next set of questions is about the scheme's approach to dealing with any breaches of the law.

**E1. EVERYONE TO ANSWER**

**Do you maintain documented records of any breaches of the law identified?**

*Please select one answer only*

1. Yes
2. No
3. Don't know

**E2. ANSWER IF MAINTAIN RECORDS OF BREACHES OF THE LAW (E1=1)**

**Do these records include the decision taken on whether or not to report the breach of the law to TPR?**

*Please select one answer only*

1. Yes
2. No
3. Don't know

### E3. EVERYONE TO ANSWER

**In the last 12 months, have you identified any breaches of the law that were not related to Annual Benefit Statements or Remediable Service Statements?**

*Please select one answer only*

1. Yes
2. No
3. Don't know

### E4. ANSWER IF IDENTIFIED ANY BREACHES OF THE LAW NOT RELATED TO ABS OR RSS (E3=1)

**What were the root causes of the breaches identified?**

*Please select all the options that apply*

1. Systems or process failure
2. Failure to maintain records or rectify errors
3. Management of transactions (e.g. errors or delays in payments of benefits)
4. Failure of the employer(s) to provide timely, accurate or complete data
5. Late or non payment of contributions by the employer(s)
6. Other employer related issues (please specify): .....
7. Something else (please specify): .....
8. Don't know

### E5. ANSWER IF IDENTIFIED ANY BREACHES OF THE LAW NOT RELATED TO ABS OR RSS (E3=1)

**In the last 12 months, have you reported any breaches to TPR as you thought they were materially significant? Please do not include any breaches that related to Annual Benefit Statements or Remediable Service Statements.**

*Please select one answer only*

1. Yes
2. No
3. Don't know

## SECTION F – IMPROVEMENTS TO GOVERNANCE AND ADMINISTRATION

**The next set of questions is about your progress in addressing governance and administration issues.**

### F1. EVERYONE TO ANSWER

**What do you believe are the top three factors behind any improvements made to the scheme's governance and administration in the last 12 months?**

*Please select up to three options below*

1. Improved understanding of underlying legislation and standards expected by TPR
2. Improved engagement by TPR
3. Improved understanding of the risks facing the scheme
4. Resources increased or redeployed to address risks
5. Administrator action (please specify): .....
6. Scheme manager action (please specify): .....
7. Pension board action (please specify): .....
8. Other (please specify): .....
9. No improvements made to governance/administration in the last 12 months
10. Don't know

## F2. EVERYONE TO ANSWER

**What are the main three barriers to improving the governance and administration of your scheme over the next 12 months?**

*Please select up to three options below*

1. Lack of resources or time
2. Complexity of the scheme
3. The volume of changes that are required to comply with legislation
4. Recruitment, training and retention of staff and knowledge
5. Lack of knowledge, effectiveness or leadership among key personnel
6. Poor communications between key personnel (board, scheme manager, administrator, etc.)
7. Employer compliance
8. Issues with systems (IT, payroll, administration systems, etc.)
9. The remediation process (also referred to as 'McCloud' or 'Sergeant')
10. The pensions dashboards requirements
11. Other (please specify): .....
12. There are no barriers
13. Don't know

## SECTION G – GENERAL CODE OF PRACTICE

**The next set of questions is about TPR's General Code of Practice. This consolidates ten of TPR's previous codes of practice and covers aspects of governance common to all types of scheme.**

## G1. EVERYONE TO ANSWER

**How familiar are you with the expectations set out in the General Code of Practice?**

*Please select all the options that apply*

1. You have a very good understanding of it
2. You have a fairly good understanding of it
3. You know a little bit about it
4. You are aware of it but know nothing about it
5. You were not aware of the General Code before today
6. Don't know

## G2. ANSWER IF AWARE OF GENERAL CODE (G1=1-4)

**Has the governing body compared the scheme's governance processes with the General Code of Practice to identify any gaps where improvements are required?**

*Please select one answer only*

1. Yes
2. No, but plan to do this (or are in the process of doing this)
3. No, and no plans to do this
4. Don't know

## G3. ANSWER IF HAVE COMPARED PROCESSES AGAINST GENERAL CODE (G2=1)

**Did you identify any gaps where improvements were required?**

*Please select one answer only*

1. Yes
2. No
3. Don't know

**G4. ANSWER IF IDENTIFIED ANY GAPS (G3=1)**

Thinking about the gaps that you identified in the scheme's governance processes, have you...?

*Please select one answer only*

1. Already remedied these
2. **Started work to remedy these**
3. Or not yet started work to remedy these
4. Don't know

**G5. ANSWER IF AWARE OF GENERAL CODE (G1=1-4)**

Based on what you know about it, to what extent do you agree or disagree that the General Code of Practice has...?

<i>Please select one answer per row</i>	Neither agree nor disagree					
	Strongly disagree	Tend to disagree	Neither agree nor disagree	Tend to agree	Strongly agree	Don't know
<b>Improved how this scheme is governed</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Increased the work required by this scheme to meet TPR's expectations</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
<b>Made it easier to understand TPR's expectations</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

**SECTION H – ATTRIBUTION**

Thank you for completing this survey. Your responses will help TPR understand how schemes are progressing and any issues they may face, which will inform further policy and product developments. Before you submit your answers, there are just a few more questions about your survey responses.

**H1. EVERYONE TO ANSWER**

Which of the following best describes your role within the pension scheme?

*Please select one answer only*

1. Scheme manager\*
2. Representative of the scheme manager
3. **Pension board chair**
4. Pension board member
5. Administrator
6. Other (please specify): .....

\*In this survey 'scheme manager' refers to the definition within the Public Service Pensions Act, e.g. the Local Authority, Fire and Rescue Authority, Police Pensions Authority, Secretary of State/Minister or Ministerial department.

## H2. EVERYONE TO ANSWER

**What other parties did you consult with to complete this survey?**

*Please select all the options that apply*

1. Scheme manager
2. Representative of the scheme manager
3. Pension board chair
4. Pension board member
5. Administrator
6. Other
7. Did not consult with any other parties

## H3. EVERYONE TO ANSWER

**To inform TPR's engagement going forward, they would like to build an individual profile of your scheme by linking your scheme name to your survey answers. This will only be used for internal purposes by TPR and your scheme name would not be revealed in any published report.**

**Are you happy for your responses to be linked to your scheme name and supplied to TPR for this purpose?**

*Please select one answer only*

1. Yes, I am happy for my responses to be linked to my scheme name and supplied to TPR for this purpose
2. No, I would like my responses to remain anonymous

## H4. EVERYONE TO ANSWER

**And would you be happy for the responses you have given to be linked to your scheme name and shared with the relevant scheme advisory board?**

**This is to help inform the advisory boards of areas for improvement and to further their engagement with pension boards.**

*Please select one answer only*

1. Yes, I am happy for my responses to be linked to my scheme name and shared with the relevant advisory board
2. No, I would like my responses to remain anonymous

## H5. EVERYONE TO ANSWER

**Please record your name below. This is just for quality control purposes and will not be passed on to TPR.**

*Please write in below*

.....Sioned Parry – Pension Board Chair.....

## H6. EVERYONE TO ANSWER

**Finally, please use the space below if you have any other comments or would like to clarify/explain any of the answers you have given.**

*Please write in below if applicable*

.....

.....

.....

.....

**Thank you. Please now submit your responses through the online survey link contained in your invitation email. If you have any queries or technical issues please contact James Murray (Director, OMB Research) at [james.murray@ombresearch.co.uk](mailto:james.murray@ombresearch.co.uk)**