



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, 20TH APRIL, 2026

Location

Virtual Meeting

Contact Point

Lowri Haf Evans

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(DISTRIBUTED 10/04/26)

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 - 11

The Chairman shall propose that the minutes of the meeting of this committee held on the 9th of February 2026 be signed as a true record.

5. MINUTES OF PENSIONS COMMITTEE

12 - 23

To submit, for information, minutes of the Pensions Committee meeting held on the 26th of February 2026 and the 16th of March 2026

6. WALES PENSION PARTNERSHIP UPDATE

24 - 45

To consider the report and note the information.

7. CASH FLOW MODELLING PROJECTIONS REPORT

46 - 71

To note the contents and approve the report.

8. PENSION FUND INVESTMENT PERFORMANCE UP TO 31ST DECEMBER 2025

72 - 76

To consider the report and accept the information.

9. TRAINING UPDATE 2025/26 AND TRAINING PLAN 2026/27

77 - 87

The Board is asked to:

1. Note the training undertaken during 2025/26;
2. Note the absence of a 2025 National Knowledge Assessment and the planned revision of the framework;
3. Approve the 2026/27 Training Plan as set out in Appendix 2.

10. PENSION FUND VALUATION REPORT

88 - 133

To consider the report and note the information

11. AMENDED WORK PLAN

134 - 136

To consider the work program and suggest additional items or changes.

PENSION BOARD 09-02-26

Present:

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

Sioned Parry, Ned Michael and 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)

Others invited: Cllr Elin Hywel (Chair of the Pensions Committee).

1. APOLOGIES

None to note

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 3 November 2025 as correct.

5. MINUTES OF PENSIONS COMMITTEE

Submitted for information – the minutes of the Pensions Committee held on 24 November 2025.

6. WALES PENSION PARTNERSHIP UPDATE

The Investment Manager highlighted that the report was for information, setting out what was recently discussed at a Pension Board Chairs Engagement Meeting – an update on the work of the Wales Pension Partnership that now played a leading role within the Fund. It was noted that the Chairs of the Pension Boards met every six months and that the October discussions included an update on the review of the Business Plan, responsible investment issues and the risk register.

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

It was highlighted that Yr Wyddfa Project was progressing rapidly to establish the investment company (WPP IM Co) with the Financial Services Register (Financial Conduct Authority – FCA) application submitted and regular recruitment and

engagement taking place. It was added that JGC officers and members had been discussing establishing agreements between the investment company and the eight Constituent Authorities as clients and shareholders. It was noted that a meeting would be arranged to share specific information on the relevant developments and agreements with the Committee and the Pension Board before moving to formal approval by the Pensions Committee.

Thanks were expressed for the report

In response to an observation that the Clwyd Fund had pooled 32%, Powys 63% and Swansea 66% and whether the technical nature of the funds or political issues were the reasons for the slow transition to the WPP, it was noted that the risk had been identified; these Councils had increased investments in private markets and measures had been put in place to respond to the situation with the appointment of an Asset Handling Officer to lead on the work.

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

Mr Eifion Jones (who had observed a meeting of the Pensions Committee on the morning of 09-02-26,) asked for more information regarding the notices of motion the WPP had received from individual Councils. In response, it was confirmed that the WPP had received a number of notices of motion from Local Councils in Wales, including Cyngor Gwynedd (Full Council, October 2025) on responsible, ethical and sustainable investment issues. It was noted that the motions had been considered, and in light of the work currently being undertaken in relation to the WPP exclusions policy, it was agreed that a response would be prepared for each of the eight Constituent Authorities to publish, with a revised policy to be shared following its approval by the JGC in March 2026.

Observations arising from the ensuing discussion

- While embracing an exclusions policy, it would be necessary to ensure that the investments bring good returns to the members of the Fund
- That there was a need to be able to exclude some high-level, obvious investment elements, but with the eight Constituent Authorities likely to have different ideas on how to implement that, a starting point would have to be agreed
- Welcomed the significant work being done to comply with the principles, and Russell Investments who had been completing work on potential impacts

The information was accepted

7. THE PENSION FUND'S INVESTMENT PERFORMANCE UP TO 30 SEPTEMBER 2025

A report was submitted by the Investment Manager, reporting on the performance of the Fund over the quarter in question. It was noted that the Fund had returned 5.6% over the quarter, outperforming the benchmark with the total assets increasing by £186 million to bring the value of the fund to over £3.5 billion for the first time; the growth, income and performance protection assets had performed well during the quarter.

It was reiterated that the Fund, over the year, had returned 10.7%, which was just behind the benchmark; there was no doubt that the benchmark set was challenging,

but the performance of the Gwynedd Pension Fund had historically been higher than the British funds' average.

The performance of equity investment managers was highlighted, explaining that the underperformance of the Sustainable Active Equity Fund was evident because stocks within the equity markets had been able to take advantage of artificial intelligence, namely the Magnificent 7, e.g. Apple, Microsoft and Tesla, which had performed well. The effect of this was underperformance within other stocks, e.g. long-term stocks within the portfolio that looked at energy transition. It was reiterated that Russell Investments intended to look at the Fund's split and introduce a new investment manager to the portfolio to try to restore performance.

It was explained that fixed income managers had been through a difficult time with the impact of Russia's invasion of Ukraine, and the impact of inflation and interest rates. It was reiterated that as conditions stabilised, the performance was closer to the benchmark. Similarly, it was reported that property managers had seen the impact of Covid on the use of offices and high street units, but the property market had also now stabilised.

In the context of the WPP's private markets and Partners funds, it was noted that it was difficult to assess their performance because the investment was a longer term one and no concerns had been raised by Hymans Robertson.

With the triennial valuation showing a strong funding position, a review of the strategic asset allocation was implemented in consultation with Hymans Robertson and the Pensions Committee in November. As a result of the review, there would be an attempt to reduce risk to the Fund by reducing the growth assets (equity and investment in income assets and gilts) and introducing an allocation to natural capital to contribute to improving the Fund's net zero target. It was reiterated that work was underway to move towards the new allocation.

Thanks were expressed for the report

In response to comments about the underperformance of property managers and the lessons learned (e.g. in performance, type, and location) so that others were unlikely to make the same investments, it was noted that the Fund in question was coming to an end, with the Gwynedd Pension Fund's property funds transferring to the WPP. By implementing this, there would be an opportunity for alternative investment options such as, for example, international property and impact property (e.g. investing in Housing Associations).

The information was accepted

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

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

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

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

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

Thanks were expressed for the report

In response to a comment that the objectives contained only one reference to risk and were the officers happy that all other risks had been addressed, it was noted that the one reference was correct, but that the Fund had a dedicated risk register.

In response to an observation on the objective to 'Deliver an investment approach that reflects the Fund's cashflow position, and likely evolution, and minimises the risk of forced disinvestment' and whether there was a target for that, given the Fund's current strong position and therefore less need to invest, it was noted that the Fund's officers were working closely with Hymans to set out a new strategy, to discuss investments and create different scenarios on the performance. It was reiterated that Hymans would be keeping an eye on the situation.

The information was accepted

9. 2026/27 BUDGET

Submitted – the report of the Investment Manager. It was noted that the budget of the Pensions Administration Unit and the Investment Unit for the financial year 2026-2027 had been approved by the Pensions Committee (the morning of 09-02-26) and that the information was being shared with the Board as an opportunity for them to provide an overview of the situation.

Reference was made to the Pensions Administration Unit's budget, which employed 25 members of staff, together with systems, printing, and central reimbursement costs. Attention was drawn to supplies and services, highlighting that the budget had to be increased to £185,500, mainly due to increases in postage costs, and software costs – costs that were unfortunately unavoidable.

In the context of the Investment Unit's budget, it was noted that the majority of their duties consisted of Pension Fund work but that they were also responsible for Cyngor Gwynedd's Treasury Management. Additionally, the costs of the Wales Pension Partnership (WPP), investment managers and advisers were the responsibility of the Investment Manager; these costs varied and depended on the performance of investments and the work required to be carried out by the advisers and the Partnership. When transferring and investing with the WPP IM Co it would be necessary to keep a close eye on the costs over the next period, and it was therefore considered that there was no purpose in setting a budget for this year and would be addressed in the next financial year.

Another element that could not be included in the budget were the changes required as part of 'Fit for the Future' regulations where there would be a statutory requirement to appoint a Chief Officer for the Fund, an individual who was independent of the Committee, along with the costs of additional governance and training requirements. It was noted that more information on these elements would be shared with the Board as they became available.

Thanks were expressed for the report

In response to a question by Mr Eifion Jones, who had observed a meeting of the Pensions Committee on the morning of 09-02-26, at which the response to the regulations was discussed, and the need to appoint a Chief Officer for the Fund, and an individual who was independent of the Committee by 1 October 2026, and the risk involved in appointing a suitable person who met the specific requirements, it was noted that risks encompassing 'Fit for the Future' implications had been added to the risk register. It was reiterated that there would also be specific qualifications for the role of the Independent Officer therefore this appointment was also challenging, with a risk attached. Work on setting up the job descriptions would begin as soon as possible.

In response to a question about adjustments to the Committee's duties and whether there would be an impact on the Board's duties, it was noted that there were changes to the Committee because they were doing a lot of work with the investment element, but the Board's duties would remain the same.

In the context of a 60% increase in service provision costs and why this was so high, it was identified that this was mainly an increase in software development and licensing costs, e.g. the Dashboard, creating a video for the Hunanwasanaeth self-service system, and an increase in postage costs.

In response to a supplementary question about the costs of software and why it was not a capital expenditure given the impact that the increase in costs was having on the budget, it was noted that these were mostly one-off expenditures and were funded by the Fund. Because of that, it made more sense from an accounting point of view to treat it as revenue expenditure within one year rather than capitalising it, which would have long-term implications for the accounts, with no real advantage to that.

In response to a comment regarding staff numbers and whether it would be correct to note that there were four members of staff out of 23 on temporary contracts, it was noted that temporary staff had been appointed for additional work, such as the McCloud Project, but with the work on the horizon for the Unit, more would need to be appointed. It was reiterated that the intention was to look again at the structure in light of the increased requirements and challenges that the Unit would face in the future.

The information was accepted

10. FUNDING STRATEGY STATEMENT

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

It was reported that the basis of the document was the actuarial valuation which had been prepared using assumptions agreed with the actuary. These assumptions had been submitted to the Pensions Committee for approval in September 2025, with the employers having received a presentation from the actuary in October 2025. It was noted that the results were extremely positive, with the level of funding for the whole Fund at 166%, with employers seeing a reduction in their contributions from April 2026 onwards.

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

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

Thanks were expressed for the report

In response to a question about whether consideration should be given to setting an employer contribution target, seeing that the funding level for the entire Fund was 166%, it was noted that a target had not been set because the size of employers varied and therefore set limitations. It was noted, however, that the Fund's large employers had a stabilisation mechanism, namely a financial facility, usually temporary, to restore balance to a system in the event of instability.

In the context of the contribution rate and whether some of the employers were challenging for reduced rates or were prepared to accept the actuary's opinion, it was noted that discussion forums were being held with the actuary along with engagement work where the rate was discussed. It was reiterated that the level was usually determined on a legal basis by what the actuary set, but that officers were open to being challenged, behaved proactively and were willing to explain the rates.

The information was accepted

11. THE PENSIONS REGULATOR: PUBLIC SERVICE GOVERNANCE PROCEDURE SURVEY 2025/26

The Pensions Regulator Survey was submitted, to receive the Board's feedback on the governance arrangements of the Gwynedd Pension Fund.

The Pensions Manager explained that a draft response based on the Board's responses to the previous Survey had been submitted, but that Members were required to agree, challenge or amend the response to correspond with the activities and developments in 2025/26.

During the discussion, the following matters were noted as ones requiring attention:

- A need to identify cyber risk as one of the three risks to the governance and administration of the operational plan (B4)
- For protected characteristics such as age, sex, ethnicity and disability (A11) – need to revise the answer

In response to a reply to a statement (A3) 'that the Scheme Manager and Pension Board do not have sufficient time to run the scheme properly', and what therefore the Board can do to support the need to improve the situation, it was noted that the core work and payment work were being implemented in a timely manner, but that the elements of good governance, training and establishing policies took up more staff time. A Board Member reiterated that it was not fair that the service had to run on a minimum number of staff in response to the Council's requirements; if the staff were under pressure, this needed to be considered. With adjustments to the structure, further changes and annual requirements on the horizon, consideration would have to be given to increasing staffing levels so that the response to the question next time could be 'yes'.

The Head of Finance indicated that he would be willing to consider the team's resources. He reiterated that there were many issues 'up in the air at the moment' with the appointment of a Senior Pension Fund Officer on the horizon; once that was in place, the Senior Officer would lead on the funding element of the two units.

In the context of question B1, 'Does your scheme have adequate processes for governing the following?' – the answer was 'no' to conflicts of interest; it was noted that the Monitoring Officer was preparing a draft plan and that a Data Management Framework would fall under the same piece of work.

Thanks were expressed for the work

The survey responses were agreed subject to the above modifications – the final version to be shared with the Chair before being presented to the Pensions Regulator.

The meeting started at 1:00 and ended at 14:15.

PENSIONS COMMITTEE 26-02-2026

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

Councillors: Stephen Churchman, Geraint Parry, and Ioan Thomas

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

Others invited:

Tony Deakin (member of the Pension Board) – observing

1. APOLOGIES

Apologies were received from John Brynmor Hughes, and Robin Williams (Isle of Anglesey County Council)

Following the decision of Cllr R Medwyn Hughes to stand down as a Member, and as Former Chair of the Pensions Committee, he was thanked for his work and support to the Committee during his time as a Member.

2. DECLARATION OF PERSONAL INTEREST

None to note

3. URGENT ITEMS

None to note

4. WALES PENSION PARTNERSHIP (WPP) - UPDATE THE INTER-AUTHORITY AGREEMENT (IAA)

Submitted - the report of the Head of Finance and the Investment Manager highlighting the need for the Committee to formally recommend the Inter-Authority Agreement (IAA) to the Full Council for approval.

Members were reminded that the Inter-Authority Agreement was the formal legal and governance framework binding together the eight administering authorities of the Welsh Local Government Pension Scheme into the Wales Pension Partnership. It was reported that the Inter-Authority Agreement (IAA) was first approved in 2017 when the WPP was established, but following a 'Fit for the Future' consultation, and the adjustments needed to ensure compliance with UK Government requirements, investment management company WPP IM Co. was established and incorporated. As a result, it was considered necessary to undertake a comprehensive review of the IAA to ensure that it remained appropriate. It was reiterated that while the WPP had been successful, with good governance and arrangements leading to good returns, the UK Government was unwilling to continue with the arrangement and therefore a new investment company had had to be formed; under the 'Fit for the Future' requirements there would be significant adjustments to the existing structure, which would need to be operational by 1 April 2026.

Reference was made to the main changes in the new structure along with the assurance note that Hymans Robertson (WPP's oversight and governance adviser) had prepared for the eight administering authorities. It was noted that the assurance note included input from the eight authorities and provided an independent overview of the new regime and the key amendments proposed as part of the recommendation.

Work prepared by Burges Salmon (WPP's legal adviser) detailing all proposed amendments to the IAA was highlighted. The Committee was assured that the proposed agreement had been scrutinised by several layers of oversight which included discussions with the Steering Group, and that the Monitoring Officers of the eight administering authorities had provided input to ensure that the individual Councils were secure. Each of the eight administrative authorities would follow the same procedure to approve the Inter-Authority Agreement.

Thanks were expressed for the report.

The background work that had been done to prepare the agreement within a tight timeframe was appreciated, as was the good scrutiny work carried out by Hymans Robertson and Burges Salmon in highlighting the implications.

Thanks were given for the information-sharing workshop organised for members of the Pensions Committee and the Pension Board (23-02-26); the discussion had been valuable and beneficial and took place in a friendly atmosphere – reassuring the Committee that it was making the right decisions.

Observations arising from the ensuing discussion:

- Concern that the Committee's role appeared to be as an oversight body, losing the right to participate in the discussion on investments
- Concern that the Committee was losing its managerial role and responsibilities
- Why was there a Senior Officer and not a Member on the Shareholder Forum? The opportunity of having the Members' voice on the Forum was being missed - the public contacted/shared their concerns with Elected Members if things did not go well, so it would be wise for them to have input
- It had to be emphasised that the approval of the Inter-Authority Agreement was a response to statutory requirements
- That the quality of the background work was of a very high standard, professional and detailed - the Committee relied on a standard of information of this level

In response to the observations, the Head of Finance accepted that the situation was a frustrating one and that layers of complexity were being added to the current arrangement which, to date, had been very clear and orderly. He added that as the Section 151 Officer, he would be attending the Shareholders' Forum on behalf of the Council (and not the WPP) where he had a duty to ensure that shares and actions were safe. The Monitoring Officer reiterated that the Council was a Shareholder in this situation and was entitled to vote on the decisions to protect the interests of Gwynedd; that could be discussed in the item on approving the Shareholders' Agreement.

It was proposed and seconded to recommend the Agreement to the Full Council

RESOLVED:

- **To note the content of this report and the appendices.**
- **To recommend the amended Inter-Authority Agreement (IAA) to the full Council on 5 March 2026 for approval as a reserved matter**

5. 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 is also acknowledged that there are occasions, in order to protect public financial interests, where commercial information must be discussed without being publicised. The reports relate 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 is closed in the public interest.

6. WALES PENSION PARTNERSHIP (WPP) - GOVERNANCE DOCUMENTS TO MEET THE "FIT FOR THE FUTURE" REQUIREMENTS

A report was submitted by the Head of Finance and the Investment Manager in response to meeting the UK Government's "Fit for the Future" ambitions (due to become Legislation on 31 March 2026), by making necessary amendments to the existing governance arrangements of the Wales Pension Partnership (WPP) whilst also introducing new independent documents – the Shareholder Agreement (SHA) and the Client Service Agreement (CSA).

It was clarified that, unlike the Inter-Authority Agreement, the Full Council (July 2025) had delegated to the Pensions Committee the right to approve final formal documentation for the implementation of the Investment Management Company and authorised the Section 151 Officer in consultation with the Chair of the Pensions Committee to proceed with Yr Wyddfa Project alongside WPP Administering Authorities in accordance with the Government's timetable within the approved budget.

The Shareholder Agreement (SHA) and the Client Service Agreement (CSA) were discussed.

RESOLVED

- 1. To approve the Shareholder Agreement (SHA) that has been created, which is a legal requirement.**
- 2. To approve the Client Service Agreement (CSA) that has been created, which is a legal requirement.**
- 3. Where appropriate, to delegate powers to the Head of Finance Department, in consultation with the Chair of the Pensions Committee, to make minor amendments to the agreements, on condition that it would not change the substance of the agreements.**
- 4. In 12–18 months, the Shareholder Agreement (SHA) should be reviewed to explore how to include elected representatives in a non-voting function.**

5. **As part of the Committee's work programme, there is a need to look at improving scrutiny arrangements and challenging WPP IM Co reports.**
6. **There is a need to include a clause in the Committee's work programme to consider local investment opportunities and/or consideration to local investment proposals.**

The meeting commenced at 10:30am and concluded at 11:40am.

PENSIONS COMMITTEE 16-03-2026

Attendance:

Councillors: Stephen Churchman, Goronwy Edwards (Conwy County Borough Council), John Brynmor Hughes, Gwynfor Owen, Geraint Parry, Ioan Thomas and Robin Williams (Isle of Anglesey County Council)

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

Others invited: Roland Thomas (member of the Pension Board) - observing

1. APOLOGIES

Apologies were received from Councillor Elin Hywel (Chair) and Councillor John Pughe Roberts (Vice-chair)

In the absence of the Chair and Vice-chair, a request was made for nominations for someone to step into the Chair for this meeting only. Councillors Ioan Thomas and Councillor Stephen Churchman were proposed and seconded.

A vote was taken on both proposals.

Councillor Stephen Churchman was elected as Chair for this meeting only.

Councillor Gwynfor Owen 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 9 February 2026 as a true record.

5. CASH FLOW MODELLING PROJECTIONS

The Investment Manager submitted a report in response to the need to project the expected cash flow of the Fund over a long-term period, so that it was possible to understand the sensitivity of the Fund's net cash flow position in a number of inflation scenarios. It was reported, although the triennial valuation had shown that the Fund was in a healthy position in terms of assets, the Fund's cash flow needed to be monitored, and for consideration to be given to converting some assets to cash or into assets that would pay a regular income (in order to pay the pensioners), and whether enough money would come into the Fund from day to day to do so.

Attention was drawn to the types of income and regular expenditure which happened within the Fund, as well as the cash flow situation of recent years, which highlighted

that the situation had been positive over the past three years. It was explained that it was usual for the Pension Fund to go into a negative cash position when benefit payments would be higher than the income coming in, therefore the importance of the need to monitor the situation and use the Investment Strategy to sell or change the type of assets that were most appropriate was outlined.

Reference was made to a report provided by Hymans Robertson who were assessing the situation as well as the results of a scenario analysis carried out to discover what would be the impact of different levels of inflation. It appeared that if there would be a baseline scenario, there would be potential for the Fund to face a negative situation in 2027 and earlier than that should inflation remain at a high level. It was reiterated, in the short-term, that the Fund had liquid assets that could be called upon at short notice; monitoring and implementing the cash flow would also be a consideration for the WPP IM Co Investment Management Company from April 2026 - there would be a need to collaborate with the company over the coming period to ensure that plenty of liquidity was available.

Members expressed their thanks for the report, and the exercise carried out by Hymans Robertson was appreciated.

In response to a question regarding the need to consider the formal cash flow and rebalancing policy, it was noted that these were steps that the WPP IM Co Investment Company needed to consider; the company would also have the expertise to make the correct decision. It was reiterated that equity assets had been de-risked, that safeguarding steps were in place and that the situation was a sensible one.

RESOLVED:

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

6. FUNDING STRATEGY STATEMENT

A report was submitted by the Investment Manager, explaining the demand on the Fund to review the Funding Strategy Statement every three years, after the triennial valuation (unless there were substantial changes in the market conditions). It was highlighted that the main purpose of the statement was to reflect the valuation's factors and weigh up the affordability to the employers, with the long-term liquidity objectives of the Fund.

It was noted that the Statement was a long and technical document and had been prepared in detailed consultation with Hymans and the Fund officers. It was explained, as part of the review, that the administrative authority had to consult with every employer that was a part of the plan, with the fund actuary and advisers, and any other persons considered to be suitable. In line with the request, the Statement (draft) was submitted to the Pensions Committee in February 2026, to the Pension Board and to all Fund employers. It was reported that no feedback had been received from the employers, but that the actuary had suggested one change / addition to Q4 regarding the report on the Gender Pension Gap.

Members expressed thanks for the report - although the document was lengthy, the content was simple and understandable.

RESOLVED

To accept the report and adopt the Funding Strategy Statement.

7. REVISED INVESTMENT STRATEGY STATEMENT

The Investment Manger submitted a report seeking the Committee's formal approval to adopt the Investment Strategy and confirm the pooling arrangements. It was highlighted that the Fund was required to publish the Strategy Statement, and that it would be timely to allocate a new strategic asset allocation following the triennial valuation. It was noted that the Investment Strategy Statement had been prepared in consultation with Hymans Robertson.

It was highlighted that the strategy underlined the balance between risk and returns that the fund needed, outlining the strategic assets allocation. Reference was made to information about the IM Co Investment Management Company (structure and governance of the company that would be operational from 1 April 2026), responsible investment, voting rights and engagement - important elements in the implementation of the Fund.

The members expressed thanks for the report.

RESOLVED

To accept the report and adopt the Investment Strategy Statement.

8. TREASURY MANAGEMENT STRATEGY STATEMENT FOR 2026/27

An annual report was submitted by the Investment Manager noting, in line with the Welsh Government's Statutory Guidance on Local Government Investments, that the Council was required, as a part of its treasury management function, to prepare an Annual Investment Strategy. As good practice, it was considered that the Gwynedd Pension Fund (the "Fund") should adopt Cyngor Gwynedd's Treasury Management Strategy Statement (TMSS) for 2026/27, as revised for the purpose of the Pension Fund. Cyngor Gwynedd's TMSS for 2026/27 was approved by the full Council on 5 March 2026.

It was explained, currently, that all the remaining money in the Fund (i.e. money that was not invested with Investment Managers), was pooled with the Cyngor Gwynedd financial balances and was invested with counter-parties in accordance with Cyngor Gwynedd's Treasury Management Strategy. At the end of the financial year, Cyngor Gwynedd would be paying interest to the Pension Fund, based on the Fund's daily balances over the year.

It was explained that the CIPFA code of practice and Welsh Government guidelines made it a requirement for the Council to invest its money prudently and consider security and liquidity before seeking the highest rates of return or yield and strike a balance with these factors. Reference was made to the sectors that had been approved for investment, as well as the investment restrictions for them, e.g. local government, local authorities, banks, money market funds and pooled funds. Attention was drawn to the projections which had been prepared by the Council's financial advisers, Arlingclose, the type of investments that the Council had at the end of 2025 and the additional requirements of the Welsh Government's Investment Guidelines.

The members expressed their thanks for the report.

RESOLVED

- **To accept the report.**
- **To adopt the Treasury Management Strategy Statement for 2026/27 as adapted for the purpose of the Gwynedd Pension Fund.**
- **To request that the Council (although not a separate body) allows the surplus cash balances of the Pension Fund to continue to be pooled with the Council's general cash flow from 1 April 2026 onwards.**

9. WALES PENSION PARTNERSHIP (WPP) BUSINESS PLAN

The Investment Manager submitted a report, which included the Partnership's Business Plan. It was expressed that normally, the Partnership created an annual Business Plan for a three-year period, but that this year's plan was a Transitional Business Plan for the first year of the WPP IM Co Investment Management Company (an independent company that would be managed by the Financial Conduct Authority (FCA) and operational from 1 April 2026). This document would be monitored, reviewed and formally agreed every year. It was reiterated that the Business Plan had been approved by the Partnership's Joint Governance Committee on 10 March 2026, and that the Partnership's eight constituent Authorities needed to approve the Plan.

In the context of the new arrangements of the Wales Pension Partnership, it was explained that the Constituent Authorities were the shareholders and clients of the Investment Management Company (WPP IM Co), and that WPP IM Co would have a separate business plan and budget (see item 10). It was reiterated that the Partnership's new role as shareholders and clients, included supervision of the WPP IM Co, as well as continuing to implement aspects of the amended Inter-Authority Agreement (IAA) approved by the Full Council on 5 March 2026; reference was made to the new WPP governance structure from 1 April 2026.

It was reported that the business plan also detailed how the Partnership would achieve its aims, outlining the priorities and objectives of the Partnership's Constituent Authorities and the financial budget.

The members expressed their thanks for the report.

In response to a question about when the Investment Management Company (WPP IM Co) would become operational, it was noted that 1 April 2026 was the official date, with a transitional period as the company established its own arrangements.

In response to a question about how often the Business Plan would be reviewed, considering the new arrangements from 1 April 2026, it was noted that the Constituent Authorities would receive a quarterly review from WPP, and a quarterly review by the Investment Management Company. It was reiterated that there would be ongoing contact between WPP and WPP IM Co officers, with the intention of sharing information / updates at the Committee's future meetings.

RESOLVED

To accept the report and approve the Business Plan

10. WPP INVESTMENT MANAGEMENT COMPANY LIMITED INITIAL BUSINESS PLAN - FINANCIAL YEAR 2026/27

The Investment Manager submitted a report, which included an Initial Business Plan for the Investment Management Company (WPP IM Co). It was explained that from 1 April 2026, the WPP Investment Management Company Limited (WPP IM Co) would be responsible for investment advice and implementing investments worth over £25

billion, on behalf of the eight Welsh Local Government Pension Funds. It was reiterated that this Initial Business Plan was the first formal account that Authorities had received, and the Business Plan had been approved by the Joint Governance Committee on 10 March 2026.

It was highlighted that the Business Plan detailed how the Investment Management Company would be achieving the strategic objectives (trustees and Member benefit duty; Implementing investment; Investment advice; Responsible investment and stewardship; Local and Welsh investment; Governance, accountability and transparency; Regulatory compliance; Team and capacity development), as well as setting a governance and supervision plan, financial summary, investment management method, implementation and staffing, risk management and compliance and responsible investment in place.

The members thanked the officer for the report.

In response to a comment that staffing costs (£4.2m estimate) were substantially higher than the Partnership's current staffing expenditure, and whether equivalent figures were available, it was noted that the current costs were very low, but that there would be a substantial increase in the transitional period when establishing the new arrangements. The intention was, as the expertise was established in-house, that the costs of external Investment Manager fees would reduce substantially.

In response to a question regarding dividend payments to the Members of the Board of Shareholders, it was noted that salaries would be paid, and not a bonus. It was reported that a Shadow Board had been established since the WPP IM Co Investment Management Company had been registered with Companies House. It was reiterated that the Shareholders were the eight Constituent Authorities and therefore if there were dividends to share, these would be paid to the individual Councils. It was also noted that there was an intention to establish a Remuneration Policy. Appointments to the IM Co Board are in the process of receiving approval from the Financial Services Authority (FCA).

In response to a comment that a Strategic Plan / formal document was needed which would outline the direction of WPP IM Co to reduce costs following the transition period, it was noted that there was an intention to employ 12 staff members in April, with the figure increasing to 24 by December 2026 - a likely increase in costs. Nevertheless, it was noted that there was an expectation for Investment Manager / external Fund costs to reduce in the long-term - time will tell; the Government's aspiration was to reduce the fees.

RESOLVED

To accept the report and approve the Business Plan

Note:

Request a Strategic Plan / formal document to outline WPP IM Co's direction to reduce costs following the transition period.

11. TRAINING UPDATE 2025/26 AND TRAINING PLAN 2026/27

A report was presented by the Pensions Manager updating the Members on the 2025/26 training plan and setting out an outline training plan for 2026/27. It was considered that the 2025/26 plan had been successful and Members were thanked for attending a variety of training sessions which offered a broad range of subjects, as well as seminars, conferences and relevant external webinars that were praised as useful and timely.

It was highlighted that the National Knowledge Assessment, which was usually coordinated by Hymans Robertson to benchmark the Members' knowledge levels, had been held during 2025 because of the need to review the framework as a result of Fit for the Future governance adjustments, strengthening of expectations under the General Code and developments in the pooling of investments, responsible investment and governance standards. Once the amended Assessment would be published, this would enable the Fund to benchmark knowledge levels nationally, note the emerging training needs and steer the iterations of the Training Plan and Governance and Training Strategy for the future.

When introducing the 2026/27 Training Plan, and in the context of core training, it was noted that the Plan reflected the intention for the Wales Pension Partnership to continue as a main training provider for members of the Committee and the Pension Board. However, due to the continuous changes within the pooling arrangements, no training sessions had been arranged. It was reiterated, once the amended structure and governance arrangements had been completed, it was anticipated that a programme of sessions would be arranged. The expectation was that these sessions would contain the key areas.

Reference was made to conferences noted for 2026/27, reiterating the expectation for the Members attending to complete a structured feedback form to be included on the agenda of the next Pensions Committee meeting. Members were encouraged to take advantage of additional learning opportunities such as on-line learning modules and self-guided learning.

The members expressed thanks for the report.

Observations arising from the ensuing discussion:

- Appreciated a formal and comprehensive training programme
- Welcomed the training opportunities, particularly for new members
- A suggestion to hold one-to-one sessions (in-house)
- A suggestion to present a follow-up session to the Fundamentals training (one year from the date when the training was completed)
- That the LAPFF Conference was to be held on 2-4 December 2026

RESOLVED

- **To accept the report and to note the information about the training undertaken during 2025/26.**
- **To welcome the opportunities being offered.**
- **To note the absence of a 2025 National Knowledge Assessment and the planned revision of the framework.**
- **To approve the 2026/27 Training Plan.**

Note

Hold one-to-one sessions with the New Members

12. THE PENSION FUND VALUATION REPORT

The valuation report was presented by the Pensions Manager, for information. It was reported that the officers had been collaborating with the actuary, Hymans Robertson over the past year on the triennial valuation of the Gwynedd Pension Fund. It was explained that the purpose of the valuation was to ensure that the Fund had a robust funding strategy to meet the long-term benefits obligations when setting employer contributions for the period between 1 April 2026 and 31 March 2029.

Reference was made to the Fund's healthy financial position and to the employer contribution rates, which would drop to 16.2% of the salary (compared with 21.8% in 2022). Attention was also drawn to the new requirement for the 2025 Valuation, which was to report on the Gender Pension Gap. It was noted that there would be a review to changes in the regulations in an attempt to close the gap which was greatly impacted at present by the gender pay gap, which reflected different work patterns, such as part-time work.

The assumptions used in this valuation were reviewed in January 2025 and they were approved at the Pensions Committee in March 2025. It was reiterated, following consultations with employers, that the final Funding Strategy Statement had been approved at this meeting (item 6), and that the next formal valuation had been arranged for 31 March 2028.

Members expressed thanks for the report.

In response to a question about the legality of considering different genders separately, it was noted that since this was a national issue, the likelihood was that a legal opinion had been sought on the issue. It was reiterated that the contribution rate was the same for all, but that the inequality derived from women mostly receiving less earnings due to part-time work, and career breaks for maternity / caring periods, which led to reduced pension contributions. There would be a need to address the gender pension gap by promoting equal pay and seeking more flexibility.

In response to a question about the meaning of 'membership experience' in the table 'Changes since the last valuation - funding position' (£31m of reducing surplus / increasing deficit), it was noted that this highlighted the real experience, compared with the expectations of the last valuation.

RESOLVED

To accept the report and note the information

13. 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 is also acknowledged that there are occasions, in order to protect public financial interests, where commercial information must be discussed without being publicised. The reports relate 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 is closed in the public interest.

14. PENSION FUND INVESTMENT PERFORMANCE UP TO 31 DECEMBER 2025

A report was submitted by the Investment Manager, reporting on the performance of the Gwynedd Pension Fund up to December 2025. It was noted that in the past, performance was discussed at an investment panel with the Investment Managers, but with changes to arrangements when establishing the WPP IM Co Investment

Management Company, the Investment Manager would report on performance until the Investment Company started to report to the Committee.

The report was discussed.

RESOLVED

- **To accept the report and note the information**
- **To congratulate the officers for the good work being done**

The meeting commenced at 14:00 and concluded at 15:10

MEETING	PENSION BOARD
DATE	20 APRIL 2026
TITLE	WALES PENSION PARTNERSHIP UPDATE
PURPOSE	To receive and note the latest information from the Wales Pension Partnership
RECOMMENDATION	RECEIVE AND NOTE THE INFORMATION
AUTHOR	DELYTH JONES-THOMAS, INVESTMENT MANAGER

1. INTRODUCTION

This report provides an update to members of the Pension Board on the Welsh Pension Partnership (WPP) acting on behalf of the eight LGPS funds in Wales.

WPP has now been established for some time with Waystone as an operator to provide FCA regulated services, Russell Investments providing investment management options for the listed assets, and a number of managers operating the private markets options.

As a result of new legislation from the Westminster Government, changes are underway with investment firm WPP Investment Management Company Limited (WPP IM Co) being launched within the next few weeks. This investment firm will then be responsible for investment advice and implementation of investments across more than £25 billion of assets on behalf of the eight Welsh LGPS funds.

2. NEW WELSH PENSION PARTNERSHIP ARRANGEMENTS

The formation of WPP IM Co. presents a once-in-a-generation opportunity to create an independent LGPS Investment Company for the benefit of all stakeholders. Not only can the Partnership continue to invest for and protect the pensions of its LGPS members, but it will have the opportunity to continue in its role to invest locally across Wales and the rest of the UK, for the benefit of the people of Wales.

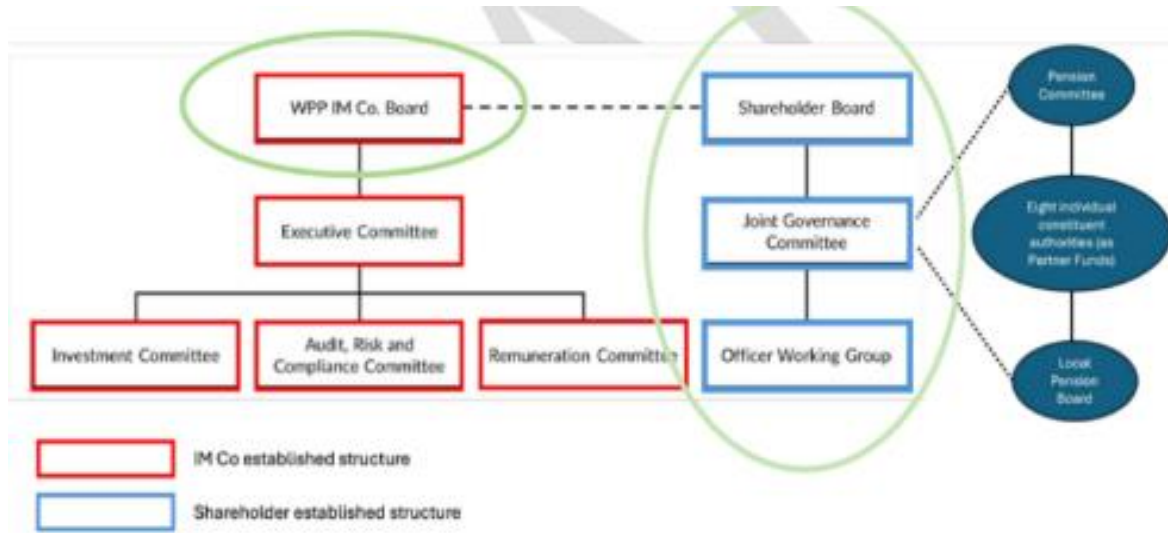
The WPP IM Co will:

- implement all aspects of the Constituent Authorities' investment strategies
- providing investment advice to the Constituent Authorities including strategic asset allocation
- have individual control to make investment decisions and implement an investment strategy
- have a contract with service providers, including Waystone which provides fund operators' services for the Authorised Contractual Scheme of the Partnership (ACS)
- wholly owned by the Partnership's Constituent Authorities

3. GOVERNANCE

The Partnership is responsible for ensuring that its business is conducted in accordance with the regulations and guidelines. It must also be ensured that public money is protected, properly accounted for and used economically, efficiently and effectively to ensure value for money. We also strive for continuous improvement and to comply with industry best practice

The diagram below illustrates the governance structure of the Partnership once the Investment Company is operational:



The Board of Shareholders exists to exercise the rights of the Constituent Authorities as owners of the IM Co (e.g. appointment and removal of senior Directors of IM Co, approval of IM Co budget, approval of remuneration policy, etc.) and will consist of Section 151 Officers or senior LGPS officers from each of the eight Constituent Authorities. The Board of Shareholders is supported by the Joint Governance Committee and the Officers Working Group, which is made up of elected members, representatives of scheme members and representatives of officers from the eight Constituent Authorities. The Constituent Authorities will continue to be involved in all aspects of the Partnership's governance structure. There will also be two representatives of the shareholders on the Board of IM Co.

The Partnership details how it deals with all aspects of Governance through the Inter-Authority Agreement (IAA) which defines the standards, roles and responsibilities of the Constituent Authorities, its Members, Committees and Officers. The Inter-Authority Agreement contains a Delegation Plan which outlines the decision-making process that takes into account the relevant legislation.

A Shareholder Agreement and a Client Services Agreement are also in place. The Shareholders' Agreement details the relationship between the IM Co and the Constituent Authorities, as shareholders, and regulates the operation and management of the Company. The Client Service Agreement details terms and conditions of services to be provided by the IM Co for the Constituent Authorities.

4. WPP IM BUSINESS PLAN Co

The Initial Business Plan at Appendix 1 is the first formal account for the authorities.

The Business Plan was approved by the Joint Governance Committee and the Gwynedd Pension Fund Pensions Committee in March 2026.

The business plan details how the company is going to achieve its eight strategic objectives:

1. Duty of trustees and welfare of members;
2. Implementation of investment;
3. Investment advice;
4. Responsible investment and stewardship;
5. Local and Welsh investment;
6. Governance, accountability and transparency;
7. Regulatory compliance;
8. Develop team and capability.

It sets out the plan of governance and oversight, financial summary, approach to investment management, operations and staffing, risk management and compliance and responsible investment.

5. RECOMMENDATION

To receive and identify the information.

WPP Investment Management Company Limited

Initial Business Plan
Financial Year 2026/27

Submitted to the Shareholders
February 2026

Executive Summary

WPP Investment Management Company Limited (WPP IM Co) will assume full FCA- authorised responsibility for investment management and advisory services across the combined Welsh LGPS portfolio of more than £25 billion on 31 March 2026. This document is the company's Initial Business Plan for FY2026/27, submitted to shareholders under clause 6.1 of the Shareholders' Agreement. A CEO letter providing the narrative context for shareholders is provided by separate cover.

The company's eight strategic objectives are: fiduciary duty and member welfare; investment implementation; investment advice; responsible investment and stewardship; local and Welsh investment; governance, accountability, and transparency; regulatory compliance; and team and capability development. All elements of this plan are structured around those objectives.

The governance framework is established by three inter-related agreements: the Shareholders' Agreement, which governs the relationship between the company and its shareholders; the Client Services Agreement, which governs the investment management and advisory relationship with each authority as client; and the Inter-Authority Agreement, which governs the relationship between the eight authorities. Day-to-day shareholder oversight is exercised through the Shareholder Board, the Joint Governance Committee, and the Officers Working Group.

The total operating budget for FY2026/27 is £9.0 million, against a Fit for the Future Business Case projection of £7.0 million, a difference of £2.0 million driven principally by staffing. The company goes live with 12 employees and 6 board directors on Day 1, reaching 24 employees by December 2026. Roles anticipated in Years 2 and 3 of the Business Case have been brought forward into Year 1. The full-year staffing run rate of approximately £4.6 million is close to the Business Case's projected endpoint. The revenue model is cost-plus, with fees received quarterly in advance.

The Year 1 investment management approach is focused on the active oversight of mandates inherited from the Partner Funds. The investment framework, which will cover investment beliefs, strategic asset allocation, manager selection principles, and the criteria against which performance will be assessed, will be developed in collaboration with Partner Funds during FY2026/27. Private markets capability is being built as a core part of the Year 1 build-out.

The operations and staffing build is on plan. The Day 1 leadership team is in place. Key executive appointments completing the team across the year include the General Counsel, the Director of Private Markets and Local Investments, and the Director of Operations. Total staffing costs for the year are £4.2 million on a pro-rated basis.

The principal risks for FY2026/27 are: staffing and capability; regulatory; budget and cost management; third-party dependency; operational; governance and conflict; and

operating model. The risk register will be developed into a structured format during the year as the compliance function is established.

The responsible investment programme is overseen by the CIO from Day 1. A common RI policy will be developed in collaboration with Partner Funds during FY2026/27. The company will exercise voting rights across its equity holdings, engage with investee companies on material ESG issues, and apply for UK Stewardship Code signatory status during the year.

1. About WPP Investment Management Company

WPP Investment Management Company Limited is the investment management company for the Wales Pension Partnership, on track for FCA authorisation before 31 March 2026. The company will manage investment assets on behalf of eight Welsh Local Government Pension Scheme administering authorities, with combined assets under management of more than £25 billion.

The company was established in direct response to the Fit for the Future consultation, which requires LGPS funds in England and Wales to pool their assets through FCA-authorized investment management companies and to delegate investment strategy to those companies. WPP IM Co is the vehicle through which the eight Welsh funds meet those requirements.

The company's revenue model is cost-plus: fees are set to cover the full operating cost of the business, received from shareholders quarterly in advance. The company holds no external revenue line. Its financial sustainability depends on operating within agreed budget parameters and on the cost discipline that implies.

From the point of authorisation, WPP IM Co will hold full responsibility for investment advice and investment implementation across the combined portfolio, operating under the FCA's Senior Managers and Certification Regime.

2. Strategic Objectives

The company's strategic objectives are set out below. They are the framework within which this plan operates and the basis against which progress will be reported to shareholders under the Shareholders' Agreement.

- 1. Fiduciary duty and member welfare.** To act at all times in the best interests of LGPS members in Wales, placing fiduciary duty to scheme members at the centre of all investment decisions, governance structures, and operational conduct. Every investment, operational, and governance decision this company makes is made in service of that purpose. Shareholders are the mechanism; members are the purpose.
- 2. Investment implementation.** To effectively implement, in accordance with applicable law, statutory guidance, and relevant advice, the investment strategies (including high-level strategic asset allocation) set by each Partner Fund. The company holds full accountability for investment implementation end-to-end, including where delivery is delegated to external managers. In Year 1, the primary focus is oversight of the mandates inherited from the Partner Funds, establishing the framework and standards against which all implementations will be assessed going forward.
- 3. Investment advice.** To provide investment advice to each Partner Fund, supporting them in setting investment objectives, strategic asset allocation, and responsible investment policies. The advisory relationship with each of the eight Partner Funds is a core function of the company. Year 1 establishes the advisory framework, the governance through which advice is delivered, and the standards to which it will be held.
- 4. Responsible investment and stewardship.** To act as a responsible, long-term investor, exercising active stewardship of the assets under management in a manner consistent with high standards of corporate governance and the company's responsible investment policy. Responsible investment is integrated into the company's approach from Day 1, not treated as a supplementary activity. The company will exercise voting rights across its equity holdings, engage with investee companies on material ESG issues, and develop a comprehensive responsible investment policy in collaboration with Partner Funds during FY2026/27. Section 8 of this plan sets out the responsible investment programme in further detail.
- 5. Local and Welsh investment.** To allocate capital towards investments that deliver measurable economic, social, and environmental outcomes for Wales, in a manner consistent with fiduciary duty and the investment strategies set by each Partner Fund. The company holds a direct mandate from both central and local government to invest in ways that are impactful on the Welsh economy, Welsh society, and Welsh environment. That mandate will be pursued through the investment

framework, through manager mandates, and through the direct investment programme as it develops. It will not be pursued at the expense of fiduciary duty.

- 6. Governance, accountability, and transparency.** To operate in accordance with high standards of accountability, governance, and transparency, including through regular governance reviews, performance and cost reporting, and appropriate representation of shareholders and clients. The governance framework established by the Shareholders' Agreement, the Client Services Agreement, and the Inter-Authority Agreement provides the structure within which the company operates. The company will meet all reporting obligations to shareholders and will be proactive in providing the information that shareholders and clients need to exercise effective oversight.
- 7. Regulatory compliance.** To operate in full compliance with all applicable laws, FCA regulations, and relevant government guidance. Regulatory credibility is the licence to operate. From the point of FCA authorisation, the company will meet all obligations under the Senior Managers and Certification Regime, the Investment Firms Prudential Regime, and all ongoing regulatory reporting requirements.
- 8. Team and capability development.** To attract, develop, and retain a high-performing team with the skills, values, and capabilities required to deliver the company's mission to the highest standard. The company's long-term success depends on the quality of the people who build and run it. Year 1 is the critical year for bringing together the right team. This is a generational opportunity to build an investment manager of genuine quality with a uniquely Welsh purpose, and attracting people who are drawn to that purpose is the filter that matters most.

3. Governance and Oversight

Three inter-related agreements define the governance framework within which WPP IM Co operates, and each serves a distinct purpose. The Shareholders' Agreement (SHA) governs the relationship between the company and the eight authorities in their capacity as co-owners and shareholders of the company: it regulates the company's management and operation, the rights of shareholders, and the matters on which shareholder approval is required. The Client Services Agreement (CSA) governs the relationship between the company and each authority in its capacity as a client of the company, in receipt of investment management and advisory services. The Inter-Authority Agreement (IAA) governs the relationship between the eight authorities themselves. WPP IM Co is not a party to the IAA.

Governance bodies

The practical governance bodies through which the eight authorities exercise collective oversight of the company are established by the IAA. The Shareholder Board is the primary forum for shareholder oversight. The Joint Governance Committee (JGC) monitors the company's performance against agreed KPIs and handles operational matters. The Officers Working Group (OWG) provides officer-level support to both. These bodies operate alongside the SHA's formal shareholder decision-making structures and are the primary interface through which WPP IM Co reports to and engages with its shareholders.

Board composition

The IM Co board comprises eight directors: two executive directors, two shareholder representative non-executive directors, and four independent non-executive directors. An independent non-executive director chairs the board and has no casting vote. This structure meets FCA requirements under SM&CR. The board will establish an Audit, Risk and Compliance Committee and a Remuneration Committee, each chaired by an independent non-executive director. Quorum for board meetings is five directors.

Shareholder reserved matters

The SHA distinguishes between matters the board may decide unilaterally and matters that require shareholder approval. Reserved matters are divided into two categories. Unanimous consent is required for two matters: the winding up of the company and its merger or amalgamation with another entity. Shareholder Supermajority is required for 35 matters, including approval of the Annual Budget, approval of any new Business Plan, and approval of any material amendment to the Business Plan.

A material amendment to the Business Plan is defined in the SHA as any amendment that would, individually or in aggregate with other amendments, result in a 10% or more change in total forecast operating expenditure, capital expenditure, or funding requirements in any Financial Year. In-year, the board is authorised to incur expenditure

of up to 15% above the approved Annual Budget without further shareholder approval. Expenditure beyond that threshold requires a Shareholder Supermajority.

Reporting to shareholders

The SHA requires the company to provide quarterly management accounts within 60 days of the end of each quarter, an annual report on progress against Strategic Objectives, and such other information as shareholders may reasonably require. This Initial Business Plan is produced under clause 6.1 of the SHA, which acknowledges the company's formative stage and does not require the same minimum content as subsequent Business Plans. The five-year Business Plan, due before 1 April 2027, will meet the full requirements of clause 6.2 of the SHA.

Governance independence

The company exercises its investment management responsibilities independently of its shareholders. The governance framework distinguishes clearly between matters that require shareholder input and those that fall properly within the discretion of the IM Co board and executive team. Both sides of that distinction will be respected.

4. Financial Summary

The total budget for FY2026/27 is £9.0 million. This compares with the cost projection in the Business Case of £7.0 million, a difference of £2.0 million. The main driver of that increase is staffing.

The Business Case planned for 16 people from Day 1, with the team expected to grow to around 30 over two to three years. The budget reflects a different recruitment profile: the company goes live with 12 employees on Day 1 and reaches 24 employees by December 2026, with six board directors in place throughout the year. Hires the Business Case planned for Year 2 and Year 3 have been brought forward into Year 1 to ensure the company is properly resourced from the point of authorisation. The effect is that Year 1 staffing costs of £4.2 million on a pro-rated basis already approach the full-team run rate the Business Case projected as its endpoint.

The Business Case also assumed that certain business support functions, including HR, payroll, IT, and property, would be provided by a constituent authority at marginal cost. The budget provides for those functions on a standalone basis, reflecting the company's status as an independent regulated entity. This accounts for approximately £0.4 million of the remaining difference.

The fee for delegated implementation and related services provided by Russell Investments has increased from £1.0 million in the Business Case to £1.275 million, reflecting a more fully defined mandate. Investment advice costs remain in line with the Business Case at £1.5 million, though this figure is subject to confirmation once each Partner Fund's current spend has been assessed.

The company's revenue model is cost-plus: fees are set to recover the full operating cost of the business, received from shareholders quarterly in advance. A full financial model, including multi-year projections and sensitivity analysis, will form part of the Five-Year Business Plan due before 1 April 2027.

Running costs	Estimated costs for 2026/27	Comments
Staffing costs	£4.2m	12 employees on Day 1 with 24 employees in place by December 2026, with six board directors in place throughout the year
Delegated implementation and related services	£1.3m	Middle office and administration services, including rebalancing activity, cash flow management and private markets administration
Investment advice	£1.5m	Based on current spend across partner funds. There will be corresponding savings at partner funds
Business Support	£1.3m	HR, payroll, IT, property etc
Other	£0.7m	Insurance, licenses, fees etc

5. Investment Management Approach

WPP IM Co holds full accountability for investment outcomes across the combined Welsh LGPS portfolio. Where delivery is delegated to external managers, accountability is retained. The company acts as investment manager of record and is responsible for the quality of every decision it takes, including the decision to delegate.

Investment framework

The investment framework is being developed during FY2026/27. It will set out the company's investment beliefs, strategic asset allocation approach, manager selection principles, and the criteria against which performance will be assessed. The framework will be aligned with Fit for the Future requirements and with each Partner Fund's investment strategy statement. It will be developed in collaboration with Partner Funds.

Manager selection and oversight

In Year 1, the company's primary focus is oversight of inherited mandates rather than new manager selection. The investment advisory and implementation mandates transferred from the Partner Funds on Day 1 will continue under active oversight from the outset. The CIO leads the development of the manager oversight framework and is responsible for the standard of oversight applied to all inherited arrangements.

Where mandates come up for review during FY2026/27, selection processes will be rigorous and documented. Performance will be measured against agreed benchmarks. Underperformance will be addressed.

Private markets capability

The Fit for the Future consultation carries a specific expectation that pool companies develop meaningful private markets capability. WPP IM Co is building that capability as a core part of the Year 1 programme. The Director of Private Markets and Local Investments, joining in September 2026, will work closely with the CEO and the CIO to develop the private markets strategy and oversight framework.

Local investment

Each of the eight Partner Funds has its own investment policies, priorities, and views on the allocation of capital towards Welsh economic, social, and environmental outcomes. The company recognises those policies and the central role of each Pension Committee in shaping the investment approach of their own fund. The company holds a mandate from shareholders and from central government to invest in ways that are impactful on Wales. That mandate will be pursued through close collaboration with Partner Funds as the implementation framework is developed, working with each fund to understand its position and build an approach that reflects it. It will not be pursued at the expense of fiduciary duty.

Responsible investment

Responsible investment is integrated into the investment approach from Day 1. ESG factors, including climate risk, will be embedded in the investment framework as it is developed. The company will exercise active stewardship over the assets it manages, including engagement with companies and voting at shareholder meetings. The full RI policy, developed with Partner Funds during FY2026/27, will set the principles and standards that apply across all mandates. Section 8 of this plan sets out the company's responsible investment programme in further detail.

Partner Fund support

The company's obligations to Partner Funds under the Client Services Agreement extend beyond investment management and advice. They include training and development support for Pension Fund Committee members and officers, covering investment strategy, responsible investment, and the governance of delegated investment management. WPP has provided this support to Partner Funds in the past and the company will continue to do so, developing a structured programme in collaboration with Partner Funds during FY2026/27.

6. Operations and Staffing

Recruitment programme

FY2026/27 is a year of operational build. The company enters the year with a substantive leadership team already in place: CEO, CIO, Director of Finance, Director of Risk, Head of People, and Head of Communications are all in post or joining by the end of March 2026. The planned headcount trajectory from that base is: Day 1, 12 employees; end of Q1 (June 2026), approximately 17; end of Q2 (September 2026), approximately 21; end of Q3 (December 2026), 24. These figures refer to employees only and do not include the six board directors in place throughout the year. All target start dates are subject to the outcome of recruitment processes and individual notice periods.

Key appointments completing the executive team and senior staff during the year include the General Counsel (target: June 2026), the Director of Private Markets and Local Investments (target: September 2026), and the Director of Operations (target: September 2026). The Head of Finance and Partner Fund Relations, Head of Investment Strategy and Stewardship, and Chief of Staff all join in April 2026.

The company is building its team with a clear mission filter. This is a generational opportunity: establishing a world-class investment manager with a uniquely Welsh purpose. That is the most powerful recruitment tool available. People who are drawn to that purpose are the right people for this company.

Staffing costs

Total staff costs for FY2026/27 are estimated at £4,179k on a pro-rated basis, reflecting phased hiring across the year. The full-year run rate at planned headcount is approximately £4.6 million. This figure represents the Year 2 baseline against which future budgets will be set.

Operational infrastructure

Operational infrastructure for FY2026/27 covers IT systems, risk and portfolio management platforms, compliance tools, and the office environment. Specialist consultants have been engaged to support the technology build and operational set-up phase. Key platform decisions will be finalised in Q1 and Q2.

Recruitment costs

Recruitment fees for FY2026/27 are estimated at £282k, reflecting the scale of hiring required to bring the team from its Day 1 position to planned headcount across the year.

7. Risk Management and Compliance

Risk management in FY2026/27 is at an early stage of maturity, consistent with the company's formative status. This section sets out the principal risks identified and the company's current mitigations. It is presented as the Initial Risk Register for FY2026/27 and will be developed into a structured register, aligned with the legacy WPP three-monthly review framework, as the compliance function is established during the year.

Principal risks

Staffing and capability risk. The company's ability to execute its strategy depends on completing the executive team and board on the planned timeline. The CIO is in post. Key remaining executive appointments carry delivery risk if delayed: in particular the General Counsel (target: June 2026), the Director of Private Markets and Local Investments (target: September 2026), and the Director of Operations (target: September 2026). Board composition also carries risk: the appointment of independent non-executive directors is critical to establishing the governance framework on the required timeline. **Mitigation:** active recruitment processes underway for all key positions; interim support in place where required; the phased build programme is designed to manage dependency risk.

Regulatory risk. From the point of FCA authorisation, the company must meet all obligations under the Senior Managers and Certification Regime (SM&CR), complete the Internal Capital and Risk Assessment (ICARA) process required of all FCA-regulated investment firms under the Investment Firms Prudential Regime, and meet all ongoing regulatory reporting obligations. Any failure carries material consequences for the licence to operate. **Mitigation:** Director of Risk appointed; regulatory specialist support engaged; compliance monitoring framework in development; ICARA process initiated; FCA authorisation expected before 31 March 2026.

Budget and cost management risk. Year 1 costs include significant inherited elements: the investment advisory and implementation mandates transferred from Partner Funds on Day 1, one-off recruitment fees, and operational set-up. Managing the transition from one-off to recurring cost base, and maintaining discipline on all discretionary items, is a Year 1 management priority. **Mitigation:** Director of Finance appointed; full budget reconciliation underway; one-off costs clearly identified and separated in the Financial Summary; cost discipline maintained across the organisation.

Third-party dependency risk. Russell Investments has a long-standing relationship with the Partner Funds and is a well-established presence in the WPP structure. The investment implementation and middle office mandate with WPP IM Co is, however, a new arrangement: it has been put in place specifically to manage the operational requirements that come with the transition of assets

to the company's management, rather than being a legacy mandate carried over from the previous structure. The company enters a significant operational dependency on this new arrangement from Day 1. Any disruption to it would carry material consequences for investment continuity and operational stability.

Mitigation: close engagement with Russell through the transition planning process; clear contractual and operational frameworks being established ahead of Day 1; transition planning integrated into the operational build programme.

Operational risk. Platform and system selection, vendor management, and the build of operational infrastructure all carry delivery risk in a start-up environment. **Mitigation:** specialist consultants engaged for the technology build; key platform decisions being made in Q1 and Q2 to allow adequate implementation time.

Governance and conflict risk. Managing governance independence while meeting the legitimate expectations of eight institutional shareholders is an ongoing challenge. **Mitigation:** clear framework established by the SHA and CSA; board composition designed to provide independence; escalation routes established for matters where tensions arise.

Operating model risk. The company's operating model reflects the requirements of the Fit for the Future consultation as they are currently understood. Government policy in relation to LGPS pooling continues to develop, and future requirements from central government or other regulatory bodies could materially alter what the company is required to do or how it is required to do it. Any such change would carry implications for budget, regulatory capital, and the delivery timeline set out in this plan. Responding to material operating model change also requires the alignment of eight shareholders through the governance framework established by the Shareholders' Agreement; where change requires collective decision-making, the company's ability to respond within the required timeframe depends on that alignment being in place. **Mitigation:** government policy and regulatory developments are actively monitored; the company engages proactively with shareholders on the implications of any emerging requirements so that alignment can be built ahead of formal decisions being required.

Compliance programme

The compliance monitoring framework for FY2026/27 is in development. It will cover SM&CR obligations, the ICARA process, transaction reporting, and the broader regulatory calendar. Compliance is led by the Director of Risk. The General Counsel, once appointed, will provide legal oversight and support to the compliance function.

Risk management framework and policies

A functioning risk management framework is a prerequisite of FCA authorisation, not a product of it. In parallel with the compliance programme, the company is implementing

the full suite of policies required of a regulated investment firm: conflicts of interest, remuneration, best execution, business continuity, whistleblowing, and data protection, among others. Each is being reviewed, finalised, and embedded during FY2026/27.

The ICARA process, required under IFPR, sits at the centre of the risk framework. It requires the company to identify its material risks, assess the capital and liquid assets needed to manage them, and satisfy itself that its governance is adequate to that task. That work is led by the Director of Risk, with specialist external support engaged where the company's internal capability is still developing.

8. Responsible Investment

Responsible investment is a core component of the company's investment approach; not a supplementary activity. The company holds the credentials appropriate to its stage of development and is building towards a more comprehensive programme as the team is established.

TCFD

The company is aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Climate-related financial risk is integrated into the investment process, consistent with the obligations on UK pension funds and their managers.

ESG integration

Environmental, social, and governance factors are integrated into the company's investment process, not treated as a separate consideration. The investment framework being developed during FY2026/27 will embed ESG assessment into manager selection, oversight, and portfolio monitoring. The standard will apply to all asset classes and all mandates.

Stewardship and engagement

The Head of Investment Strategy and Stewardship is in post from April 2026 and leads the development of the company's stewardship programme. Each Partner Fund has its own stewardship objectives and responsible investment priorities. The company's role is to implement those objectives in a manner consistent with FCA regulation and best practice, working in collaboration with Partner Funds as the programme develops. That collaborative approach is already in evidence: the Joint Governance Committee is considering an exclusionary framework in early 2026, and WPP IM Co will work with Partner Funds on the implementation approach that follows from it. The company will exercise voting rights across its equity holdings and engage with companies on material ESG issues. Building on the successful signatory status of the Partner Funds, application for UK Stewardship Code signatory status will be made during FY2026/27 once the stewardship framework and engagement programme are established to the required standard.

RI policy

A common RI policy for WPP IM Co implementation will be developed in collaboration with Partner Funds during FY2026/27, as an extension of the work already done by the Wales Pension Partnership in its previous guise. The CSA provides the governance framework for this process. Each Partner Fund's Pension Committee will have the opportunity to input its own responsible investment policies and priorities before a common framework is agreed; the intent is to reflect those individual positions in the policy where they are compatible, rather than to impose a single approach. The policy

will cover investment integration, stewardship, engagement, and the Welsh mandate on local investment and environmental, social, and economic outcomes for Wales.

Welsh investment mandate

The primary obligation of the company is to safeguard the pensions of LGPS members in Wales. Within that obligation, the company carries a genuine mandate from shareholders and from central government to allocate capital towards investments that deliver measurable outcomes for Wales. That mandate will be pursued where it is consistent with fiduciary duty; it will not be pursued at its expense. A local investment programme will be developed in consultation with Partner Funds. Progress will be reported to shareholders as the investment programme develops.

Appendix A: KPI Framework (Initial)

The KPI framework for FY2026/27 will be agreed with the Joint Governance Committee. The framework will cover five areas: investment performance; operational delivery; regulatory compliance; staffing and capability build; and financial management.

KPIs will be set at levels appropriate to the company's stage of development and will be reviewed as the executive team is established and as the five-year Business Plan is developed.

PLACEHOLDER

Full KPI schedule to follow on agreement with the JGC during FY2026/27.

Appendix B: Risk Register (Initial)

The narrative risk register for FY2026/27 is set out in Section 7 of this plan. The principal risks identified are: staffing and capability risk; regulatory risk; budget and cost management risk; third-party dependency risk; operational risk; governance and conflict risk; and operating model risk.

A structured risk register, aligned with the WPP three-monthly review framework and the format expected by the JGC, will be developed during FY2026/27 as the compliance function is established.

PLACEHOLDER

Structured risk register to follow as the compliance framework is developed during FY2026/27.

MEETING: PENSION BOARD

DATE: 20TH APRIL 2026

TITLE: CASH FLOW MODELLING PROJECTIONS REPORT

PURPOSE: To present the Cash Flow Modelling Projections report.

AUTHOR: DELYTH JONES-THOMAS, INVESTMENT MANAGER

1. INTRODUCTION

The purpose of this report is to present the Cash Flow Modelling report following the recent valuation. The report can be seen in Appendix 1.

The objective of the report was to project the expected cashflows of the Fund over a 20 year time horizon and to understand the sensitivity of the net cashflow position of the Fund to a number of inflation scenarios.

2. WHAT ARE THE CASH FLOWS OF THE FUND

The Fund's primary sources of income are:

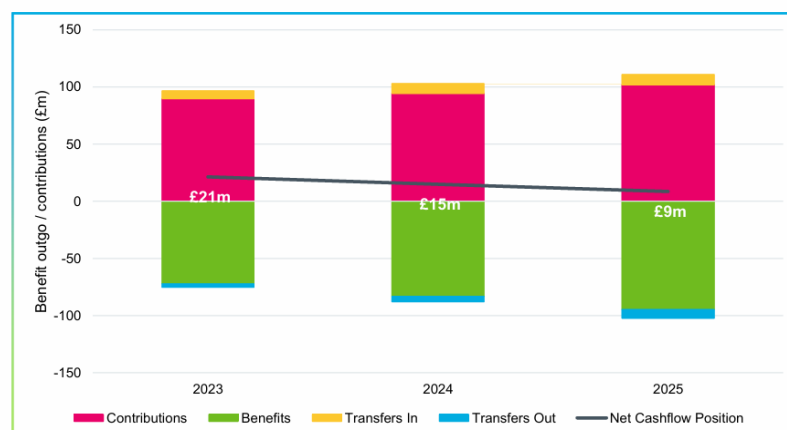
- Contributions from employers in the Fund
- Contributions from employee members in the Fund
- Income streams generated from the Fund's investments

The Fund's outflows are the benefits payable to the members and their dependants. These include:

- Retirement lump sums paid to active and deferred members on retirement
- Retirement pensions paid to pensioners and their dependants
- Death in service benefits and ill health benefits.

3. CURRENT POSITION

The chart below shows the absolute value of contribution income and benefit (bars) and the net cashflow position over the last 3 years:



The cashflow position has remained positive in recent years for the Fund.

However, the magnitude of benefits in payment by the Fund is continuing to increase on an annual basis. With contribution income expected to reduce because of contribution rate reductions at the 2025 valuation, the Fund’s cashflow position may change significantly in a short period of time.

4. CASHFLOW NEGATIVE

Historically, the benefits have been paid out of the contribution income with any excess being invested. This is how the Fund’s asset value has built up over time (along with investment returns). Over time a pension fund will mature and the level of benefit payments will start to exceed contribution income. At this point, a pension fund is considered “cashflow negative” and within this report, a range of different inflation scenarios have been prepared to inform decision making

Being cashflow negative itself is not unexpected for a pension fund. The assets that have been accrued are for the purpose of paying benefits – using them for that purpose is exactly as intended. However, if the transition to being cashflow negative is not monitored and managed effectively, it can pose a liquidity risk and the Fund may become a forced seller of assets.

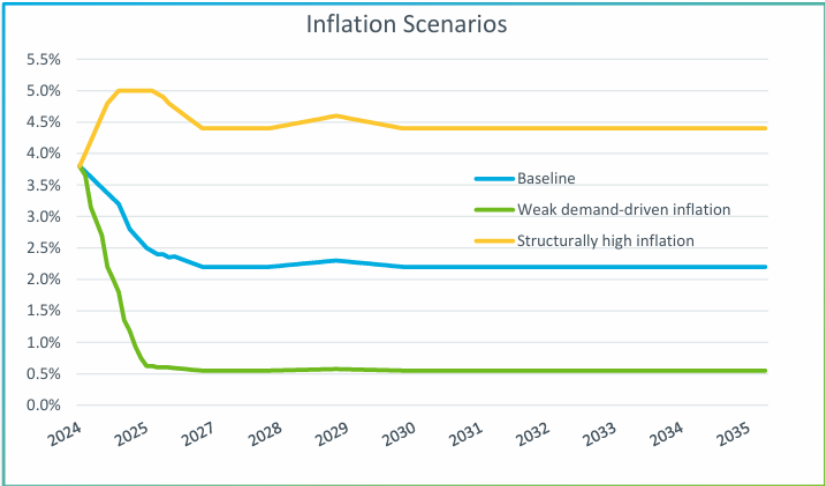
5. SCENARIO ANALYSIS

The following scenario’s were modelled for the fund:

Scenario 1: this baseline scenario represents consensus forecasts for headline CPI inflation to trend towards, albeit slightly above, the Bank of England’s target over the medium-term.

Scenario 2: the weak demand-driven inflation scenario represents deficient demand as the government embarks on fiscal consolidation. This could be achieved through tax increases and spending cuts, leading to a period of weak growth and weak demand-driven inflation (i.e. lower inflation than the baseline scenario).

Scenario 3: this represents a structurally high inflation scenario where persistent labour shortages and subsequent wage increases, alongside supply-side disruption owing to geopolitical risks (including trade tariffs) and climate-induced disruptions lead to a period of structurally higher inflation (i.e. higher inflation than the baseline scenario).



6. ANALYSIS OF RESULTS

The conclusion from the analysis is as follows:

- Under the baseline scenario, benefit outflow is estimated to exceed contribution income from 2027 onwards. The shortfall from contributions would require income from assets of no more than approximately a 0.6% yield.
- Under the weak demand- driven inflation, assuming future pay increase remain at 2.8% pa, a weak-demand driven inflation scenario would improve the Fund's cashflow position in future years compared to the baseline scenario due to salary increases exceeding inflation. A small gap between contribution income and benefit outgo would remain (requiring an income yield of up to approximately 0.2%), before turning cashflow positive again by 2045.
- Under the structurally high inflation scenario, this scenario has higher inflation persisting in the short-term, worsening the Fund's short-term cashflow position. In the long-term, the Fund's cashflow position materially worsens and an income yield of up to approximately 1.2% would be required (assuming future pay increases remain at 2.8% pa).

7. NEXT STEPS

The Fund will share the results with WPP IM Co and will monitor the following:

- the impact of reductions in contributions rates and membership changes on the cashflow position.
- any factors (e.g unexpected inflation) that may affect the cashflow position
- how the investment strategy should evolve to meet changing cashflow needs
- whether a formal cashflow and rebalancing policy is required

8. RECOMMENDATION

The Board is asked to note the contents and approve the report.

Gwynedd Pension Fund

Cashflow projections

Allan Woodhouse & Richard Warden – Actuary
Chris O’Bryen – Investment consultant

23 February 2026

For and on behalf of Hymans Robertson LLP



Use the menu bar above to navigate to each section.

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Executive summary

This paper is addressed to Cyngor Gwynedd as the Administering Authority to the Gwynedd Pension Fund (“the Fund”). The paper considers different future projections of the Fund’s cashflows under a range of different scenarios. The analysis and projections will help the Fund better understand its current and potential future cashflow position and is part of its management of risk in this area.

From the analysis and projections set out in this paper, the following conclusions can be drawn:



In the absence of investment income, the Fund is likely to be cashflow negative by the end of the 2026/27 financial year, after recognising the proposed reductions in contribution rates that have been agreed as part of the 2025 valuation and inflation in line with the ‘consensus’ view. This is earlier than previously anticipated as part of the analysis carried out in January 2023, where the Fund was expected to become cashflow negative by 2032.



The cashflow position of the Fund is sensitive to future levels of inflation. The weak demand-driven inflation scenario represents a period of “low inflation” as the government embarks on fiscal consolidation through tax increases and spending cuts. Under this scenario, the Fund’s cashflow position is improved over time, however, remains negative for most of the period. This highlights the importance of reviewing the cashflow position on a regular basis in an uncertain inflationary environment.



In the longer-term, the most significant risk to the Fund (in respect of its cashflow position) is a structurally higher inflation scenario, where inflation remains elevated for a longer period of time and the growth in payroll (and hence subsequent contribution income) does not keep pace. Under this scenario, the Fund’s cashflow position is significantly worse, with the gap between contribution income and benefit outgo increasing to a material level in the longer-term.



The Fund’s cashflow position is also sensitive to a number of other factors. The Fund should closely monitor its short term cashflow requirements to ensure that benefits can be paid in any future scenario.



Background and inputs

What is cashflow negativity and does it matter?

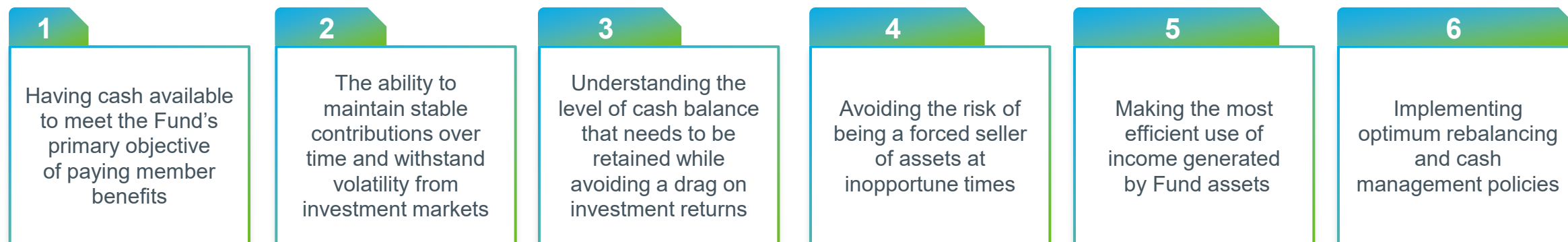
Every month, the Fund receives income via contributions and pays out benefits to members. Historically, the benefits have been paid out of the contribution income with any excess being invested. This is how the Fund's asset value has built up over time (along with investment returns).

Over time a pension fund will mature, and the level of benefit payments will start to exceed contribution income. At this point, a pension fund is considered "cashflow negative".

Being cashflow negative itself is not unexpected for a pension fund; the assets that have been accrued are for the purpose of paying benefits. However, if the transition to being cashflow negative is not monitored and managed effectively, it can pose a liquidity risk and the Fund may become a forced seller of assets.

At the 2025 valuation, there is a greater focus on cashflow. Improved funding positions mean that most employers will receive reductions in contribution rates from 1 April 2026, reducing the cash available to make benefit payments.

Knowing when the Fund is likely to be cash flow negative is helpful as it can have implications for both the funding and investment strategy:



This paper explores the Fund's cashflow position under different scenarios to inform the approach to cashflow management

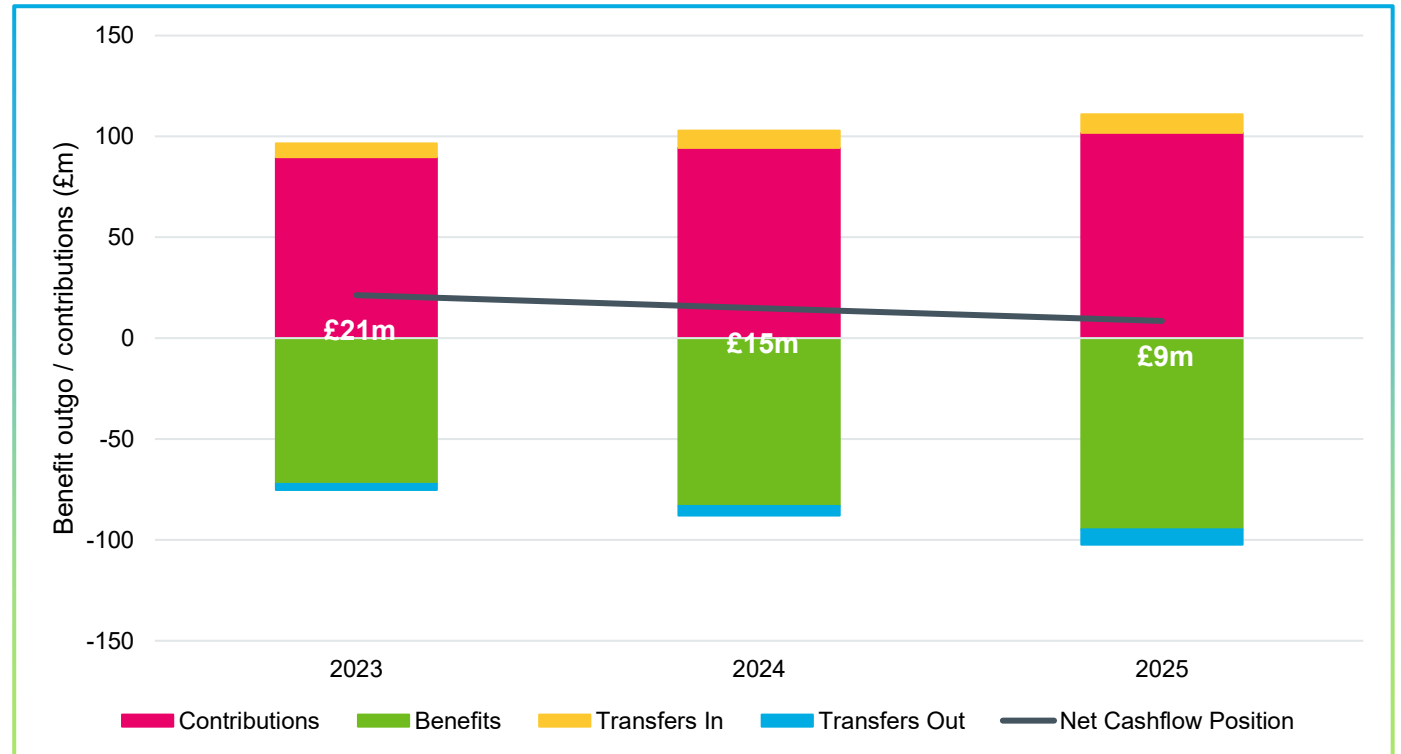
Recent cashflow position

Using the annual report and accounts for years ending 2023, 2024 and 2025, we have analysed the recent cashflow position for the Fund.

The chart shows the absolute value of contribution income and benefit outgo (bars) and the net cashflow position (black line and white figures).

The Fund was cashflow positive for all three years i.e. contribution income exceeded benefit outgo.

However, the magnitude of benefits in payment by the Fund is continuing to increase on an annual basis. With contribution income expected to reduce because of contribution rate reductions at the 2025 valuation, the Fund's cashflow position may change significantly in a short period of time.



The net cashflow position has remained positive in recent years and in 2024/25 is around £9m (contributions exceeding benefits)

What are the cashflows of the Fund?

In this paper we consider the main cashflows in and out of the Fund over the next 20 years.

The Fund's primary sources of income are:

- Contributions from employers in the Fund
- Contributions from employee members in the Fund
- Income streams generated from the Fund's investments

Contributions paid are estimated based on:

- Payroll based on membership data as at 31 March 2025
- The proposed contribution rates for the period 1 April 2026 to 31 March 2029, as agreed as part of the 2025 valuation (equivalent to an average of 15.8% of pay).

The Fund's outflows are the benefits payable to the members and their dependants. These include:

- Retirement lump sums paid to active and deferred members on retirement
- Retirement pensions paid to pensioners and their dependents
- Death in service benefits and ill health benefits.

Transfers in and out of the Fund by individual members are not usually a significant source of income or outflow and typically balance out over time.

The projected cashflows are sensitive to several assumptions. The most significant are:

- Level of future benefit increases (almost all LGPS benefits are index-linked and increase in line with Consumer Price Index (CPI) inflation)
- Level of current and future payroll (determines the amount of contributions received)

Data, assumptions and methodology

Membership data

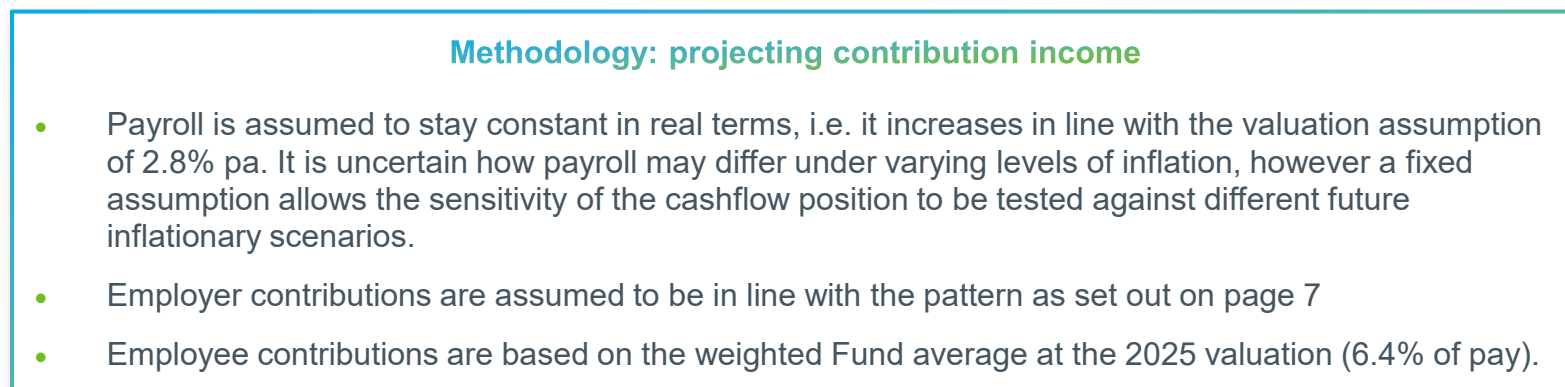
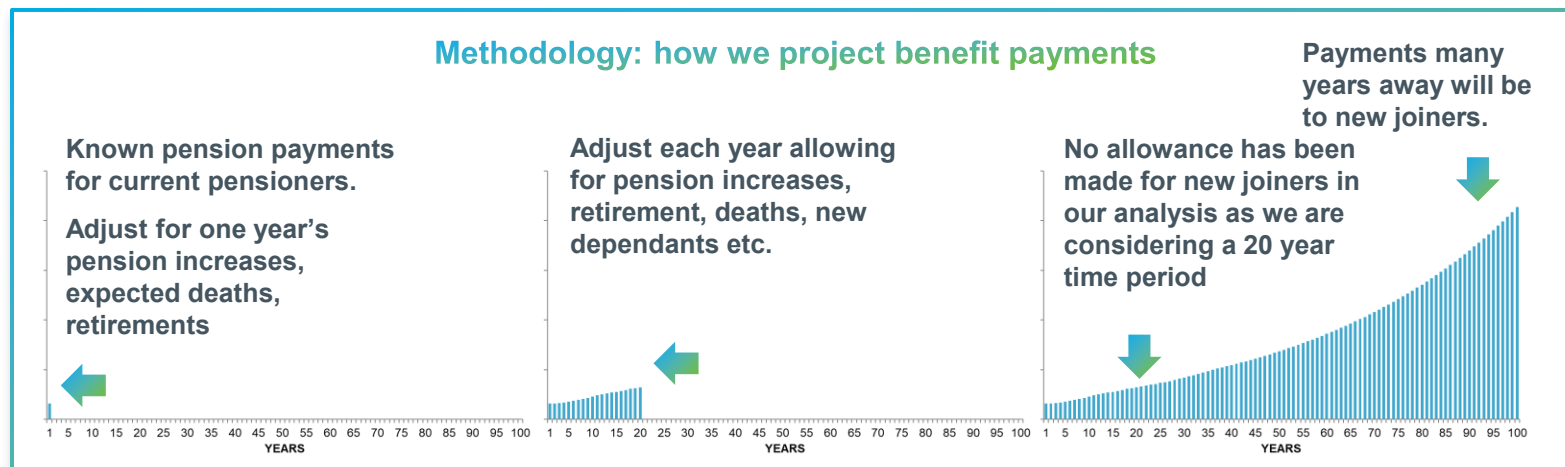
We have used the membership data as at 31 March 2025 provided for the 2025 formal valuation of the Fund.

Assumptions

The demographic and financial assumptions are in line with those adopted for the 2025 valuation of the Fund unless stated otherwise.

Further information on the membership data and assumptions is detailed in the 2025 valuation Initial Whole Fund Results report dated September 2025.

Allowance for benefit outgo in respect of benefits yet to be accrued by current active members is included in the projection; however, given the relative short timeframe considered, no allowance has been made for benefit outgo in respect of accrual by members yet to join the Fund.

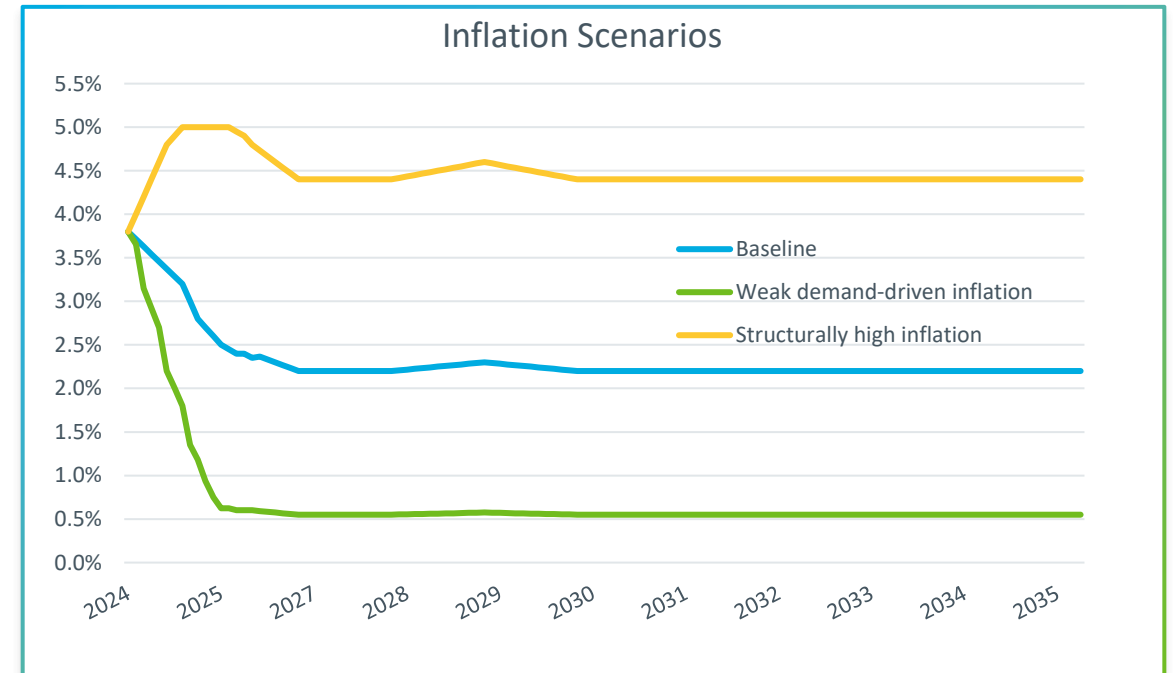


Scenarios explored

Future CPI inflation

Given the sensitivity of future benefit payments to inflation, we have considered three potential scenarios for future inflation. All scenarios recognise an expected 3.8% increase to benefits in April 2026:

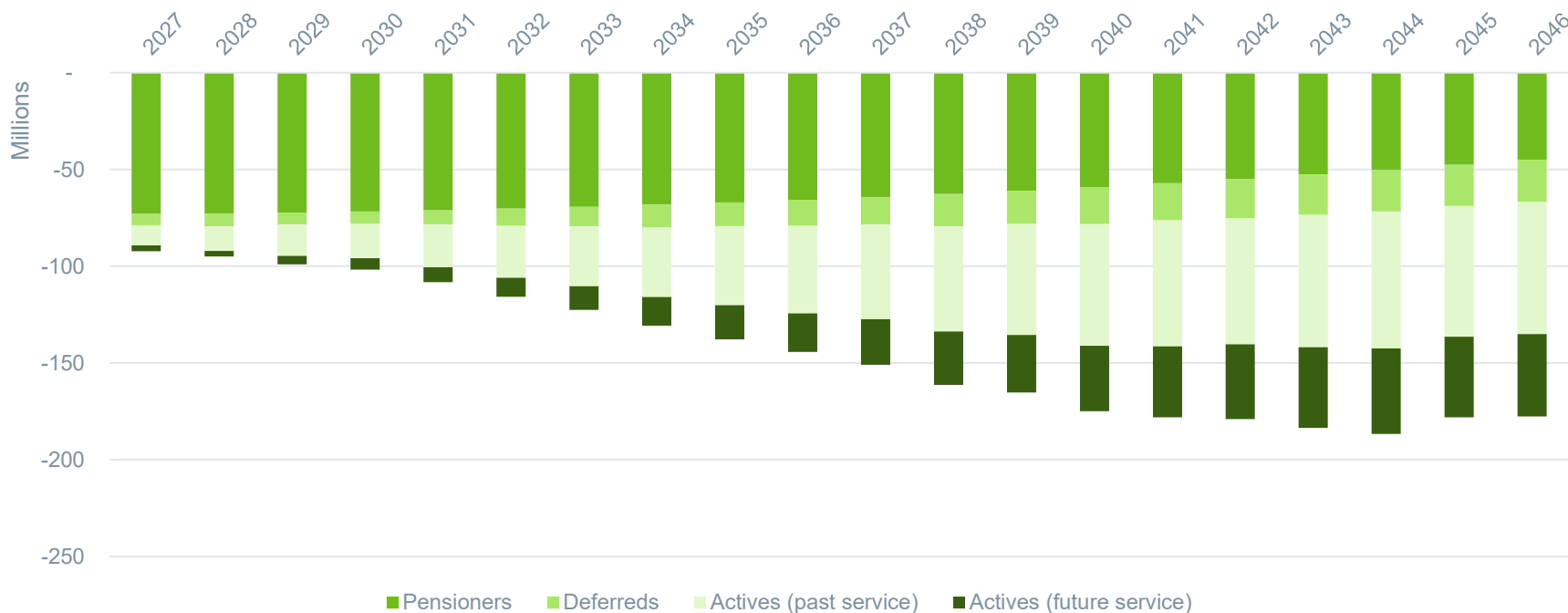
- **Scenario 1:** this **baseline** scenario represents consensus forecasts for headline CPI inflation to trend towards, albeit slightly above, the Bank of England's target over the medium-term.
- **Scenario 2:** the **weak demand-driven inflation** scenario represents deficient demand as the government embarks on fiscal consolidation. This could be achieved through tax increases and spending cuts, leading to a period of weak growth and weak demand-driven inflation (i.e. lower inflation than the baseline scenario).
- **Scenario 3:** this represents a **structurally high inflation** scenario where persistent labour shortages and subsequent wage increases, alongside supply-side disruption owing to geopolitical risks (including trade tariffs) and climate-induced disruptions lead to a period of structurally higher inflation (i.e. higher inflation than the baseline scenario).



all scenarios we have kept the payroll assumption constant at 2.8% p.a.

Cashflow projections

Projected benefit outflows (baseline scenario)



Notes
 The years along the x-axis (horizontal) refer to the year-end i.e. 2027 means the 2026/27 financial year (from 1 April 2026 to 31 March 2027).

The Fund currently pays around £95m in benefit payments. This is expected to approximately double by 2046.

Projected contribution income (all inflation scenarios)



Notes

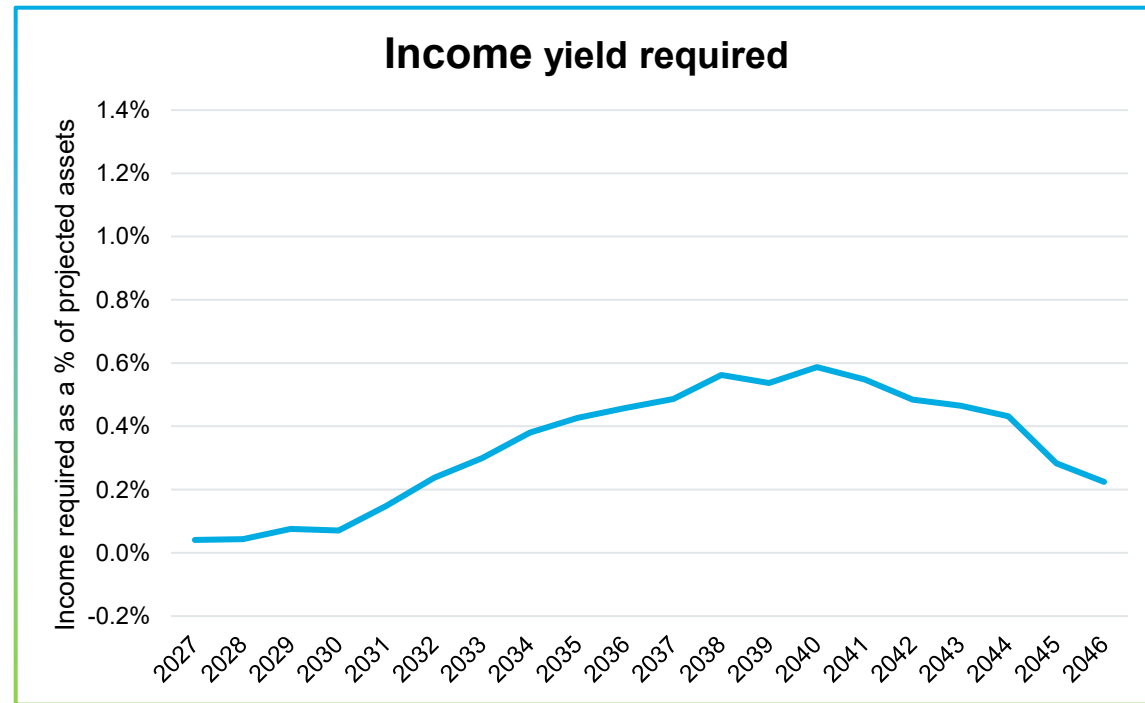
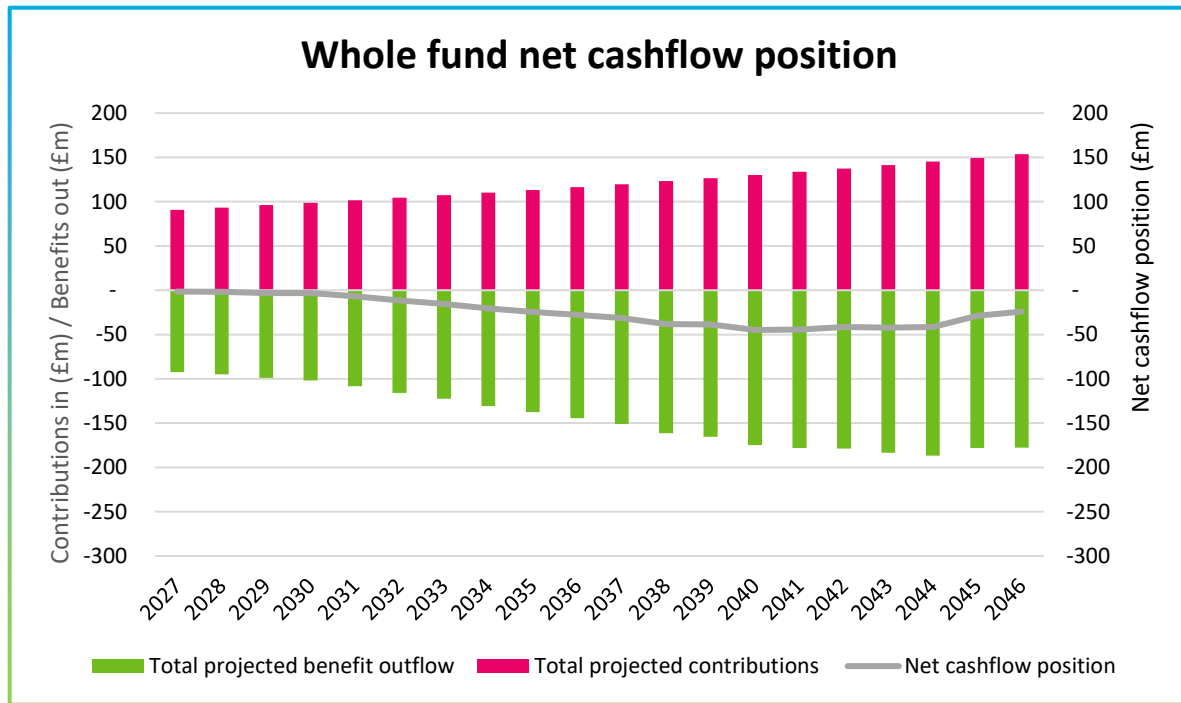
New entrants are implicitly allowed for in the income cashflow by assuming the payroll grows at 2.8% pa (in line with the Fund's 2025 valuation salary increase assumption).

The years along the x-axis refer to the year-end i.e. 2027 means the 2026/27 financial year (from 1 April 2026 to 31 March 2027).

There is expected to be a drop in contribution income in 2026/27 compared to the previous year due to the proposed reductions in contribution rates agreed at the 2025 valuation.

A significant risk to the Fund is a scenario where increases in benefit outgo exceeds growth in contribution income.

Baseline scenario



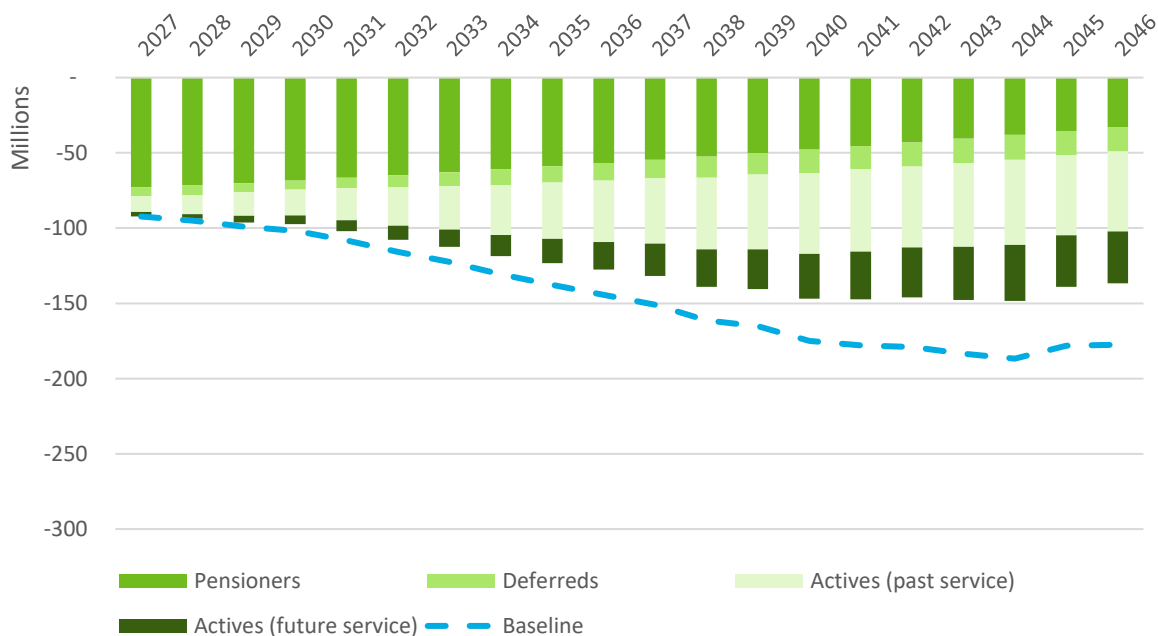
Benefit outflow is estimated to exceed contribution income from 2027 onwards.
 The shortfall from contributions would require income from assets of no more than approximately a 0.6% yield.

Assets are assumed to increase at 5.9% pa (this is equal to the discount rate used for funding level measurement purposes at the 2025 valuation).

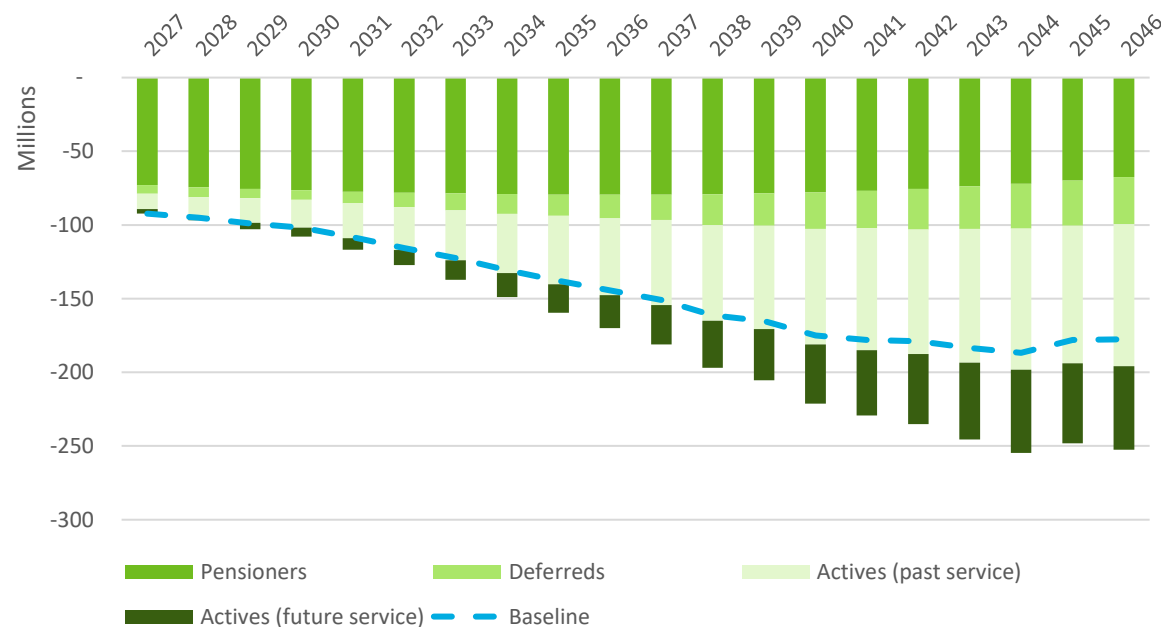
Scenario testing - inflation

Projected benefit outflows (alternative inflation scenarios)

Weak demand-driven inflation

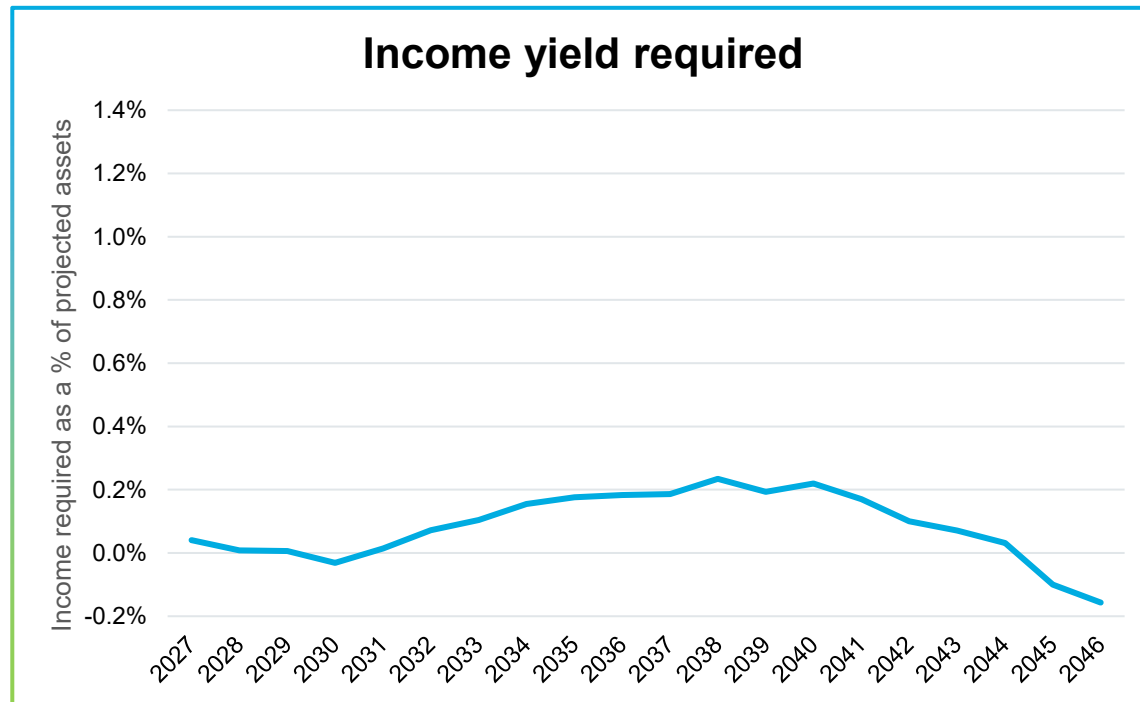
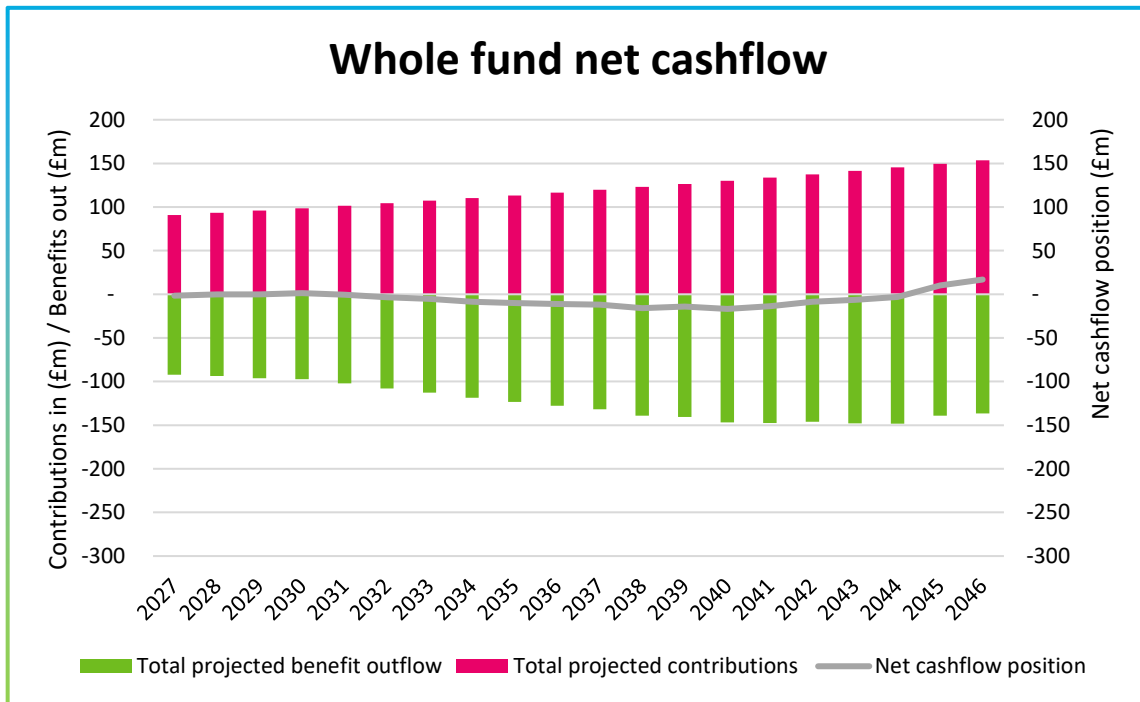


Structurally high inflation



Scenario analysis helps understand the impact inflation may have on future benefit payments. There is a difference of approximately £115m in annual benefit payments between the above scenarios in 2046

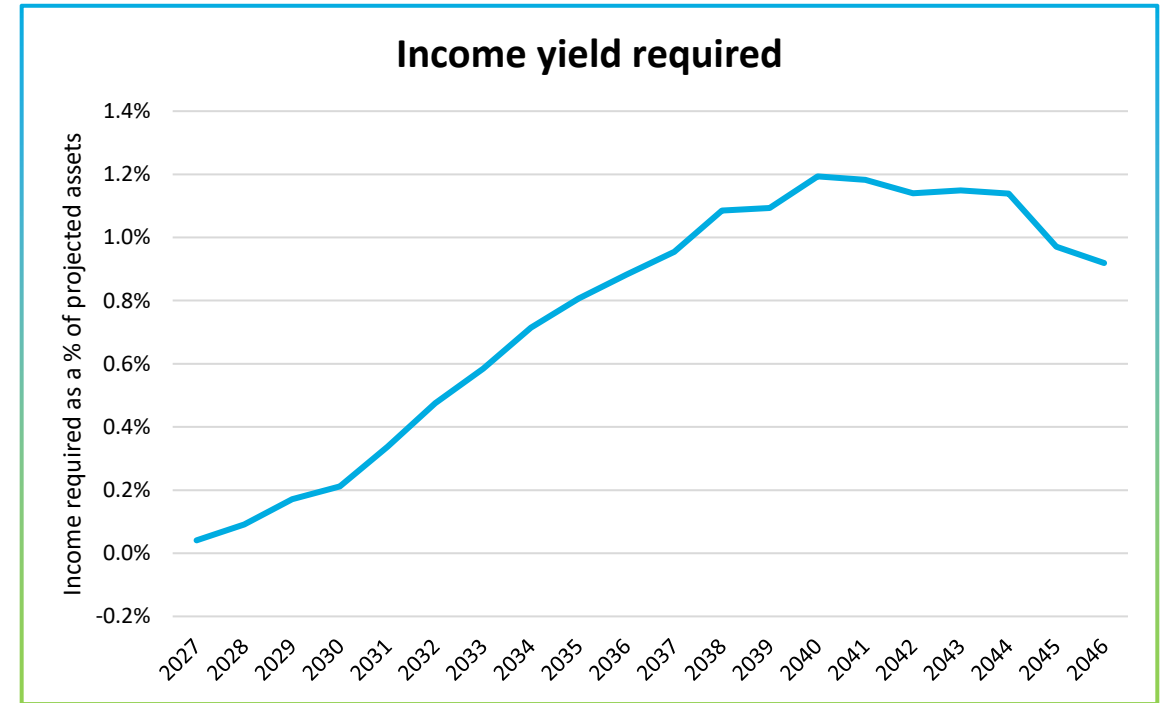
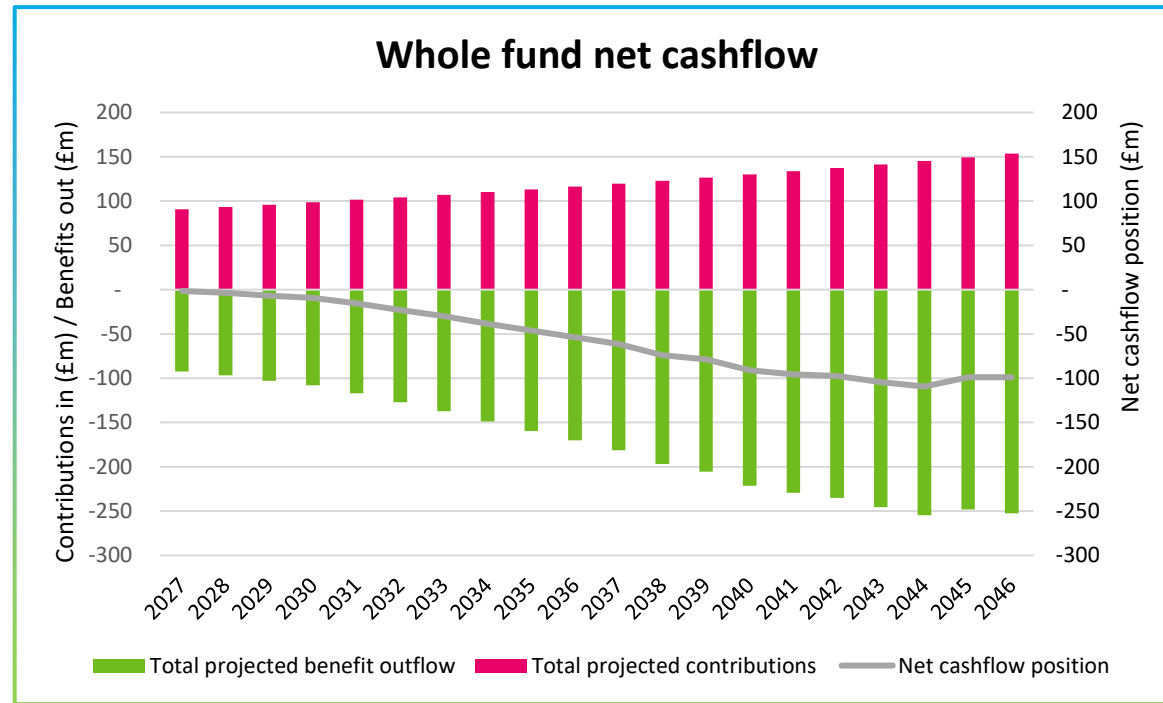
Weak demand-driven inflation scenario



Assuming future pay increase remain at 2.8% pa, a weak-demand driven inflation scenario would improve the Fund's cashflow position in future years compared to the baseline scenario due to salary increases exceeding inflation. A small gap between contribution income and benefit outgo would remain (requiring an income yield of up to approximately 0.2%), before turning cashflow positive again by 2045.

Assets are assumed to increase at 5.9% pa (this is equal to the discount rate used for funding level measurement purposes at the 2025 valuation).

Structurally high inflation scenario



This scenario has higher inflation persisting in the short-term, worsening the Fund’s short-term cashflow position. In the long-term, the Fund’s cashflow position materially worsens and an income yield of up to approximately 1.2% would be required (assuming future pay increases remain at 2.8% pa)

Assets are assumed to increase at 5.9% pa (this is equal to the discount rate used for funding level measurement purposes at the 2025 valuation).

Sensitivities

Sensitivity of cashflow position

The cashflow projections set out in this report are sensitive to a number of factors. Throughout this report we have focussed on the impact of future levels of inflation, however other factors that may impact the future cashflow position of the Fund include:

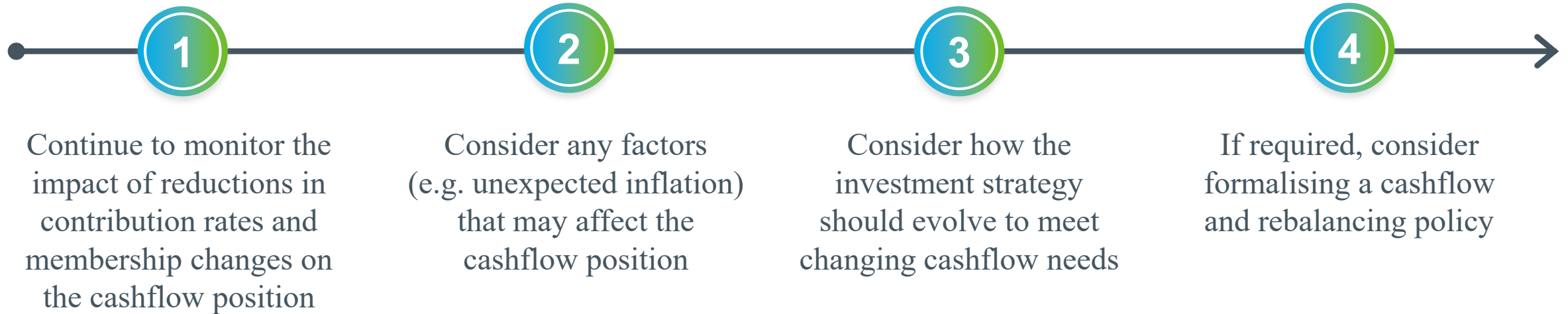
- **Future salary increases** – The analysis set out in this report considers a fixed salary increase assumption of 2.8% pa (in line with the 2025 valuation). It is uncertain how future salary increases may differ in the inflationary scenarios provided. However, if salary increases were to keep pace with inflation over the longer-term, the net cashflow position would be similar to that shown under the baseline scenario.
- **Future changes in contribution rates** – Contribution rates will be reviewed at future valuations (or between valuations) and may result in an increase or decrease in contributions paid to the Fund. If contribution rates decrease at future valuations, the Fund's net cashflow position will worsen due to reduced income (or vice versa).
- **Income generation** – The Fund is currently invested in income generating assets. The cashflow projections set out in this report assume there is no investment income from the Fund's assets (i.e. all investment income is reinvested), however the investment strategy could be evolved to draw income from these investments to improve the net cashflow position.
- **Transfers in/out** – Transfers in and out of the Fund can have a significant impact on the net cashflow position of the Fund. If transfers out exceed transfers in in any year, the Fund's net cashflow position will worsen (or vice versa).
- **Redundancies** – Redundancies incur immediate costs to the Fund and bring forward the payment of benefits to members. Therefore, any planned redundancy exercises may worsen the cashflow position if a significant number of member benefits come into payment earlier than anticipated (albeit the payment of early retirement strains by employers may improve the immediate cashflow position in the year these are paid).
- **Pre-payments** – Pre-payment of future contributions can significantly alter the net cashflow position of the Fund. If employers choose to pre-pay future contributions, this will improve the net cashflow position in the year of pre-payment and, as a result, worsen the net cashflow position in the following year(s).
- **Demographic assumptions** – The cashflow projections are based on the demographic assumptions set for the purpose of the 2025 valuation. These assumptions impact the timing of benefit payments (e.g. retirement age) and actual timings may differ to the assumptions made within the projections.

The Fund should closely monitor their short term cashflow requirements to ensure that benefits can be paid in any future scenario.



Next steps

Next steps



Reliances and limitations

APPENDIX 1

Reliances and limitations

This paper is addressed to Cyngor Gwynedd as Administering Authority to the Gwynedd Pension Fund. It has been prepared in our capacity as actuary and investment consultant to the Fund and is solely for the purpose of projecting the expected cashflows of the Fund over a 20-year time horizon. It has not been prepared for any other purpose and should not be used for any other purpose.

The cashflow projections are based on a specific set of deterministic assumptions, which are highly unlikely to be borne out exactly. We therefore do not claim that the future will exactly match the figures in this paper. The results should be used to give an indicative idea of the Fund's medium term cashflow requirements only.

Any party must accept full responsibility for establishing that the cashflows are appropriate for the purpose to which they want to put them and any decisions that are taken based on their analysis. We cannot be held responsible for any losses sustained as a result of third parties relying on the cashflows provided, or if the cashflows are used for any inappropriate purpose

The extent of the deviations from the assumptions underpinning the cashflow projections depends on uncertain economic events as well as other factors that are not known in advance such as members' decisions, variations in mortality rates, retirement rates and withdrawal rates, fluctuations and rates of salary increase, and the numbers and ages of future new entrants which cannot be accurately predicted. In addition, there could be changes in the regulatory environment and possible changes in retirement benefits.

These other uncertainties are often not related to any particular investment and economic eventualities.

Three of the important uncertainties are the:

- (a) Rate of pension increases, the vast majority of which increase at the annual increase in CPI inflation
- (b) Extent to which members elect to exchange pension for cash at retirement
- (c) Level of future payroll and contribution rates which will determine the amount of contributions paid into the Fund

The Administering Authority is the only user of this advice. Neither we nor Hymans Robertson LLP accept any liability to any party other than the Administering Authority unless we have expressly accepted such liability in writing.

This report may be shared with the Fund's independent investment advisor for information purposes only but may not be passed onto any other third party (such as including in the public part of the Pension Committee & Board's meeting papers or the Fund's asset pool) except as required by law or regulatory obligation, without prior written consent of Hymans Robertson LLP.

In circumstances where disclosure is permitted, the advice may only be released or otherwise disclosed in its entirety fully disclosing the basis upon which it has been produced (including any and all limitations, caveats or qualifications).

The following Technical Actuarial Standards are applicable in relation to this advice, and have been complied with where material and to a proportionate degree:

- TAS100
- TAS300.

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MEETING: **PENSION BOARD**

DATE : **20 APRIL 2026**

TITLE: **PENSION FUND INVESTMENT PERFORMANCE UP TO 31ST DECEMBER 2025**

PURPOSE: **TO PRESENT THE FUND'S INVESTMENT PERFORMANCE**

RECOMMENDATION: **TO ACCEPT THE INFORMATION**

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

1. INTRODUCTION

The investment performance of individual asset managers is monitored by the Pensions Committee on a quarterly basis and this report provides an update for the Board.

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 the longer term.

2. INVESTMENT PERFORMANCE

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

	3 Months %	1 Year %
Fund	2.5	10.4
Benchmark	2.5	10.6
Relative Performance	+0.0	-0.2

The Fund returned 2.5% over the quarter, equalling the benchmark return. Total assets shown in this report increased by c.£120m to c.£3.621bn as performance from listed global assets was positive over the quarter.

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.

2.1 Equity Investment Managers

The table below summarises the performance of the individual equity Investment Managers as at 31st December 2025:

	Market Value 31/12/25 £m	Performance 3 Months %	Performance 1 Year %
Black Rock Aquila Life UK Equity Fund	294.0	6.5	24.2
Benchmark		6.4	24.0
Relative Performance		0.1	0.2
Black Rock World ESG Equity Fund	204.6	0.9	n/a
Benchmark		0.3	n/a
Relative Performance		0.6	n/a
WPP Emerging Markets Fund	81.0	4.9	28.3
Benchmark		4.8	24.7
Relative Performance		0.1	3.6
WPP Global Growth Fund	400.7	2.8	12.6
Benchmark		3.4	13.9
Relative Performance		-0.6	-1.3
WPP Global Opportunities Fund	408.6	3.5	15.9
Benchmark		3.4	13.9
Relative Performance		0.1	2.0
WPP Sustainable Active Equity Fund	366.0	4.0	9.7
Benchmark		3.4	13.9
Relative Performance		0.6	-4.2

Performance from listed global equities was positive over Q4 2025. This was driven by strong performance across regions, including European markets and Asia Pacific markets, while US stocks lagged over Q4.

Each of the Fund's listed equity mandates delivered positive absolute returns and performed in line or ahead of their respective benchmarks, with the exception of the WPP Global Growth mandate, which lagged its benchmark over the quarter and longer time periods.

The Fund completed a switch between the Black Rock Low Carbon index-tracking equity allocation to the new Black Rock World ESG Equity fund which is a new climate-aware solution.

2.2 Fixed Income Managers

	Market Value 31/12/25 £m	Performance 3 Months %	Performance 1 Year %
WPP Multi Asset Credit Fund	260.9	1.2	9.5
Benchmark		2.0	8.5
Relative Performance		-0.8	-1.0
WPP Absolute Return Bond Fund	549.8	1.0	4.7
Benchmark		1.5	6.5
Relative Performance		-0.5	-1.8
WPP Global Credit Fund	349.7	0.8	6.4
Benchmark		0.9	6.7
Relative Performance		-0.1	-0.3

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 in the shorter term.

2.3 Property Investment Managers

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

	Market Value 31/12/25 £m	Performance 3 Months %	Performance 1 Year %
UBS	80.0	1.1	4.9
Lothbury Property Trust	0.5	n/a	n/a
Black Rock Property Fund	58.1	0.7	4.7
Threadneedle Property Unit Trust	35.3	1.5	5.3
Benchmark		0.8	5.1

UBS Property fund and Threadneedle Property Unit Trust outperformed their performance benchmarks. The Lothbury fund, which was terminated on 30 May 2024 has now returned the majority of capital.

2.4 Wales Pension Partnership Private Markets Managers

	Market Value 31/12/25 £m
WPP Private Equity	20.4
WPP Renewable Infrastructure	6.8
WPP Global Infrastructure	10.1
WPP Open Ended Infrastructure	121.2
WPP Private Credit	63.9
Total	222.4

These are relatively new funds with capital being called up regularly by the investment managers. Investments are expected to increase significantly over the upcoming years and we will report on their performance in due course.

2.5 Partners Group

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

	Market Value 31/12/25 £m
Partners Private Equity	154.0
Partners Infrastructure	71.8
Total	225.8

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.

2.6 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	10.4	10.2	7.9
Benchmark	10.6	10.5	7.7
Relative Performance	-0.2	-0.3	+0.2

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.

3. 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 in the November Pensions Committee.

The is new- long term strategic asset allocation established a new allocation to natural capital and gilts. The Fund reduced its overweight position to listed equities, reinvesting proceeds in protection assets. The Fund remains underweight to income assets, while existing commitments are drawn down- these will move towards target over time.

4. RECOMMENDATION

The Board is asked to accept the information.

MEETING:	Pension Board
DATE:	20 April 2026
TITLE:	TRAINING UPDATE 2025/26 AND TRAINING PLAN 2026/27
PURPOSE:	To receive an update on training undertaken during 2025/26 and to approve the 2026/27 Training Plan
AUTHOR:	Meirion Jones, Pensions Manager

1. INTRODUCTION

1.1 This report provides the Board with an update on the training delivered during 2025/26 and seeks approval for the proposed Training Plan for 2026/27 for the Gwynedd Pension Fund.

1.2 The Fund continues to operate in accordance with its **Knowledge and Skills Policy (2022)**, which sets out the expectations placed on Pension Committee members, Local Pension Board members and senior officers to maintain an appropriate level of knowledge and understanding. This is essential to ensure effective decision-making, robust governance and compliance with regulatory requirements.

1.3 Training arrangements are aligned with the expectations arising from:

- Governance reforms under the Government's **Fit for the Future** proposals for the Local Government Pension Scheme (LGPS); and
- The **General Code of Practice** issued by The Pensions Regulator (TPR).

The proposed 2026/27 Training Plan reflects local training needs, national governance developments and the evolving regulatory landscape.

2. 2025/26 TRAINING UPDATE

2.1 The Training Plan for 2025/26 is included at **Appendix 1**, with progress against each planned session recorded. Training delivered during the year covered a broad range of topics, including:

- Investment strategy, market developments and macro-economic trends;
- Responsible investment, stewardship and climate-related risks;
- Actuarial valuation principles, funding strategy and employer risk management;
- Governance developments, regulatory updates and the implications of the General Code;
- Pension administration, data quality, internal controls and cyber security.

2.2 In addition to formal Committee and Board training sessions, members attended a number of relevant external conferences, seminars and webinars. These events provided valuable insights into national LGPS developments, investment pooling, responsible investment and governance best practice.

2.3 Officers had been scheduled to attend the CIPFA Accounts Closedown course. However, as there were no material changes to LGPS accounting requirements for 2025/26, attendance was not considered necessary.

2.4 A central training log has been maintained throughout the year. In line with governance requirements, this will be reported within the Fund's **Annual Report and Accounts**.

3. LGPS NATIONAL KNOWLEDGE ASSESSMENT

3.1 No **LGPS National Knowledge Assessment (NKA)** was undertaken during 2025. As a result, the Fund was unable to benchmark Committee and Board knowledge levels against other administering authorities during the year.

3.2 The most recent NKA took place in **2024**, with Committee and Board members participating and receiving individual feedback reports. The Fund also received a national benchmarking report comparing results across participating LGPS funds.

3.3 Hymans Robertson, who coordinate the national exercise, are currently reviewing and updating the NKA framework. The revised assessment is expected to reflect evolving knowledge requirements arising from:

- The Government's **Fit for the Future** governance reforms;
- Strengthened expectations under TPR's **General Code**;
- Developments in investment pooling, responsible investment and governance standards.

3.4 Once the revised NKA is issued, the Fund intends to participate. This will enable the Fund to:

- Benchmark knowledge levels nationally;
- Identify emerging training needs;
- Inform future iterations of the Training Plan and the Governance & Training Strategy.

3.5 In the absence of a 2025 national benchmark, the 2026/27 Training Plan has been informed by:

- The 2024 NKA results;
- Member feedback on training priorities;
- Ongoing governance and regulatory developments;
- Officer observations of knowledge gaps during Committee and Board discussions.

4. GOVERNANCE AND REGULATORY CONTEXT

4.1 The Fit for the Future reforms introduce strengthened governance requirements for LGPS administering authorities, including:

- A requirement to publish a **Governance and Training Strategy**;
- Alignment of knowledge and skills expectations across Pension Committees and Local Pension Boards;
- Create the role of the **Senior LGPS Officer**;
- Mandatory independent governance reviews at least once per valuation cycle.

4.2 While the overarching direction of travel is clear, **full details of the governance requirements under Fit for the Future have not yet been published**. As a result, it is expected that the Fund's **Knowledge and Skills Policy** will need to be reviewed and

updated once the final regulations and statutory guidance are issued. This will ensure continued alignment with national expectations and compliance with the strengthened governance framework.

4.3 TPR's **General Code** requires governing bodies to maintain appropriate knowledge and understanding, supported by effective systems of governance and internal controls. Demonstrating a structured and well-documented approach to training is a key component of compliance.

4.4 The Fund's Training Plan forms an integral part of its governance and risk management framework and will support the transition to the new governance requirements once the final regulatory detail becomes available.

5. TRAINING PLAN 2026/27

5.1 The proposed Training Plan for 2026/27 is included at **Appendix 2**.

5.2 The Plan reflects the intention for the Wales Pension Partnership (WPP) to remain the primary provider of training for Committee and Board members. However, due to the ongoing changes within the pooling arrangements, no training sessions are currently scheduled. Once the revised structure and governance arrangements have been finalised, it is anticipated that a programme of sessions will be arranged. The expectation is that these sessions will cover the key areas identified, including:

- Priority areas highlighted through the NKA process (such as actuarial methods, pension administration and financial markets);
- Topics requested by members, including governance, ESG and actuarial matters;
- Emerging governance reforms under Fit for the Future;
- Ongoing developments in investment strategy, pooling and responsible investment.

5.3 Key focus areas for 2026/27 are expected to include:

- Actuarial methods, employer risk management and funding strategy;
- Pension administration, data quality and regulatory compliance;
- Governance standards, the General Code and the Governance & Training Strategy;
- ESG and responsible investment developments;
- Financial markets, investment pooling and strategic asset allocation.

An update will be provided to members once more details are known.

A pension administration update will become a more regular item on the Pension Board agendas. Standards, practices and market developments will continue to be incorporated within Investment Panel reporting.

6. CONFERENCES AND EXTERNAL EVENTS (2026/27)

6.1 Attendance at relevant LGPS conferences forms an important part of members' continuous professional development. The Fund will support attendance by up to **two Board members per conference**.

6.2 Members attending conferences will be required to:

- Complete a structured feedback form;
- Provide a verbal report to the next Board meeting;
- Identify any potential implications for the Fund's strategy, governance or risk management.

Attendance will be recorded in the central training log and reported quarterly to the Committee and Local Pension Board.

6.3 The following conferences have been identified for 2026/27:

- i) **LGC Investment Seminar, Carden Park** – 19–20 March 2026
- ii) **LGPS Pooling Symposium, The Belfry** – 5–6 May 2026
- iii) **LAPF Strategic Investment Forum, The Grove** – 29–30 June 2026
- iv) **LGC Investment Summit** – 10–11 September 2026
- v) **LAPFF Conference** – December 2026 (dates TBC)
- vi) **LGPS Governance Conference, Harrogate** – 28–29 January 2027

These events provide coverage of investment strategy, pooling developments, responsible investment, stewardship, governance reform and regulatory updates.

7. RISK AND RESOURCE IMPLICATIONS

7.1 Maintaining appropriate knowledge and understanding mitigates the risk of:

- Poor investment or funding decisions;
- Regulatory intervention or non-compliance;
- Governance failings;
- Reputational damage.

7.2 Training and conference costs are met from the **Pension Fund** and do not impact the Council's General Fund.

8. RECOMMENDATION

The Board is asked to:

1. Note the training undertaken during 2025/26;
2. Note the absence of a 2025 National Knowledge Assessment and the planned revision of the framework;
3. Approve the 2026/27 Training Plan as set out in Appendix 2.



Cronfa Bensiwn GWYNEDD Pension Fund

Update on 2025/26 Training Plan

The 2025/26 Training Plan included a structured programme of sessions covering actuarial matters, governance, responsible investment and pooling developments. The following training sessions have taken place during the year:

Training Delivered in 2025/26

Topic	Date	Applies To	Provider
Actuarial Methods and Assumptions	March 2025	Officers, Committee and Board Members	Hymans Robertson
Net Zero – Follow-Up Workshop	Summer 2025	Officers and Committee Members	Hymans Robertson
Private Markets Product Knowledge	Q1	Officers, Committee and Board Members	Wales Pension Partnership
Local / Impact Investments within Private Markets Asset Classes	Q1	Officers, Committee and Board Members	Wales Pension Partnership
Voting and Engagement	Q2	Officers, Committee and Board Members	Wales Pension Partnership
Stewardship Code and Reporting Requirements	Q2	Officers, Committee and Board Members	Wales Pension Partnership
Responsible Investing	Q3	Officers, Committee and Board Members	Wales Pension Partnership
Biodiversity and Natural Capital	Q3	Officers, Committee and Board Members	Wales Pension Partnership
Climate Scenarios and Fiduciary Duty	Q3	Officers, Committee and Board Members	Wales Pension Partnership

Q4 Wales Pension Partnership Training

It should be noted that no Wales Pension Partnership (WPP) training sessions took place during Q4 (January–March 2026). This was due to the significant developments and structural changes currently affecting pooling arrangements and wider LGPS governance reforms.

Further WPP training sessions are expected to resume once the current transition and consultation processes have progressed, and these will be incorporated into the 2026/27 Training Plan as appropriate.

Conference Attendance 2025/26

In addition to formal training sessions, a number of external conferences and seminars were attended by Committee members, Board members and officers during the year. These

events form an important part of members' continuous professional development and provide insight into emerging investment, governance and regulatory developments.

The conferences attended included:

- **LGC Investment Seminar**
- **LAPF Strategic Investment Forum**
- **DG Publishing Pooling Symposium**
- **LGC Investment Summit**
- **LGA LGPS Governance Conference**

Overall Position

Overall, good progress has been made in delivering the 2025/26 Training Plan. The sessions delivered have supported:

- Increased understanding of actuarial assumptions ahead of funding discussions;
- Continued development of responsible investment knowledge, including net zero and stewardship requirements;
- Enhanced governance awareness in light of evolving LGPS regulatory expectations;
- Improved understanding of private markets and pooling developments.

Training attendance has been recorded in the Fund's central training log and will be reported within the Annual Report.



Cronfa Bensiwn **GWYNEDD** Pension Fund

PENSION BOARD TRAINING PLAN 2026/27

1. Purpose of the Training Plan

This Training Plan sets out the framework for ensuring that members of the Pension Board maintain appropriate knowledge and understanding to fulfil their statutory and fiduciary responsibilities under the Local Government Pension Scheme (LGPS).

The Plan supports compliance with:

- The Government's *Fit for the Future* LGPS governance reforms;
- The General Code of Practice issued by The Pensions Regulator;
- The Fund's Knowledge and Skills Policy (2022).

2. Training Objectives

The objectives of this Plan are to:

- Ensure Board members demonstrate appropriate knowledge and understanding of LGPS regulations and governance requirements.
- Support effective scrutiny of investment, funding and administration decisions.
- Address knowledge gaps identified through national assessments, self-evaluation or governance reviews.
- Promote continuous professional development (CPD).
- Maintain clear training records for reporting and governance purposes.

3. Core Knowledge Areas

Training will be structured around the following key areas:

Governance & Regulatory Framework

- LGPS Regulations and statutory guidance
- Roles and responsibilities of Committee and Board
- General Code requirements
- Conflicts of interest
- Risk management and internal controls

Funding & Actuarial Matters

- Funding Strategy Statement
- Actuarial valuation methodology
- Employer covenant
- Deficit recovery strategies

Investment

- Investment Strategy Statement
- Asset allocation and diversification
- Financial markets and economic outlook
- Pooling arrangements
- Performance monitoring

Responsible Investment

- ESG integration
- Climate risk
- Stewardship and voting
- Reporting requirements

Administration

- Pension administration processes
- McCloud remedy developments
- Internal dispute resolution
- Data quality and cyber security

4. Planned Core Training 2026/27

We intend for the Wales Pension Partnership to continue to be the main provider of training for members of the Committee and the Board. However, due to the ongoing changes within the pooling arrangements, no training sessions have been scheduled at present. Once the revised structure and governance arrangements have been completed, it is anticipated that a programme of sessions will be arranged. The expectation is that these sessions will cover the key areas identified above.

An update will be shared with members once sessions have been scheduled.

Quarter	Topic	Delivered By	Status
Q1	To be confirmed	To be confirmed	To be confirmed
Q1	To be confirmed	To be confirmed	To be confirmed
Q2	To be confirmed	To be confirmed	To be confirmed
Q2	To be confirmed	To be confirmed	To be confirmed
Q3	To be confirmed	To be confirmed	To be confirmed
Q3	To be confirmed	To be confirmed	To be confirmed
Q4	To be confirmed	To be confirmed	To be confirmed
Q4	To be confirmed	To be confirmed	To be confirmed

5. Conferences 2026/27

Attendance will normally be supported for **up to two Board members per event**. Members attending will be required to complete a feedback form and report back to the next Board meeting.

Confirmed / Known Events

- **LGC Investment Seminar** – March 2026
- **LGPS Pooling Symposium** – May 2026
- **LAPF Strategic Investment Forum** – June 2026
- **LGC Investment Summit** – September 2026
- **LAPFF Conference** – December 2026
- **LGPS Governance Conference** – January 2027

6. Upcoming Training Courses

Local Government Association: Fundamentals – England and Wales

Fundamentals is a bespoke three-day training course aimed at councillors and others who attend pension committees/panels and local pension boards. Each day has a different theme and includes sessions delivered by experts in their field.

This course is essential for all new members of the Board. Dates for the 2026 sessions are as follows:

Day	Date	Location or online	Maximum numbers
Day 1	7 October	London	40
Day 1	21 & 28 October	Online	No limit
Day 2	5 November	London	40
Day 2	20 & 27 November	Online	No limit
Day 3	3 December	London	40
Day 3	9 & 16 December	Online	No limit

7. Other Training Opportunities Available

Board members are encouraged to take advantage of additional learning opportunities, including:

Online Learning

- Public Service Toolkit modules via The Pensions Regulator
- Webinars hosted by investment advisers and pooling partners

Self-Directed Learning

- Reviewing Board reports in advance with follow-up questions
- Reading actuarial and investment briefing notes
- Reviewing Annual Reports of other LGPS funds

Informal Briefings

Short pre-meeting briefings can be arranged on request for complex topics.

8. Induction for New Members

New Board members will receive:

- Introductory LGPS overview session
- Governance responsibilities briefing
- Investment fundamentals session
- Key policy documents (ISS, FSS, Governance Policy, Risk Register)
- Invite to attend the LGA Fundamentals sessions (as outlined in section 6)

9. Training Expectations

- Members are expected to attend core quarterly sessions.
- Conference attendees must report back to the Board.
- Completion of relevant online modules is encouraged.
- Training attendance will be recorded centrally.

10. Monitoring & Reporting

- A central training log will be maintained.
- Quarterly updates will be reported to the Board.
- Annual training activity will be included in the Fund's Annual Report.
- Future National Knowledge Assessment exercises (when relaunched) will inform subsequent training plans.

11. Review

This Training Plan will be reviewed annually and updated to reflect:

- Regulatory developments
- Governance review outcomes
- Knowledge assessment results
- Emerging investment risks

Meeting:	Pension Board
Date:	20/04/2026
Title:	Pension Fund Valuation Report
Author:	Meirion Jones – Pensions Manager
Recommendation:	For information only

1. Introduction

Over the past year, we have been working closely with our actuary, Hymans Robertson, on the triennial valuation of the Pension Fund. This work has now been completed, and this report provides a summary of the key results and outcomes of the valuation.

The full Valuation Report and the Rates and Adjustments Certificate are included in Appendix A.

2. Purpose of the Valuation

The triennial actuarial valuation fulfills **Regulation 62 of the Local Government Pension Scheme Regulations 2013**. Its primary purpose is to ensure the Fund has a robust funding strategy to meet its long-term benefit obligations while setting employer contribution rates for the period from **1 April 2026 to 31 March 2029**.

3. Whole Fund Funding Position

The Fund's financial health has improved significantly since the last valuation in 2022:

- **Assets:** Increased to **£3,232 million** (from £2,776 million in 2022).
- **Liabilities:** Decreased to **£1,946 million** (from £2,308 million in 2022).
- **Surplus:** The Fund now has a surplus of **£1,286 million**.
- **Funding Level:** Improved to **166%**, up from 120% in 2022.

For comparison with other LGPS funds, the **SAB funding level** (calculated on a consistent set of standardised assumptions) is **134%**.

4. Employer Contribution Rates

On average, total employer contribution rates have reduced, primarily driven by **higher assumed future investment returns**.

- **Primary Rate:** Reduced to **16.2% of pay** (compared to 21.8% in 2022). This includes a 0.6% allowance for administration and governance expenses.
- **Secondary Rate:** Adjustments have been set for the next three years at **-0.3%** for 2026/27 through 2028/29.
- **Stabilisation:** To support affordability, the Fund has allowed a one-off immediate **3% reduction** in contributions for some employers, while maintaining a long-term stability mechanism that limits annual changes to +/- 1% of pay.

5. Key Drivers and Assumptions

The improvement in the funding position is largely due to **future expectations regarding investment outlook** (+£672m) and **inflation outlook** (+£208m). **Discount Rate:** Set at

5.9% p.a., which represents an **80% likelihood of success**.

- **Prudence:** While assumed returns are higher, the Fund has increased the level of **prudence** in its strategy to buffer against ongoing geopolitical tensions and market volatility.
- **Membership:** As of March 2025, the Fund has **19,082 active members, 21,172 deferred members,** and **13,222 pensioners**.

6. Risks and Sensitivities

The funding strategy remains sensitive to various risks:

- **Investment Returns:** A 50% "best estimate" likelihood return would result in a funding level of 239%.
- **Longevity:** Average life expectancy is **20.8 years** for male pensioners and **23.7 years** for female pensioners. If mortality improves faster than the assumed 1.5% p.a., the surplus would fall.
- **Climate Change:** Scenario analysis shows that while the funding strategy is resilient over 20 years, extreme "Climate Catastrophe" pathways could pose a downside risk to the likelihood of success.
- **Regulatory:** An allowance of **£1 million** has been included for the estimated cost of **McCloud** discrimination rectification.

7. Gender Pension Gap (GPG)

A new requirement for the 2025 Valuation is the requirement to report on the Gender Pension Gap (GPG).

The Fund reports a notable disparity in pension values between genders:

- **Active Members:** The overall GPG is **30%**. The mean total pension is **£6,927 for males** and **£4,838 for females**.
- **Pensioner Members:** The GPG is higher at **52%**. Male pensioners receive a mean annual pension of **£9,791**, compared to **£4,668 for females**.
- **Drivers:** The gap is heavily influenced by the gender pay gap, which is **25%** for actual pay among active members, reflecting different working patterns such as part-time service.

8. Governance and Next Steps

The assumptions used for this valuation were reviewed in January 2025 and were formally approved by the Pensions Committee in March 2025. The final Funding Strategy Statement was adopted by the Pensions Committee in March 2026, following a period of consultation with employers. The next formal valuation is scheduled for 31 March 2028.

Gwynedd Pension Fund

Report on the actuarial valuation as at 31 March 2025

March 2026

Richard Warden FFA C.Act

Allan Woodhouse FFA C.Act

Fellows of the Institute and Faculty of Actuaries
For and on behalf of Hymans Robertson LLP



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Executive summary



1. Executive summary

We have been commissioned by Cyngor Gwynedd (“the Administering Authority”) to carry out a valuation of the Gwynedd Pension Fund (“the Fund”) as at 31 March 2025. This fulfils Regulation 62 of the Local Government Pension Scheme Regulations 2013. This report is a summary of the valuation.

Contribution rates

The contribution rates for individual employers set at the 31 March 2025 valuation can be found in the Rates and Adjustments Certificate. Table 1 shows the combined individual employer rates, compared to the last valuation in 2022.

	31 March 2025		31 March 2022	
Primary rate	16.2% of pay		21.8% of pay	
	2026/27	-0.3%	2023/24	-2.7%
Secondary rate	2027/28	-0.3%	2024/25	-2.7%
	2028/29	-0.3%	2025/26	-2.7%

Table 1: Combined employer contribution rates compared with previous valuation

On average, contribution rates have reduced due to higher assumed future returns at 2025, reducing the estimated cost of funding future benefit payments.

Funding position

At 31 March 2025, the funding position based on the Fund’s assumptions has improved from the last valuation at 31 March 2022. Table 2 shows the reported funding position, compared to the last valuation in 2022.

Valuation Date	31 March 2025	31 March 2022
Assets (£m)	3,232	2,776
Liabilities (£m)	1,946	2,308
Surplus / (Deficit) (£m)	1,286	468
Funding Level	166%	120%

Table 2: Reported funding position compared with previous valuation

Similar to contribution rates, the improvement in funding level is primarily due to higher assumed future investment returns at 2025.

Comparison with other LGPS funds

The funding position and contribution rates are based on assumptions about future factors such as investment returns, inflation and life expectancy. As these are uncertain, different assumptions are used by each LGPS fund to reflect their own views, circumstances and strategic objectives. These differences (amongst other factors, including crucially the previous funding level and employer affordability and long-term contribution stability) will lead to differences in funding positions and contribution rates across the LGPS. To support comparison, LGPS funds are required to report a funding position on a consistent set of assumptions (called the “SAB funding level”). The Fund’s SAB funding level at 31 March 2025 is 134%. **SAB assumptions are to allow comparison only and are not intended to be appropriate for funding or setting contribution rates. As such, this result has no impact on the Fund’s funding strategy or employer contribution rates.**

Valuation approach



2. Valuation approach

2.1 Valuation purpose

The triennial actuarial valuation is an important part of the Fund's risk management framework. Its main purpose is to ensure the Fund continues to have a funding strategy that is likely to achieve the objectives set out in the Funding Strategy Statement.

This report contains the valuation's two key outcomes:

- Employer contribution rates for the period 1 April 2026 to 31 March 2029
- The funding position of the whole Fund at 31 March 2025.

Further information on the process, methodology and strategy has been communicated to relevant stakeholders throughout the valuation. There is also further information publicly available in the Funding Strategy Statement and [Hymans Robertson's LGPS 2025 valuation toolkit](#).

2.2 Setting employer contribution rates

Employer contributions need to be set at a level which ensures the Fund has a reasonable likelihood of having enough money to pay members' benefits. Identifying the amount of benefits that may be paid is complex, as benefits earned today may not be paid until 50+ years has passed. Over that period, there is significant uncertainty over factors which affect the cost of benefits e.g. inflation and investment returns. These uncertainties are considered within the risk-based approach to setting employer contribution rates. This approach is built around three key funding decisions.

Key funding decisions

- **Decision 1:** What is the target funding level (how much money the Fund aims to hold) and funding basis (the set of actuarial assumptions used to value the past and future liabilities)?
- **Decision 2:** What is the funding time horizon (the time given to employers to meet the target funding level)?
- **Decision 3:** What is the likelihood of success (how likely it is that employers will meet the target funding level at the end of the funding time horizon)?

The funding decisions will vary between employers within the Fund and are documented in the Funding Strategy Statement.

Risk-based approach

Asset-liability modelling is used to project each employer's assets and benefit payments into the future under 5,000 different economic simulations. The resulting 5,000 projections of the employer's assets and benefits are used to quantify the likelihood of success.

The simulations are generated using Hymans Robertson's Economic Scenario Service (ESS). Further information on this can be found in [Appendix 2](#).

Contribution rates are then set for each employer which achieve each employer's minimum likelihood of meeting their target funding level on their funding basis at the end of their funding time horizon.

2.3 Measuring the past service funding position

The funding position is measured as at the valuation date. While it is limited in providing insight into the future health of the Fund, it is a useful high-level summary statistic. A market-related approach is taken to calculate both the assets and the liabilities to ensure they are consistent with one another:

- The market value of the Fund’s assets at the valuation date has been used.
- The liabilities have been valued using assumptions based on market indicators at the valuation date (these are detailed in [Appendix 2](#)).

Calculating the liabilities

The liabilities are the value of all future payments to members based on all benefits earned up to, or in payment at, the valuation date, expressed in today’s money. Chart 1 shows the annual split of projected benefit payments for all members in the Fund at the valuation date.

The projections are based on the membership data provided for the valuation ([Appendix 1](#)), the assumptions ([Appendix 2](#)) and our understanding of the LGPS benefit structure as at 31 March 2025 (details at www.lgpsregs.org). There are currently sources of uncertainty and potential change related to the LGPS benefit structure and [Appendix 2](#) sets out how these have been considered.

The “spike” in year 2 reflects the anticipated retirement of a tranche of active and deferred members who are currently older than their assumed retirement age, whilst the “dip” around year 20 reflects the planned increase in State Pension Age to 68.

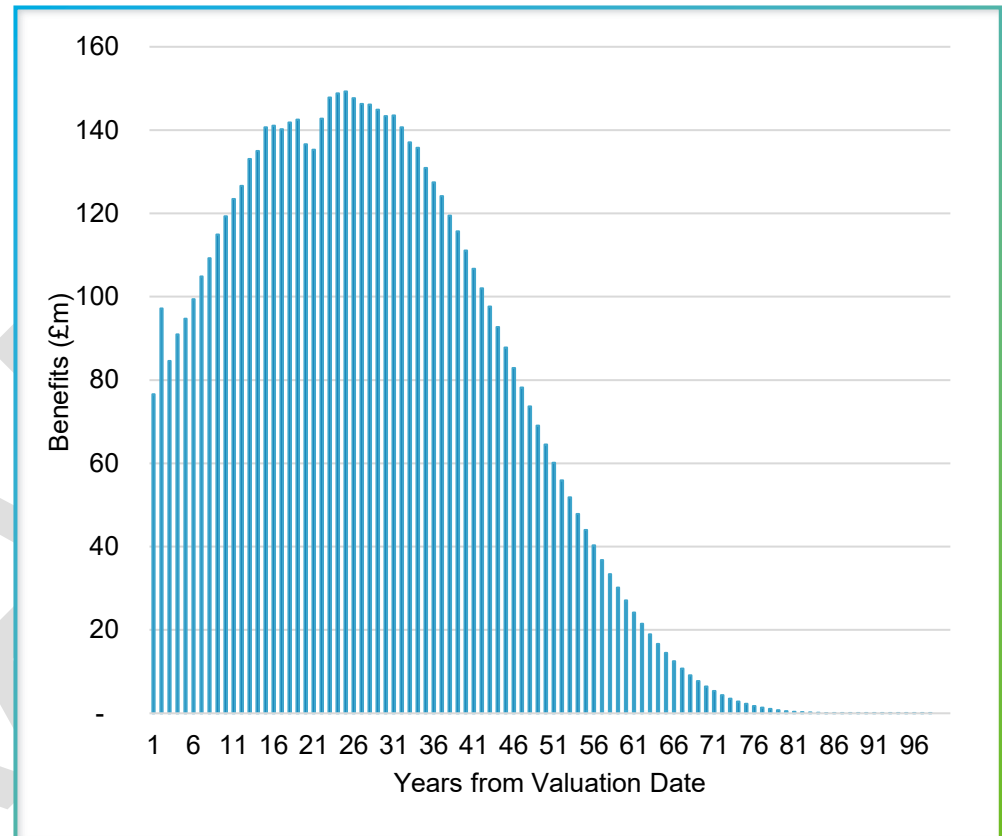
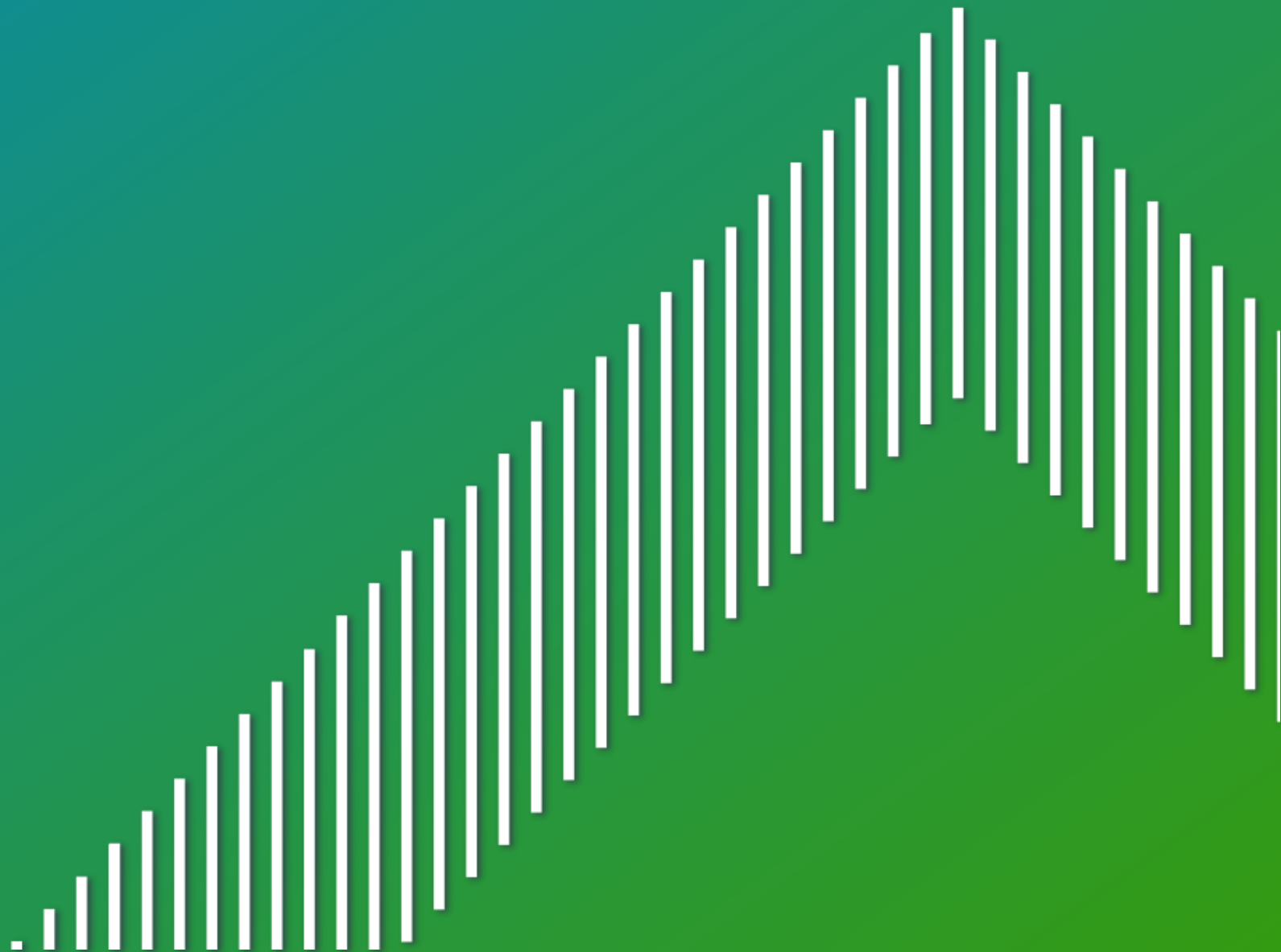


Chart 1: Projected benefit payments for all service earned up to 31 March 2025

To express the future payments in today’s money, each projected payment is discounted back to the valuation date in line with an assumed rate of future investment return (known as the ‘discount rate’).

Valuation
results



3. Valuation results

3.1 Employer contribution rates

The primary objective of the funding strategy is to set employer contribution rates that will enable the Fund to have enough assets to pay members' benefits as they fall due. A secondary objective is to ensure the rates are as stable and affordable as possible. The risk-based approach detailed earlier is used to meet these objectives.

The employer contribution rate is made up of two components:

- **Primary rate:** the level of contributions sufficient to fund benefits that will be accrued in the future.
- **Secondary rate:** the difference between the primary rate and the total contribution rate. This may be in respect of costs associated with accrued benefits or adjustments to achieve the Fund's stability and affordability objectives.

Table 3 shows the combined individual employer contribution rates to be paid into the Fund over the period 1 April 2026 to 31 March 2029. There is also a comparison with the contributions set at the last valuation in 2022.

	31 March 2025		31 March 2022	
Primary rate	16.2% of pay		21.8% of pay	
Secondary rate	2026/27	-0.3%	2023/24	-2.7%
	2027/28	-0.3%	2024/25	-2.7%
	2028/29	-0.3%	2025/26	-2.7%

Table 3: Combined employer contribution rates compared with previous valuation

The primary rate includes an allowance of 0.6% of pensionable pay for the Fund's administration and governance expenses (0.6% of pay at the last valuation).

Employees pay contributions to the Fund in addition to these rates. The employee contribution rates are set by the LGPS Regulations.

On average, employer total contribution rates (ie Primary plus Secondary) have reduced mainly due to higher assumed future investment returns at 2025 compared to 2022. This reduces the estimated cost of funding future benefit payments.

Each employer has a contribution rate which is appropriate to their circumstances, and these can be found in the Rates & Adjustments Certificate ([Appendix 8](#)).

3.2 Funding position as at 31 March 2025

Table 4 sets out the assets and liabilities at the valuation date. The results at the 2022 valuation are shown for comparison.

The funding position provides a high-level snapshot as at 31 March 2025, but there are limitations:

- The liabilities are very sensitive to the choice of assumptions about the future
- The market value of assets held by the Fund will change daily.

Employer contribution rates are not set using the reported funding position above. The contribution rates take into consideration how assets and liabilities will evolve over time in different economic scenarios. They also reflect each employer's funding profile and covenant.

The funding position and contribution rates are based on assumptions about future factors such as investment returns, inflation and life expectancy. As these are uncertain, different assumptions are used by each LGPS fund to reflect their own views, circumstances and strategic objectives. These differences (amongst other factors, including crucially the previous funding level and employer affordability and long-term contribution stability) will lead to differences in funding positions and contribution rates across the LGPS. To support comparison, LGPS funds are required to report a funding position on a consistent set of assumptions (called the "SAB funding level"). The Fund's SAB funding level at 31 March 2025 is 134%. **SAB assumptions are to allow comparison only and are not intended to be appropriate for funding or setting contribution rates. As such, this result has no impact on the Fund's funding strategy or employer contribution rates.**

Valuation date	31 March 2025	31 March 2022
Assets	3,232	2,776
Liabilities	Actives (£m)	794
	Deferreds (£m)	268
	Pensioners (£m)	884
Surplus / (Deficit) (£m)	1,286	468
Funding Level	166%	120%

Table 4: Single reported funding position compared with the previous valuation

The improvement in funding level is primarily due to higher assumed future investment returns at 2025. Chart 2 on the next page provides further information on what's caused the funding position to change since 2022.

3.3 Other funding metrics

The future investment return required to be 100% funded at this valuation is 3.3% p.a. which has increased slightly since the previous valuation (3.2% p.a.). This means, at 31 March 2025, the Fund needed to earn 3.3% p.a. to have enough money to meet accrued benefits at that date. The estimated likelihood of the Fund's investment strategy achieving the required return is > 95% at 31 March 2025 (84% at 2022).

Changes since the last valuation – funding position

The factors that have caused the funding position to change since the last valuation are split between:

- actual experience being different from expectations at the last valuation (**known events**)
- changes in assumptions about the future (**future expectations**).

Chart 2 details these factors and their magnitude.

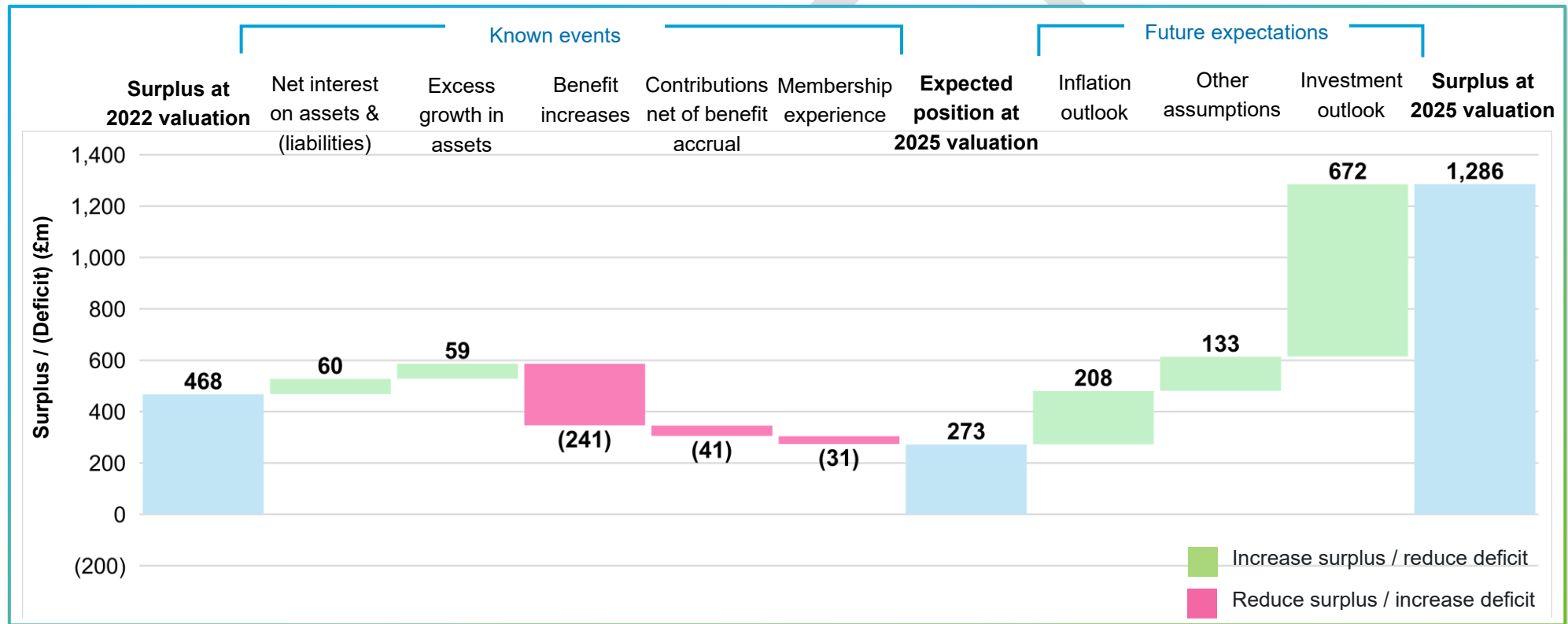


Chart 2: Change in funding position since last valuation

Risks and sensitivities



4. Risks and sensitivities

4.1 Background

If all future experience is in line with expectations and there are no changes in the financial or demographic environment, it's projected that the funding level at the next valuation (31 March 2028) will increase to 169%.

However, the funding position, and the Fund's funding strategy, are sensitive to various sources of risks. These funding risks broadly fall into categories of economic, demographic, regulatory and other.

Identifying and specifying these risks, including analysis of their potential impact, is an important part of the risk management cycle.

4.2 Economic risks

Impact of known events

The main economic risks are in relation to investment returns, benefit increases (ie Consumer Price Index inflation) and salary increases.

For all three sources of risk, the table below details the actual experience since the last valuation compared to 2022 expectations, and the impact on funding.

Source	Expected	Actual	Funding impact
Investment returns	4.1% p.a.	4.7% p.a.	£59m
Benefit increases	2.7% p.a.	6.1% p.a.	(£241m)
Salary increases	3.2% p.a.	6.4% p.a.	(£49m)

Table 5: Impact of known economic events since 2022

Impact of changes in future outcomes

The results in this report are based on a set of assumptions about the future outcomes for these economic risks. If the future differs from the assumptions used at this valuation, the Fund's liabilities may be higher (or lower) than the current estimate.

- **Investment returns:** Chart 3 below shows how the funding level at 31 March 2025 changes depending on the level of assumed future investment returns. Each point on the line denotes the estimated likelihood of achieving the level of future return at the valuation date. This indicates that the best estimate (return with an estimated 50% likelihood) funding level at 31 March 2025 is 239%. The Fund’s assumption at this valuation is summarised in [Appendix 2](#) and is illustrated by the solid blue diamond.
- **Benefit increases:** if future inflation was 0.1% pa higher than assumed at this valuation, then the funding level would reduce by c3% (with a c£31m fall in the surplus).
- **Salary increases:** if salary increases were 0.5% pa higher than assumed at this valuation then the funding level would reduce by c2% (with a c£19m fall in the surplus).

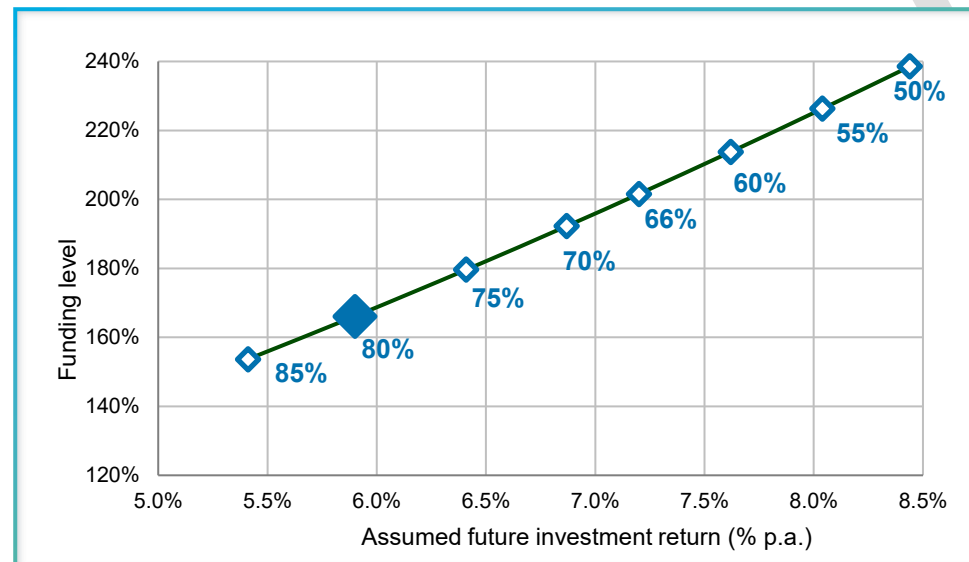


Chart 3: Impact of future return assumption on funding level

Prudence within assumptions

Reflecting the sharp change in the economic environment since the last valuation in 2022, the Fund has made allowance for higher assumed future investment returns (compared to the 2022 valuation). However, there is also increased uncertainty within the wider environment due to ongoing geo-political tensions and financial market volatility, alongside additional uncertainty about future long-term UK inflation levels and global financial markets. Therefore, the Fund has increased the level of prudence within funding strategies and contribution rates at the 2025 valuation*. The overall outcome of higher assumed future investment returns, even when combined with higher prudence is, on average, a reduction in employer total contribution rates (ie Primary plus Secondary) at the 2025 valuation.

The Fund believes this approach balances the key objectives of **affordability** and **stability** of employer contribution rates, whilst ensuring the Fund is **solvent** over the long-term.

- **Affordability:** the Fund has taken into account, and given credit for, higher expected future investment returns which reduces the cost to employers of providing LGPS benefits (all other things being equal).
- **Stability:** if the Fund doesn’t achieve the higher level of assumed returns, or future returns expectations reduce, then it doesn’t necessarily mean immediate increases in employer contribution rates in the future. Prudence levels will remain under review and part of the Fund’s wider governance and risk management framework and, given different economic or funding conditions, it may be appropriate to reduce prudence at future valuations to support the Fund’s longer-term aims of stable (and affordable) contributions for employers.

* Prudence levels are set out in the Fund’s Funding Strategy Statement and the governance audit trail of these key decisions is documented in [Appendix 3](#).

4.3 Demographic risks

Impact of known events

The main demographic risk is in relation to life expectancy. The Fund's mortality experience between the 2022 and 2025 valuations has resulted in the following impact on the funding position, as shown in Table 6.

Mortality experience	
Actual amount of annual pension ceased	£4.8m
Expected amount of annual pension ceased	£5.0m
Difference	(£0.2m)
Impact on funding position	(£3.1m)

Table 6: Impact of member mortality experience since 2022

Impact of changes in future outcomes

The results in this report are based on an assumption that in the long-term, the rate of mortality reduces at 1.5% p.a.. If this rate of reduction turned out to be stronger (1.75% p.a. instead of 1.5% p.a.), then members would live longer than expected. In this scenario, the funding level would fall by c1% (with a c£10m fall in the surplus).

4.4 Other risks

Regulatory

Changes in central government legislation may affect the future cost of the LGPS. For example, the cost to rectify the McCloud discrimination is estimated to be an increase in liabilities of £1m at this valuation. [Appendix 2](#) sets out potential regulatory changes which may impact future pension costs.

Climate change

Climate change has the potential to make extreme outcomes more likely which could in turn have a significant impact on the funding position. The Fund has carried out separate modelling to assess the potential impact of extreme outcomes on longer term funding. Further details on this are presented in [Appendix 4](#).

Post-valuation events

The results in this report are as at 31 March 2025. Since this date, asset performance has been positive and the funding position is likely to have improved as a result. However, short-term volatility in the funding position is to be expected due to the Fund's growth-orientated investment strategy. Given that the Fund aims to set long-term, stable funding strategies and contribution rates, and experience since 31 March 2025 is not abnormal, no allowance has been made for post-valuation events in setting employer contribution rates or the funding position at this valuation.

The Fund will continue to monitor the environment in which it participates to understand and manage the impact of any changes.

Final
comments



5. Final comments

The Fund's valuation operates within a broader framework, and this document should be considered alongside the following:

- The Funding Strategy Statement which (in particular) highlights how different employers in different circumstances have their contributions calculated.
- The Investment Strategy Statement, which sets out the investment strategy for the Fund.
- The Fund's risk register.
- The general governance of the Fund, including meetings of the Pensions Committee and Local Pensions Board, decisions delegated to officers, the Fund's business plan, etc.

Throughout the valuation, relevant stakeholders in the Fund have been engaged, consulted and communicated with as appropriate. Details of the governance process followed during the valuation are set out in [Appendix 3](#).

Under the LGPS regulations, the next formal valuation of the Fund is due to be carried out as at 31 March 2028 where contribution rates payable from 1 April 2029 will be set.

March 26

For and on behalf of Hymans Robertson

Richard Warden FFA C.Act

Allan Woodhouse FFA C.Act



Appendices

Gwynedd Pension Fund

Appendices

Appendix 1: Data

Appendix 2: Assumptions

Appendix 3: Governance audit trail

Appendix 4: Climate change scenario analysis

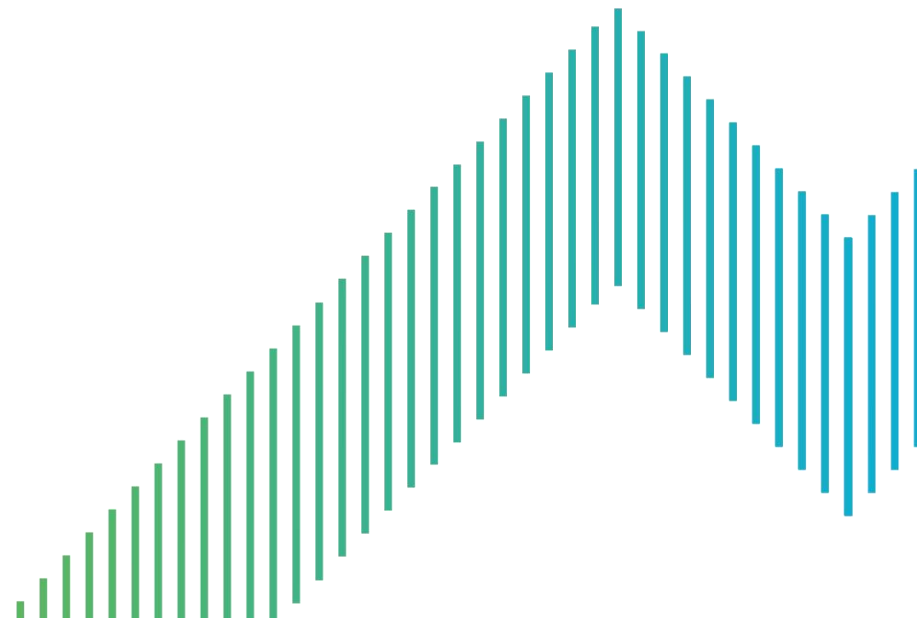
Appendix 5: Section 13 dashboard

Appendix 6: Reliances and limitations

Appendix 7: Glossary

Appendix 8: Rates and Adjustments Certificate

Appendix 9: Gender pension gap



Appendix 1: Data

Membership data

The membership data used for the purposes of this valuation was provided by the Administering Authority on 12 August 2025.

A summary of the membership data used for this valuation is set out in Table 7, alongside corresponding data from the previous valuation for comparison. The membership numbers in the table relate to the total number of records.

The results of this valuation are dependent on the quality of the underlying data used. We have relied on information supplied by the Administering Authority and their administrator as being accurate. We have carried out a series of reasonableness validation checks on the supplied membership data and compared against the Fund's (unaudited) accounts to confirm its suitability for the purposes of this valuation.

More information on how we verify the quality of the data used in the valuation has been shared with the Administering Authority in our report 'Data Report for the 2025 Valuation'.

Whole Fund Membership Data	This Valuation 31 March 2025	Last Valuation 31 March 2022
Employee members		
Number	19,082	18,435
Total actual pay (£000)	386,847	305,475
Total accrued pension (£000)	84,359	62,701
Average age (liability weighted)	54	51
Deferred pensioners (including undecideds)		
Number	21,172	20,964
Total accrued pension (£000)	27,837	22,521
Average age (liability weighted)	52	50
Pensioners and dependants		
Number	13,222	11,335
Total pensions in payment (£000)	71,813	54,576
Average age (liability weighted)	69	69

Table 7: Membership data summary

Investment strategy

A summary of the investment strategy allocation used to derive the future assumed investment return is set out in Table 8.

This strategy was confirmed by the Administering Authority on 5 September 2024 as appropriate for the purposes of the valuation.

Asset data

To check the membership data and derive employer asset values, we have used asset and accounting data and employer-level cash flow data provided by the Fund.

Asset class	Allocation
UK equities	8.0%
Overseas equity	34.5%
Emerging market equity	2.5%
Private equity	5.0%
Property	10.0%
Infrastructure equity	7.5%
UK corporate bonds (A-rated average)	7.5%
Absolute return bonds	12.5%
Multi asset credit	7.50%
Private lending	5.0%
Total	100.00%

Table 8: Investment strategy allocation used for the calculation of employer contribution rates.

Appendix 2: Assumptions

To set and agree assumptions for the valuation, the Fund carried out an in-depth analysis and review in January 2025 with the assumptions agreed by the Pensions Committee during March 2025.

Summary of assumptions

	31 March 2025	31 March 2022
Financial assumptions		
Discount rate	5.9% p.a. (80% likelihood of success)	4.1% p.a. (75% likelihood of success)
Benefit increases (CPI inflation)	2.3% p.a.	2.7% p.a.
Salary increases	2.8% p.a.	3.2% p.a.
Demographic assumptions		
Baseline longevity	VitaCurves	VitaCurves
Longevity future improvements	CMI2024 model with core parameterisation except Initial addition = 0.25% (Male & Female) Long-term rate of improvement = 1.5% p.a.	CMI 2021 model Initial addition, A = 0.25% (Male and Female) Smoothing factor, Sk = 7.0 Long-term rate of improvement = 1.5% p.a.
Commutation	75% of maximum under HMRC limits	65% of maximum under HMRC limits
50:50 scheme	0% of members elect to change scheme	0.5% of members elect to change scheme
Retirement age	Earliest age at which members can retire with unreduced benefits	
Family statistics	Varying proportion have dependant at death Dependant of a male is 3.5 years younger than him Dependant of a female is 0.6 years older than her	Varying proportion have dependant at retirement Dependant of a male is 3 years younger than him Dependant of a female is 3 years older than her

Table 9: Summary of assumptions

Deriving future investment return likelihoods

To derive the distribution of future investment returns and obtain associated estimated likelihoods, we use the Fund's long-term investment strategy and our Economic Scenario Service (ESS) model. The ESS uses statistical models to generate a future distribution of year-on-year returns for each asset class, eg UK equities. The ESS reflects correlations between asset classes and wider economic variables (eg inflation). In the short-term (first few years), the models are fitted with current financial market expectations. Over the longer-term, models are built around our views of fundamental economic parameters, for example equity risk premium, credit-spreads and long-term inflation. Table 10 sets out the individual asset class return distribution of the ESS model at 31 March 2025.

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 th	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 th	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 th	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 th	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 th	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 th	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 th	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 th	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 th	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%	-	-

Table 10: ESS individual asset class return distributions at 31 March 2025

Demographic assumptions

The tables below set out sample rates for demographic assumptions at 5-year age intervals. All figures are incidence rates per 1,000 members except salary scale. FT and PT denote full-time and part-time active membership respectively.

Males

Age	Salary Scale	Death Before Retirement	Withdrawals		III Health Tier 1		III Health Tier 2	
			FT	PT	FT	PT	FT	PT
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

Table 11: Sample rates for demographic assumptions – Males

Females

Age	Salary Scale	Death Before Retirement	Withdrawals		III Health Tier 1		III Health Tier 2	
			FT	PT	FT	PT	FT	PT
20	105	0.10	197.36	336.51	0.00	0.00	0.00	0.00
25	117	0.10	132.80	226.40	0.10	0.07	0.02	0.01
30	131	0.14	111.32	189.75	0.13	0.10	0.03	0.02
35	144	0.24	96.08	163.71	0.26	0.19	0.05	0.04
40	151	0.38	79.96	136.21	0.39	0.29	0.08	0.06
45	159	0.62	74.62	127.09	0.52	0.39	0.10	0.08
50	167	0.90	62.91	107.03	0.97	0.73	0.24	0.18
55	173	1.19	46.94	79.94	3.59	2.69	0.52	0.39
60	174	1.52	37.83	64.35	5.71	4.28	0.54	0.40
65	174	1.95	18.03	30.66	10.26	7.69	0.00	0.00

Table 12: Sample rates for demographic assumptions - Females

Average life expectancies

Based on the longevity assumptions used for the 2025 valuation, Table 13 details the average life expectancy for the Fund's membership.

Average life expectancy	31 March 2025	31 March 2022
Male pensioner	20.8 years	21.1 years
Male non-pensioner	21.8 years	22.3 years
Female pensioner	23.7 years	24.0 years
Female non-pensioner	25.3 years	25.9 years

Table 13: Average life expectancies

The average life expectancies are from the age of 65. They assume that pensioners are aged 65 at the respective valuation date and non-pensioners are aged 45.

Benefit structure

Results are based on our understanding of the benefit structure of the LGPS in England and Wales on 31 March 2025 – see www.lgpsregs.org. However, there are areas of uncertainty and potential change.

- **McCloud:** in line with the 2022 valuation, we have made an allowance for the cost of these potential improvements, including McCloud data (where available). Further detail on the assumption is available on request
- **Cost sharing mechanism:** we have assumed that there will be no changes required to the LGPS benefit structure due to this mechanism.
- **Guaranteed Minimum Pension equalisation and revaluation:** in line with the 2022 valuation, we have assumed that all increases on GMP for members with a State Pension Age after 5 April 2016 will be funded by the Fund.
- **Virgin Media case:** we have made no allowance for any impact that the Virgin Media case may have on the LGPS benefit structure.
- **Other benefit changes:** there may be benefit changes due to the current “Access and Fairness” consultation. We have not made any allowance for any changes to the benefit structure proposed in this consultation as we would not expect them to be material if implemented.

Appendix 3: Governance audit trail

The triennial actuarial valuation is a significant exercise carried out by the Fund. This report is a summary of the main outputs from the triennial actuarial valuation. The outputs are the result of funding strategy analysis, discussions and Fund decisions throughout the valuation process. A high-level audit trail of the key funding strategy decisions is set out below.

Funding strategy

The **actuarial assumptions** were reviewed by the Fund in January 2025, supported by analytics and other information from the Fund Actuary. The assumptions were agreed by the Fund at the Pensions Committee meeting in March 2025.

The funding strategy parameters, which feed into the setting of employer contribution rates, were considered in stages.

- **Local authorities, Police and Parc Cenedlaethol** : review carried out in Q1 2025, including consideration of funding target, funding time horizon, likelihood of success, contribution stability mechanism and interaction with the Fund's investment strategy. The outcomes were discussed at the September 2025 Pensions Committee meeting.
- **Other employers:** the funding strategy for the remaining employers in the Fund was reviewed by the Fund's Officers in October 2025. Other aspects of the funding strategy, including the approach to cessation valuations, exit credits, ill health risk management and new employers, were reviewed in January 2026.

The outcomes of these decisions was collated and documented in an updated copy of the Funding Strategy Statement. The draft FSS was discussed at the February 2026 Pensions Committee meeting. The final version was agreed at the March 2026 Pensions Committee meeting.

Stakeholder engagement

In addition, the Fund has engaged with employers and the Local Pensions Board throughout the valuation exercise. A summary of the engagement is detailed below.

- **Stabilised employer meetings** : During September 2025 the current funding environment and proposed contribution rates in force from 1 April 2026 were discussed with relevant employers.
- **Employer forum:** the employers' forum on 24 October 2025 discussed the key themes of the 2025 valuation.
- **Employer results:** a results schedule setting out their 2025 valuation funding position and contribution rate was issued to relevant employers in October 2025. Employers were then offered the opportunity to engage with the Fund to discuss their results.
- **Funding Strategy Statement consultation:** an updated version of the FSS was issued to employers in January 2026 with the opportunity to feed back comments or ask questions to the Fund by 6 March 2026.

Appendix 4: Climate change scenario analysis

Climate change is now widely regarded as one of the main sources of risk for pension funds, with potential implications for future **inflation, investment returns** and **longevity**. LGPS funds, given their long-term horizons, may face greater exposure to climate risks – and many stakeholders are asking what more can be done to understand the possible impact of these risks.

We have used two sets of scenario analysis to test the resilience of the funding strategy under potential climate-related risks.

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 helping to ensure that appropriate controls and mitigations are in place. Scenario analysis can therefore also support informed decision making, as well as ensuring compliance with regulations, including TCFD.

Scenario approach 1 – Stress testing

We take our usual 5,000 simulations to see how an LGPS fund could evolve over 20 years. We then consider how quickly the world responds to climate risk in three scenarios (broadly speaking now, later or even later), with the simple assumption that in every case the response leads to intense disruption and a period of heightened market volatility. The scenarios are not explicitly designed to be “good” or “bad”, and we tend to see a modest impact on high level risk metrics.

Scenario approach 2 – Narrative driven

The new, narrative analysis complements the stress tests by imagining a specific climate-related trigger event and considering how that plays out under three different pathways.

We take a specific, extreme, downside risk event (in this instance a shock to the planet’s food supply) that could occur in the coming years. We then map out distinctive potential reactions to the event, considering things like market changes and policy responses and how these may evolve differently over time. This results in three distinct pathways.

Challenges and limitations

When interpreting the results, users should be aware of the following challenges and limitations in addition to the usual limitations of asset-liability modelling:

- All of the modelling results are ultimately based on the original 5,000 projections from our core model, so we are implicitly assuming that markets continue to function and that the assumed correlations, risk premia, volatilities etc are still valid.
- Neither set of climate scenarios is intended to be exhaustive, and other outcomes beyond what the scenarios cover are of course possible

Full details and results are included in the 2025 Climate Scenario Analysis Output Report dated June 2025, and further detail on the scenario methodology is included in the [2025 valuation toolkit](#) .

Climate scenario stress test analysis – output summary

Below we set out the quantitative outputs from the ‘stressed’ climate scenarios. These reflect how the Fund may be impacted over the coming years should the world’s response to climate change reflect the one of our three qualitative scenario descriptions. The base case reflects the market having already priced in climate change, but not any one specific climate scenario.

Modelling results at 20-year time horizon				
Metric	Base case	Green revolution	Delayed transition	Head in the sand
Likelihood of success	89%	90%	86%	87%
Worst 5% of outcomes	64%	67%	60%	60%

Table 14: Summary modelling results in the base case and stress test scenarios

Overall, the impact on likelihood of success is modest over the 20-year horizon, suggesting that the level of prudence in the funding strategy has not been drastically underestimated due to climate risk. There is generally a greater impact on downside risk which is to be expected given that higher volatility will lead to a broader range of outcomes and this means that the worst outcomes get even worse.

The stress test scenarios are designed to test the entire range of funding outcomes. The above impact on downside risk suggests that the extremes merit further, dedicated investigation, particularly as climate change has the potential to make “extreme” outcomes more likely.

The narrative-driven scenario approach was introduced at the 2025 valuation to complement the stress tests by digging further into potential downside risks.

Narrative-driven scenario analysis – output summary

The chart below shows the likelihood of success in each of the three narrative scenarios. All of them begin with the same initial shock, and then the results diverge based on different imagined responses.

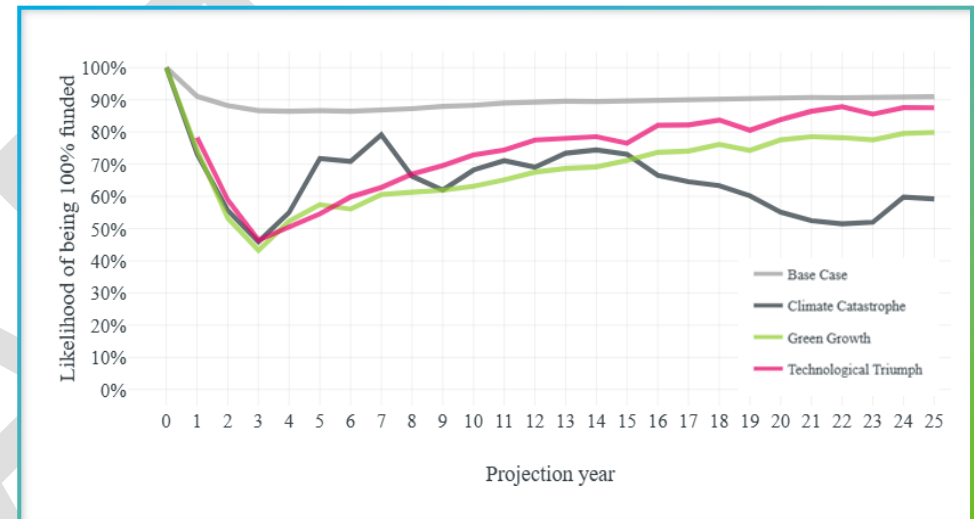


Chart 4: Likelihood of success in the base case and narrative-driven scenarios

Over medium time horizons of 5-10 years, we see improvement in the likelihood of success under each of the three scenarios, although all remain below both the base case and the level of success that is required by the Fund. Over longer time horizons of 10+ years we begin to see a divergence in the likelihood of success, with rapid response and technology investment supporting regrowth under the Green Growth and Technological Triumph pathways, but delayed action under Climate Catastrophe, instead leading to prolonged economic and social disruption and a likelihood of success below the Fund’s desired threshold.

There is therefore a plausible downside scenario prompted by a climate-related event that would put the Fund’s funding strategy at risk.

Appendix 5: Section 13 dashboard

Metric	Unit	2025 valuation
2025 funding position – local funding basis		
Funding level (assets/liabilities)	%	166%
Funding level (change since previous valuation)	%	46% increase
Asset value used at the valuation	£m	3,232
Value of liabilities (including McCloud liability)	£m	1,946
Surplus (deficit)	£m	1,286
Discount rate – past service	% p.a.	5.9%
Discount rate – future service	% p.a.	Past service and future service are consistently valued with the same underlying assumptions, methodologies and models regarding future expected levels of inflation, interest rates and investment returns.
Assumed pension increase (CPI)	% p.a.	2.3%
Method of derivation of discount rate, plus any changes since previous valuation		There is a 80% likelihood that the Fund's assets will return at least 5.9% p.a. over the 20 years following the 2025 valuation date. This is the same methodology used for the 2022 valuation but with a higher likelihood (75% at 2022).

Metric	Unit	2025 valuation
Assumed life expectancy at age 65		
Life expectancy for current pensioners – men age 65	years	20.8
Life expectancy for current pensioners – women age 65	years	23.7
Life expectancy for future pensioners – men age 45	years	21.8
Life expectancy for future pensioners – women age 45	years	25.3
Past service funding position – SAB basis (for comparison purposes only)		
Market value of assets	£m	3,232
Value of liabilities	£m	2,410
Funding level on SAB basis (assets/liabilities)	%	134%
Funding level on SAB basis (change since last valuation)	%	2% decrease

Metric	Unit	2025 valuation	2022 valuation
Contribution rates payable			
Primary contribution rate	% of pay	16.2%	21.8%
Secondary contribution rate (cash amounts in each year)			
Secondary contribution rate - 1 st year of rates and adjustments certificate	£m	-1.329	-8.746
Secondary contribution rate - 2 nd year of rates and adjustments certificate	£m	-1.366	-9.021
Secondary contribution rate - 3 rd year of rates and adjustments certificate	£m	-1.405	-9.303
Giving total expected contributions			
Total expected contributions - 1 st year of rates and adjustments certificate (£ figure based on assumed payroll)	£m	64.105	62.208
Total expected contributions - 2 nd year of rates and adjustments certificate (£ figure based on assumed payroll)	£m	65.908	64.221
Total expected contributions - 3 rd year of rates and adjustments certificate (£ figure based on assumed payroll)	£m	67.761	66.299
Assumed payroll (cash amounts in each year)			
Total assumed payroll - 1 st year of rates and adjustments certificate	£m	404.830	325.937
Total assumed payroll - 2 nd year of rates and adjustments certificate	£m	416.212	336.442
Total assumed payroll - 3 rd year of rates and adjustments certificate	£m	427.913	347.286
3 year average total employer contribution rate	% of pay	15.9%	19.1%
Average employee contribution	% of pay	6.4%	6.4%
Expected employee contributions (£ figure based on assumed payroll of £404.8m)	£m p.a.	25.850	20.874

Metric	Unit	2025 valuation	2022 valuation
Deficit recovery and surplus spreading plan			
Latest deficit recovery period end date, where this methodology is used by the fund's actuarial advisor	Year	Methodology not used	Methodology not used
Earliest surplus spreading period end date, where this methodology is used by the fund's actuarial advisor	Year	Methodology not used	Methodology not used
The time horizon end date, where this methodology is used by the fund's actuarial advisor	Year	2042	2039
The funding plan's likelihood of success, where this methodology is used by the fund's actuarial advisor	%	Minimum 80%	Minimum 75%
Surplus Methodology		Explicit contribution stabilisation mechanism	Explicit contribution stabilisation mechanism
Surplus methodology & parameters explanation (including changes since previous valuation)		Employer contributions are limited to increase/decrease at most by 1% of pay pa to support long-term stability. The Fund has allowed a one-off immediate 3% reduction, covering rates from 1 April 2026 to 31 March 2029, to support affordability. Further detail is in the FSS.	Employer contributions are limited to increase/decrease at most by 1% of pay pa to support long-term stability.
Additional information			
Percentage of liabilities relating to employers with deficit recovery periods of longer than 20 years	%	0%	0%
Percentage of total liabilities that are in respect of Tier 3 employers	%	0.8%	0.8%
Included climate change analysis/comments in the 2025 valuation report		Yes	Yes
Gender pension gap statistic - Fund active mean CARE pension GPG	%	29%	N/A

Gender pension gap statistic - Fund active mean combined Final Salary and CARE pension GPG	%	30%	N/A
Gender pension gap statistic - Fund pensioner mean pension GPG	%	52%	N/A

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Appendix 6: Reliances and limitations

We have been commissioned by Cyngor Gwynedd ('the Administering Authority') to carry out a full actuarial valuation of Gwynedd Pension Fund ('the Fund') at 31 March 2025, as required under Regulation 62 of the Local Government Pension Scheme Regulations 2013 ('the Regulations').

This report is addressed to the Administering Authority. It has been prepared by us as actuaries to the Fund and is solely for the purpose of summarising the main outcomes of the 2025 actuarial valuation. It has not been prepared for any other third party or for any other purpose. We make no representation or warranties to any third party as to the accuracy or completeness of this report, no reliance should be placed on this report by any third party and we accept no responsibility or liability to any third party in respect of it.

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This summary report is the culmination of other communications in relation to the valuation, in particular our:

- [2025 valuation toolkit](#) which sets out the methodology used when reviewing funding plans
- paper dated 24 January 2025 which discusses the valuation assumptions
- paper dated 18 March 2025 which discusses the funding strategy for the Fund's stabilised employers i.e. the three local authorities, Parc Cenedlaethol Eryri and the Police.

- initial results report dated 3 September 2025 which outlines the whole Fund results and inter-valuation experience
- data report dated March 2026 which summarises the data used for the valuation, the approach to ensuring it is fit for purpose and any adjustments made to it during the course of the valuation

The totality of our advice complies with the Regulations as they relate to actuarial valuations.

We have also prepared the valuation with regard to the Funding Strategy Statement which details the approach taken by the Fund to fund the current and future benefits due to members.

The following Technical Actuarial Standards apply to this advice and have been complied with where material and to a proportionate degree. They are:

- **TAS100** – Principles for technical actuarial work
- **TAS300** – Pensions

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Appendix 7: Glossary

➤ **50:50 option**

An option for LGPS members to pay half employee contributions and earn half the retirement benefit (pre-retirement protection benefits are unreduced).

➤ **Asset-liability modelling**

An approach to modelling and understanding risk for a pension fund. The assets and liabilities are projected forwards into the future under many different future scenarios of inflation, investment returns and interest rates. The future scenarios are then analysed to understand the risk associated with a particular combination of contribution rates and investment strategy. Different combinations of contribution rates and/or investment strategies may be tested.

➤ **Baseline longevity**

The rates of death (by age and sex) in a given group of people based on current observed data.

➤ **VitaCurves**

The assumptions used for baseline longevity. These assumptions are provided by Club Vita, a firm of longevity experts we partner with for longevity analysis. They combine data from thousands of pension schemes and use it to create detailed longevity assumptions at member-level, as well as insight on general longevity trends and future improvements.

➤ **Commutation**

The option for members to exchange part of their annual pension for a one-off lump sum at retirement. In the LGPS, every £1 of pension exchanged gives the member £12 of lump sum. The amounts that members commute is heavily influenced by tax rules which set an upper limit on how much lump sum can be taken tax-free.

➤ **CPI inflation**

The annual rate of change of the Consumer Prices Index (CPI). The CPI is the UK government's preferred measure of inflation and is the measure used to increase LGPS (and all other public sector pension scheme) benefits each year.

➤ **Deferred pensioner**

A former employee who has left employment (or opted out of the pension fund) but is not yet in receipt of their benefits from the fund.

➤ **Demographic assumptions**

Assumptions concerned with member and employer choices rather than macroeconomic or financial factors. For example, retirement age or promotional salary scales. Demographic assumptions typically determine the timing of benefit payments.

➤ **Discount rate**

A number used to place a single value on a stream of future payments, allowing for expected future investment returns.

➤ **Employee (or active) members**

Members who are currently employed by employers who participate in the Fund and are paying contributions into the Fund.

➤ **ESS**

Economic Scenario Service - Hymans Robertson's proprietary economic scenario generator used to create thousands of simulations of future inflation, asset class returns and interest rates.

➤ Funding position

The extent to which the assets held by the Fund at 31 March 2025 cover the accrued benefits ie the liabilities.

The two measures of the funding position are:

- the funding level - the ratio of assets to liabilities; and
- the funding surplus/deficit - the difference between the asset and liabilities values.

➤ Inflation

Prices tend to increase over time, which is called inflation. Inflation is measured in different ways, using a different 'basket' of goods and mathematical formulas.

➤ Liabilities

An employer's liability value is the single value at a given point in time of all the benefit payments expected to be made in future to all members. Benefit payments are projected using demographic and financial assumptions and the liability is calculated using a discount rate.

➤ Longevity improvements

An assumption about how rates of death will change in future. Typically, we assume that death rates will fall and life expectancies will improve over time, continuing the long-running trend.

➤ Pensioner

A former employee who is in receipt of their benefits from the fund. This category includes eligible dependants of the former employee.

➤ Primary rate

The estimated cost of future benefits, expressed in percentage of pay terms. The primary rate will include an allowance to cover the Fund's expenses.

➤ Prudence

To be prudent means to err on the side of caution in the overall set of assumptions. We build prudence into the choice of discount rate by choosing an assumption with a prudence level of more than 50%. All other assumptions aim to be best estimate.

➤ Prudence level

A percentage indicating the likelihood that the assumed rate of investment return will be achieved in practice, based on the ESS model.

The higher the prudence level, the more prudent the assumed rate of investment return.

➤ Secondary rate

An adjustment to the primary rate, generally to reflect costs associated with benefits that have already been earned up to the valuation date. This may be expressed as a percentage of pay and/or monetary amount.

➤ Withdrawal

Refers to members leaving the scheme before retirement. These members retain an entitlement to an LGPS pension when they retire but are no longer earning new benefits.

Appendix 8: Rates and Adjustments Certificate

In accordance with Regulation 62 of the Regulations, we have assessed the contributions that should be paid into the Fund by participating employers for the period 1 April 2026 to 31 March 2029 to maintain the solvency of the Fund.

The method and assumptions used to calculate the contributions set out in this Rates and Adjustments Certificate are detailed in the Funding Strategy Statement dated March 2026 and in [Appendix 2](#) of the report on the 2025 actuarial valuation dated March 2026. These assumptions underpin our estimate of the number of members who will become entitled to a payment of pensions under the provisions of the LGPS and the amount of liabilities arising in respect of such members.

Table 15 sets out the combined individual employer primary and secondary contribution rates for the period 1 April 2026 to 31 March 2029. The primary rate is the payroll weighted average of the underlying individual employer primary rates and the secondary rate is the total of the underlying individual employer secondary rates, calculated in accordance with the LGPS regulations and CIPFA guidance. The secondary rate has been shown both as a percentage of the projected pensionable pay and the equivalent monetary amount.

Primary rate	16.2% of pay	
Secondary rate	% of payroll	Equivalent monetary amount (£)
2026/27	-0.3%	-1,329,000
2027/28	-0.3%	-1,366,000
2028/29	-0.3%	-1,405,000

Table 15: Combined individual employer rates from 1 April 2026 to 31 March 2029

The required minimum contribution rates for each employer in the Fund are set out in the remainder of this certificate.

Richard Warden FFA C. Act Allan Woodhouse FFA C. Act
 03 March 2026
 For and on behalf of Hymans Robertson LLP

Employer codes	Employer name	Primary rate (% of pay)	Secondary rate (% of pay)			Total contributions (Primary rate plus secondary rate)			
			2026 /27	2027/28	2028/29	2026/27	2027/28	2028/29	
Stabilised employers									
	Cyngor Bwrdeistref Sirol Conwy County Borough Council	16.5%	0.1%	0.1%	0.1%	16.6%	16.6%	16.6%	
	Cyngor Gwynedd	16.1%	0.1%	0.1%	0.1%	16.2%	16.2%	16.2%	
	Cyngor Sir Ynys Mon County Council	16.0%	1.1%	1.1%	1.1%	17.1%	17.1%	17.1%	
43	Parc Cenedlaethol Eryri	15.9%	-1.1%	-1.1%	-1.1%	14.8%	14.8%	14.8%	
	Swyddfa Comisiynydd Heddlu a Throsedd Gogledd Cymru	15.9%	-0.2%	-0.2%	-0.2%	15.7%	15.7%	15.7%	
Further education bodies									
	Group Llandrillo Menai	16.7%	-3.0%	-3.0%	-3.0%	13.7%	13.7%	13.7%	
	Addysg Oedolion Cymru	17.0%	-3.0%	-3.0%	-3.0%	14.0%	14.0%	14.0%	
Parish and Town Councils									
13	Cyngor Tref Caernarfon Town Council	18.5%	-6.6%	-6.6%	-6.6%	11.9%	11.9%	11.9%	
14	Cyngor Tref Porthaethwy	16.4%	-16.4%	-16.4%	-16.4%	0.0%	0.0%	0.0%	
16	Cyngor Dinas Bangor City Council	16.4%	-15.8%	-15.8%	-15.8%	0.6%	0.6%	0.6%	
17	Cyngor Tref Llangefni Town Council	18.8%	-3.0%	-3.0%	-3.0%	15.8%	15.8%	15.8%	
22	Cyngor Tref Biwmares	16.6%	-3.0%	-3.0%	-3.0%	13.6%	13.6%	13.6%	

Employer codes	Employer name	Primary rate (% of pay)	Secondary rate (% of pay)			Total contributions (Primary rate plus secondary rate)			
			2026 /27	2027/28	2028/29	2026/27	2027/28	2028/29	
25	Cyd-Bwyllgor Claddu Caergybi	17.4%	-3.0%	-3.0%	-3.0%	14.4%	14.4%	14.4%	
27	Cyngor Tref Caergybi	14.9%	-3.0%	-3.0%	-3.0%	11.9%	11.9%	11.9%	
28	Cyngor Tref Llandudno Town Council	19.3%	-3.0%	-3.0%	-3.0%	16.3%	16.3%	16.3%	
66	Cyngor Tref Tywyn Town Council	18.8%	-3.0%	-3.0%	-3.0%	15.8%	15.8%	15.8%	
68	Cyngor Cymuned Llanllyfni Community Council	17.5%	-16.4%	-16.4%	-16.4%	1.1%	1.1%	1.1%	
70	Cyngor Tref Towyn A Bae Kinmel Town Council	17.8%	-3.0%	-3.0%	-3.0%	14.8%	14.8%	14.8%	
72	Cyngor Tref Abergele Town Council	17.5%	-5.5%	-5.5%	-5.5%	12.0%	12.0%	12.0%	
73	Cyngor Tref Bae Colwyn / Colwyn Bay Town Council	19.2%	-3.0%	-3.0%	-3.0%	16.2%	16.2%	16.2%	
74	Cyngor Tref Ffestiniog Town Council	15.6%	-3.0%	-3.0%	-3.0%	12.6%	12.6%	12.6%	
83	Cyngor Tref Conwy Town Council	16.8%	-3.0%	-3.0%	-3.0%	13.8%	13.8%	13.8%	
704	Cyngor Tref Llanfairfechan Town Council	16.0%	-3.0%	-3.0%	-3.0%	13.0%	13.0%	13.0%	
709	Cyngor Tref Llanrwst Town Council	16.0%	-0.1%	-0.1%	-0.1%	15.9%	15.9%	15.9%	
711	Cyngor Cymuned Llanfair Mathafarn Eithaf	15.4%	-2.4%	-2.4%	-2.4%	13.0%	13.0%	13.0%	
Admission bodies									

Employer codes	Employer name	Primary rate (% of pay)	Secondary rate (% of pay)			Total contributions (Primary rate plus secondary rate)			
			2026 /27	2027/28	2028/29	2026/27	2027/28	2028/29	
Open community admission bodies									
11	N.W.S.B.	16.9%	-3.2%	-3.2%	-3.2%	13.7%	13.7%	13.7%	
37	Gyrfa Cymru Careers Wales	16.7%	-7.6%	-7.6%	-7.6%	9.1%	9.1%	9.1%	
41	Cwmni'R Fran Wen	13.8%	-3.0%	-3.0%	-3.0%	10.8%	10.8%	10.8%	
61	Cymorth Cymunedol Gwirfoddol Conwy	15.3%	-3.0%	-3.0%	-3.0%	12.3%	12.3%	12.3%	
62	Medrwn Mon	17.0%	-3.0%	-3.0%	-3.0%	14.0%	14.0%	14.0%	
67	Menter Mon	14.0%	-3.0%	-3.0%	-3.0%	11.0%	11.0%	11.0%	
76	Cartrefi Conwy	15.4%	-9.9%	-9.9%	-9.9%	5.5%	5.5%	5.5%	
77	Adra (Ignoring Risk Share)	15.0%	-3.0%	-3.0%	-3.0%	12.0%	12.0%	12.0%	
Closed community admission bodies									
63	Mantell Gwynedd	29.7%	-29.7%	-29.7%	-29.7%	0.0%	0.0%	0.0%	
71	Adferiad Recovery	31.6%	-31.6%	-31.6%	-31.6%	0.0%	0.0%	0.0%	
Transferee admission bodies									
706	AE & AT Lewis (Anglesey Glendale)	24.0%	-24.0%	-24.0%	-24.0%	0.0%	0.0%	0.0%	
707	Chartwells	21.0%	-21.0%	-21.0%	-21.0%	0.0%	0.0%	0.0%	

Employer codes	Employer name	Primary rate (% of pay)	Secondary rate (% of pay)			Total contributions (Primary rate plus secondary rate)		
			2026 /27	2027/28	2028/29	2026/27	2027/28	2028/29
Pass-through with Cyngor Gwynedd								
102	North Wales Trunk Road Agency	16.1%	0.1%	0.1%	0.1%	16.2%	16.2%	16.2%
705	Byw'N Iach	16.1%	0.1%	0.1%	0.1%	16.2%	16.2%	16.2%
New Employers from 1 April 2025								
713	Cyd-Bwyllgor Corfforedig Y Gogledd	16.6%	-3.0%	-3.0%	-3.0%	13.6%	13.6%	13.6%
712	Menter Iaith Gwynedd	16.1%	0.1%	0.1%	0.1%	16.2%	16.2%	16.2%

Notes to the Rates and Adjustments Certificate

- Contributions expressed as a percentage of payroll should be paid into the Fund at a frequency in accordance with the requirements of the Regulations.
- Further sums should be paid to the Fund to meet the costs of any early retirements and/or augmentations using methods and factors issued by us from time to time or as otherwise agreed.
- Payments may be required to be made to the Fund by employers to meet the capital costs of any ill-health retirements that exceed those allowed for within our assumptions.
- Any new employers or admission bodies joining the Fund should be referred to the Fund Actuary to assess the required level of contribution. Depending on the number of transferring members the ceding employer's rate may also need to be reviewed.
- Any employer who ceases to participate in the Fund should be referred to the Fund Actuary in accordance with Regulation 64 of the LGPS regulations.
- The certified contribution rates represent the minimum level of contributions to be paid. Employing authorities may pay further amounts at any time and future periodic contributions may be adjusted on a basis approved by the Fund Actuary.

Appendix 9: Gender pension gap

As required under the LGPS Regulations 2013, we have reported on the gender pension gap within the Fund. The reporting approach, including derivation of statistics, is consistent with the [guidance](#) '2025 Fund Valuations: Guidance for Gender Pension Gap reporting' dated 2 February 2026. :

For the purpose of this analysis, we have

- relied upon the membership data provided by the Fund for the purpose of the 2025 actuarial valuation
- used the gender information provided in the submitted membership data

The Gender Pension Gap (GPG) is calculated as:

$$GPG = \frac{\text{Mean pension value for males} - \text{Mean pension value for females}}{\text{Mean pension value for males}}$$

The GPG is expressed as a percentage. For example, a GPG of 10% indicates that, on average within the population analysed, for every £1 of pension accrued by males, females will have accrued £0.90. A negative GPG implies the mean pension value for females is greater than the mean pension value for males.

Active members

The results in this section set out the analysis for members who were active at 31 March 2025.

Fund level analysis

At overall Fund level, the GPG for active members of the Fund is 30%. Further detail is set out in the tables below.

	Males	Females	
Number of members	4,693	10,526	-
% of overall membership	31%	69%	-
Mean age	45.0	44.7	-
			Gender pay gap
Mean FTE pay	33,248	29,747	11%
Mean actual pay	30,610	23,104	25%
			Gender pensions gap
Mean CARE pension	4,710	3,353	29%
Mean Final Salary pension	6,206	4,197	32%
Mean total pension	6,927	4,838	30%

Table 16: Gender pensions gap for active members – Fund level analysis

Employer category analysis

In line with the Guidance, analysis at employer category level is set out below (N/A entries apply where the number of active members in a group is less than 100):

Category	CARE pension GPG	Final Salary pension GPG	Total pension GPG
Local authorities and connected bodies	28%	33%	29%
Centrally funded public sector bodies	28%	27%	30%
Other public service bodies	23%	30%	28%
Private/voluntary/other bodies	37%	71%	36%

Table 17: Gender pensions gap for active members – Employer category analysis

Employer category Additional statistics	Local authorities		Central PS bodies		Other PS bodies		Private/voluntary	
	Males	Females	Males	Females	Males	Females	Males	Females
Number of members	4,017	9,477	371	777	298	238	25	89
% of overall membership	30%	70%	32%	68%	56%	44%	22%	78%
Mean age	44.4	44.3	48.6	48.8	47.3	43.9	48.4	46.4
Mean FTE pay	32,912	29,678	31,897	28,821	38,071	34,221	43,503	30,529
Mean actual pay	30,111	22,933	26,920	20,869	39,154	31,124	41,701	25,039
Mean CARE pension	6,056	4,347	5,531	3,997	7,898	6,042	7,767	4,907
Mean Final Salary pension	6,275	4,221	5,574	4,071	6,054	4,240	9,102	2,629
Mean total pension	8,226	5,834	7,620	5,317	10,864	7,788	9,587	6,148

Table 18: Gender pensions gap for active members – Employer category analysis (additional statistics)

Pensioner members

The GPG for pensioner members of the Fund is 52%. Further detail is set out in the table below.

	Males	Females	GPG
Number of members*	3,792	6,783	-
% of overall membership	36%	64%	-
Mean age	73.0	71.5	-
Mean pension	9,791	4,668	52%

Table 19: Gender pension gap for pensioner members – Fund level analysis

* In line with the guidance, this represents the number of unique members within the Fund i.e. all multiple membership records have been summed for the purpose of the Fund calculation.

Meeting:	Pension Board
Date:	20/04/2026
Title:	AMENDED WORK PLAN
Purpose:	To form the Work Plan for the 2026/27 year
Author:	Meirion Jones, Pensions Manager

1. Introduction

Following setting the last work plan in February 2025 we now need suggestions for items to be included for the 2026/27 work plan.

2. Draft Work Plan

The work plan set out below has been drafted to incorporate matters previously identified and discussed by the Board, together with items arising from earlier meetings.

In addition, a request was circulated to Board members last month inviting suggestions for inclusion in the forward work plan. Thank you to those members who responded - your contributions are gratefully acknowledged and have informed the development of this programme.

In particular, it was requested that a standing item be included to cover developments relating to "Fit for the Future" changes and the Good Governance recommendations. This has now been incorporated into the work plan under the heading 'Regulatory changes update'.

This standing item will ensure that the Board receives regular updates on relevant regulatory developments and their potential implications for the Fund.

WORK PLAN 2026/27

17 July 2026

Standing Items

- Regulatory changes update.
- Matters arising from the Pensions Committee (if applicable).
- Review of SAB meetings (if applicable).
- Breaches of the law (if applicable).
- Report changes to the risk register (if applicable).

-

Planned Items

- General update on Pensions Administration
- Update on the WPP Investment Management Company (IM Co)
- Pension Fund Discretionary Policies.
- Pension Board's Report for inclusion in the 2025/26 Annual Report.
- Cyber security update.

12 October 2026

Standing Items

- Regulatory changes update
- Matters arising from the Pensions Committee (if applicable)
- Review of SAB meetings (if applicable)
- Breaches of the law (if applicable)
- Report changes to the risk register (if applicable)

Planned Items

- General update on Pensions Administration
- Update on the WPP Investment Management Company (IM Co)
- Pensions Dashboard – readiness and implementation progress
- Gwynedd Pension Fund Annual Report 2025/26
- Investment performance update
- Final Accounts for the year ended 31 March 2026
- Climate-related reporting (TCFD) update

1 February 2027

Standing Items

- Regulatory changes update
- Matters arising from the Pensions Committee (if applicable)
- Review of SAB meetings (if applicable)
- Breaches of the law (if applicable)
- Report changes to the risk register (if applicable)

Planned Items

- General update on Pensions Administration
- Update on the WPP Investment Management Company (IM Co)
- Budget 2027/28
- Business Plan 2027/28
- Training Plan 2027/28
- Workplan for 2027/28

12 April 2027

Standing Items

- Regulatory changes update
- Matters arising from the Pensions Committee (if applicable)
- Review of SAB meetings (if applicable)
- Breaches of the law (if applicable)
- Report changes to the risk register (if applicable)

Planned Items

- Update on the WPP Investment Management Company (IM Co)
- General update on Pensions Administration
- Data quality review (including common and scheme-specific data scores)
- Full review of the Risk Register

Issues that arise during the year can be incorporated into the work programme as needed. This may include matters such as internal audit findings, emerging governance requirements, or changes in legislation and regulatory guidance. In addition, Board members may identify useful topics for inclusion based on insights gained from training sessions, conferences, or sector-wide events.

It should also be recognised that, given the volume of change currently affecting the LGPS—particularly the new expectations under the Fit for the Future framework—the workplan will need to remain flexible. Items may need to be rescheduled, expanded, or supplemented throughout the year to ensure the Board can respond appropriately to new requirements and maintain effective oversight of the Fund.

3. Recommendation

Board members are asked to consider the above program and suggest additional items or changes.