PENSIONS COMMITTEE 14/09/26

Attendance:

Councillors: Chair: Councillor Elin Hywel
Vice-chair: Councillor John Pughe Roberts

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), Delyth Jones-Thomas (Investment Manager), Meirion Jones (Pensions Manager) and Lowri Haf Evans (Democracy Services Officer)

1. APOLOGIES

None to note

2. DECLARATION OF PERSONAL INTEREST

None to note

3. URGENT ITEMS

None to note

4. MINUTES

The Chair accepted the minutes of the meeting held on 6 July 2026 as a true record.

5. WALES PENSION PARTNERSHIP UPDATE

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

It was reported that the annual form for the Partnership's accounts had been discussed, as well as confirmation that WPP IM Co had received the 'minded to approve' note (although 'minded to approve' was significantly dated by now), responsible investment, the register and the risk policy.

As usual, they reviewed the Business Plan for 2025/26, the Weystone operator update and the Russell Investments performance report - it was considered that the quarter in

question had been relatively stable. It was noted that WPP IM Co had given an update on the progress since the establishment, particularly on matters relating to governance, the workforce and actions. It was highlighted that approximately 15 staff members were now employed by the gradually growing company, and that they had now located their new offices in Cardiff - the company was now being administrated under the Cardiff address, not Carmarthen.

Since the July meeting, the Investment Manager reported on further updates, noting that WPP IM Co had now received an official registration with the Financial Conduct Authority (FCA). It was noted, since 1 September, that the company had taken a more prominent role in managing Gwynedd's assets, e.g. the company now paid the transfer of any funds to investment managers on behalf of the Gwynedd Pension Fund and monitored movements within the Fund's pots. It was elaborated that the management did not happen overnight, and that work would be undertaken during the transitional period to build a relationship with the investment company, and to formulate how information would be shared between the company and the Fund over the coming months.

For information, it was noted that an informal session between the committee and the investment company had been arranged for 21 October 2026, with an expectation for the investment company to also present an item at the Gwynedd Pension Fund's Annual Meeting and the Pensions Committee meeting in November, as well as an investment conference organised in October, was a new and exciting period with opportunities to work together.

The members expressed their thanks for the report. It was noted that the conference would be beneficial - a way to get information about the roles and the arrangements for scrutinising the work of the investment company.

RESOLVED

To accept and note the update for information

6. TREASURY MANAGEMENT 2025/26

A report was submitted by the Investment Manager, reporting on the Council's Treasury Management activity for 2025/26. Members were reminded that, as a Committee (March 2025), they had permitted the surplus funds of the Pension Fund to be pooled and co-invested with the Council's overall cash-flow for the 2025/26 financial year, in accordance with the Council's Treasury Management guidelines.

It was reported that it had been a very busy and prosperous year for the Council's Treasury Management activity as the activity had remained within the constraints set. It was confirmed that there were no defaults by institutions in which the Council had invested money.

It was reported that £1.7m in interest had been received on investments, which was higher than the £1.6m included in the budget. It was noted that the interest income was shared on a daily balance basis, with the Gwynedd Pension Fund having received £2.1 million in income for the year in question (which highlighted that the Gwynedd Pension Fund balances had been a significant part of the Cyngor Gwynedd balances during the year in question).

Reference was made to the context of investment activities, noting that the Council had continued to invest with Banks and Building Societies, Financial Market Funds, Pooled Funds, Local Authorities and Debt Management Office - the funds were consistent with

the type of investments made for a number of years now.

In the context of a compliance and indicators report, it was reported that all activities had complied well with the CIPFA code of practice and the Council's Treasury Management Strategy, although there was one occasion where historical boundaries had been used; attention was drawn to the matter immediately and it was confirmed that there was firm control over the funds.
The members expressed their thanks for the report.

In response to a question regarding the end of year balance, it was noted that the interest income was shared on a daily balance basis.

RESOLVED

To accept and note the update for information

7. GWYNEDD PENSION FUND DRAFT ANNUAL REPORT 2025/26

The Investment Manager highlighted that the draft report provided details on the Pension Fund's activities during the year ending 31 March 2026. It was reported that the report had been completed in accordance with the statutory guidelines of the Scheme Advisory Board and responded to the requirement to identify and submit the information through three categories - must, should and may. It was ensured that everything known as 'must' and 'should' had been included, unless the information was unavailable. As a result, it was explained that the annual report was now substantial and included a combination of annual reports from the Pensions Committee, the Pension Board, Wales Pension Partnership, information from the Administrative Unit and the Investment Unit.

It was noted that the annual report was being reviewed by Audit Wales as part of the audit of the accounts and the final version would be presented to the Gwynedd Pension Fund's Annual Meeting in November 2026.

Gratitude was expressed for the report and to the staff involved with preparing the work. It was reiterated that the report was very detailed and the content was good.

In response to a question regarding the performance of the 'Communications published to the members of the scheme with completing a virement' and the need to complete it within 10 working days (the percentage completed within the Fund's target was 3.30% and 65.8% within the legal target), it was noted that this was likely a target from CIPFA and not an internal target from the Fund's Administrative Unit. Although a combination of new, inexperienced staff in the Unit and elements out of the Unit's control contributed to the low performance, there was an intention to improve the performance in the future.

RESOLVED

To accept the draft report

8. THE GOOD ECONOMY REPORT

A report was submitted by the Investment Manager highlighting that the Gwynedd Pension Fund, alongside seven other funds in Wales, had commissioned a report by The Good Economy to demonstrate the work achieved by the pension funds for local investments in Wales.

It was explained that the report summarised the number of local investments that Wales Pension Partnership had made and the potential impact. On a national level, it was reported that £139m had been invested in Wales, and this was within 97 assets, clean energy, small and medium sized enterprises (SME), housing and property. Reference was made to the map showing the locations of the investments in Wales, and unfortunately, due to the nature of demography and industries in Wales, a large number of them were in the South. In the context of the partnership's investments in the Gwynedd Pension Fund's geographical area, attention was drawn to investments in Aberconwy, Ynys Môn, Bangor and surgeries in Gwynedd.

It was highlighted, in terms of Gwynedd's financial portfolio, that most of the Gwynedd Pension Fund's funding had been invested into Capital Dynamics clean energy, with some of the infrastructure funds investing in minor assets across the country.

It was reported that this was an important first step to summarise the investment situation in Wales, and it will offer a good comparison to build on in the future. It was reiterated that, with WPP IM Co stability, the hope is that the company will have expertise and a platform to invest in Wales, and that the situation will strengthen annually. Should an opportunity be identified locally with the potential to invest in it, then the information can be shared with WPP IM Co to follow up on the possibility - reference was made to discussions that had already been held with the North Wales Corporate Joint Committee.

The members thanked the officer for the report.

Observations arising from the ensuing discussion:

- The report was very interesting
- An important first step to highlight local investments in the Gwynedd Fund area
- Concerning how few investments there were in Gwynedd
- There was a need for more information regarding the locations of the investments, particularly the surgeries
- There was an opportunity to identify potential investments locally - ensuring a strong voice for the Gwynedd Pension Fund
- A suggestion to visit the investment locations to get a better understanding of them

In response to a question regarding Artificial Intelligence (AI) and whether it was intended to invest in the field, it was noted that there were no plans underway to invest locally, but companies who invested in equity took advantage of AI developments.

In response to a question about receiving a definition of 'clean energy' and whether this included nuclear energy, it was noted that the term referred to four categories of energy, namely solar, on-shore wind turbines, Bioenergy and Energy Storage and it did not include nuclear energy. In response, a request was made for WPP to present a definition of clean energy and what was the basis of their categorisation considering concerns about the end of the wind turbines' life. The need was also reiterated to carefully consider whether this was investing in clean energy or the cleanest energy.

In response to concerns about the Bute Energy company and the fact that it was not a company that had received high praise, and that the company did not have a formal, clear role, and the need to scrutinise in more detail before investing more with the company, it was noted that the decision to invest in a direct clean energy project in Wales had been made by the Pensions Committee during the 2022/23 term, and despite accepting that a change in the Committee's membership and new information had been

received about the company since approving the investment, the Committee had voted on the proposal and approved the investment.

RESOLVED

To accept the report and note the information

Note:

- Request more information about investments that are local to the Gwynedd Pension Fund area (specifically details of health facility locations)
- Request the definition for 'clean energy'

9. PENSION ADMINISTRATION

A comprehensive report was presented by the Pensions Manager providing a general overview of the administration of the Local Government Pension Scheme over the past year along with the activities that are undertaken by the Gwynedd Pension Fund to respond to current developments, maintain service standards and information about the work carried out over the period, and updates on various projects:

- Regulatory Update - Fit for the Future - emphasis on accountability, professional standards and effective decision-making. Each LGPS Fund will be required to appoint a designated Senior LGPS Officer to manage and administer the Pension Fund effectively and appoint an Independent Person to be included on the Pensions Committee to provide an external challenge, support robust decision-making and strengthen governance oversight – appointments to be in place by 31 December 2026.
- Undertake a Governance Review to assess the effectiveness of existing governance structures – this work to be completed by 31 December 2026.
- LGPS Access and Fairness Reforms - in response to changes introduced in April 2026 to improve equality, accessibility and fairness across the LGPS. The work highlighted the challenge of reconciling and identifying cases where the reforms applied.
- Impact on administration – a request for the Fund to review procedures, assess historical cases, update Members' administration and communication processes, and prepare for new reporting requirements.
- Staffing update - welcome the appointment of an Apprentice and Trainee Pensions Officer.
- 'My Pension Online', noting the continued success of the portal with the membership consistently growing with 8,200 Members already registered on the new portal and further work being done to promote the site. It was reported that the Gwynedd Pension Fund was exploring opportunities to further expand the portal's functionality, including the introduction of digital forms.
- Additional Voluntary Contributions - due to challenges arising from the Fund's existing arrangements with Clerical Medical, Hymans Robertson was commissioned to review the market to find a better provider. Legal & General, who had good experience and benefits, was appointed to provide voluntary contribution arrangements for the Fund's members from 1 September 2026.
- New Payroll System - current plans for testing the new system to begin during the autumn 2026, with the new system expected to provide better data and accuracy in information.
- McCloud Remedy – progress remained positive and work was on track to complete the remaining project work (as per the agreed timetable).

Attention was drawn to the Service Satisfaction Survey which was sent to Members at the end of key processes, such as retirements and the payment of reimbursements, to gather views on the quality of the service received. It was reported that 89 members had taken part in the survey with the result being very encouraging (95% of users strongly agreed or agreed that the quality was of a high standard and 97% strongly agreed or agreed that the service provided by staff met a high standard).

Thanks were given for the report and for the detailed summary of the work that was being completed.

In response to a question regarding LGPS Access and Fairness Reforms and despite acknowledging the principle of the need to ensure fairness, what would be the cost of the work and what was the potential number of eligible Members; it was noted, from the initial work of identifying Members, that only a small number of Members would benefit. In response to a supplementary question regarding those members who would have been eligible, but had now passed away, it was noted that the funding would be paid to that Member's estate - to set about finding people, the possibility of having to use a tracing service was noted. It was reiterated that the actuary would consider the cost as a factor in the next valuation.

RESOLVED

To accept the report and note the information

10. PENSION FUND ADMINISTRATION POLICIES

The Pensions Manager submitted a report that introduced two key administrative policies to be approved. It was noted that the policies were essential for the effective management and administration of the Pension Fund and were also a significant step towards improving good governance. It was noted that the Pension Board had reviewed the policies and that they were happy with the content.

The policies were discussed individually, providing the background and context of the policies for the Members.

- Provision of Retirement Estimates
- Benchmarking and Fairness

The members expressed their thanks for the report. The work made to formulate the policies by offering flexibility in some cases to the Fund's Members was welcomed.

RESOLVED

- **To accept the report**
- **To approve and adopt a Policy for the Provision of Retirement Benefit Estimates**

11. ADMINISTRATION DISCRETIONS POLICY

The Pensions Manager presented an Administrative Discretions Policy for the Committee to approve. It was noted that the proposed policy needed to demonstrate compliance with the requirements of the Local Government Pension Scheme Regulations, ensuring that the arrangements supported effective, consistent and transparent administration. It was explained that the Fund's Administration Discretions

Policies had not been comprehensively reviewed or updated for several years, with the previous policy having been approved in 2009. It was reported that a number of LGPS changes and guidance had introduced additional discretions since 2009, therefore the administrative authorities were required to update their policies. Following the Committee's approval, the intention was to bring the policy into force immediately and to have arrangements in place to review the document annually to ensure that the policy remained up to date, reflected any legislative or operational changes and met regulatory requirements.

Reference was made to seven proposed changes to the discretions, giving Members some background to the changes and how they were being formalised. It was reiterated that the Pension Board had reviewed the policy and they were happy with the content.

The members thanked the officer for the report.

In response to a question regarding 'Medical Requirements for Additional Plans' and whether a list or information was available regarding what sickness was considered 'serious' (considering the discretion to refuse a request when there were health concerns), it was noted that discussions regarding the 'seriousness of sickness' were being conducted with the Council's Health Advisory Services, but the observation that a list could be provided was accepted.

RESOLVED

- **To accept the report**
- **To note that the Pension Board reviewed the policy in July 2026**
- **To approve and adopt the Administrative Discretions Policy as a Gwynedd Pension Fund policy for administrative discretions under the Pension Scheme Regulations**
- **To authorise Officers to publish and implement the policy and to carry out annual reviews to ensure that it continues to comply with legislative and operational requirements**

12. LOCAL AUTHORITY PENSION FUND FORUM (LAPFF)

A verbal update was given by Councillor Stephen Churchman, a Member of the Local Authority Pension Fund Forum (LAPFF). Members were reminded that the Forum was doing good work in promoting the highest standard of corporate governance to protect the long-term value of Local Authority Pension Funds.

The latest Forum meeting was held on 8 July 2026 and the Councillor referred to the main subjects / matters discussed, namely Policy Matters, Quarterly Engagement Report (April - June 2026) and Administrative Matters.

In the context of policy matters, he noted that reports had been submitted on 'Artificial Intelligence and Asset Ownership' and the implications of AI use for companies who invest in them, the impacts on the workforce, the potential social and environmental risks, and governance expectations. Attention was drawn to the fact that there was a need for firm governance over the use of AI, including supervision from the Executive Board. It was reiterated that the Forum had made a request for a follow-up report that would identify and prioritise sectors and companies for LAPFF to engage with regarding Artificial Intelligence.

Another matter discussed at the Forum was Forever Chemicals and Water Stewardship,

with LAPFF prioritising engagement with chemical companies that generated these chemicals, reflecting the significant environmental, health and financial risks associated with these substances.

The Councillor stated that he would share his written feedback with the Members and Officers.

He was thanked for the update.

RESOLVED

To accept 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. ROBECO ENGAGEMENT SERVICE - ENGAGEMENT REPORT 01.01.2026 - 31.03.2026

Submitted - a quarterly report summarising the work Robeco (WPP Voting and Engagement Provider) was carrying out on behalf of the Pension Fund on responsible investment issues. Reference was made to the areas that had received Robeco's attention during the quarter in question, that included information on the number of activities and engagements completed with some large companies of international importance. It was also noted that the engagement theme of the quarter in question was Sovereign Engagement, which provided an effective way for investors to engage with those who form the policies in many different countries and governments.

The information was discussed.

The members expressed their thanks for the report, welcoming the detail of the information.

RESOLVED

To accept and note the quarterly report

15. PENSION FUND INVESTMENT PERFORMANCE UP TO 30TH JUNE 2026

A report was submitted by the Investment Manager, reporting on the performance of the Fund up to 30 June 2026. The performance of the Investment Managers was discussed in detail and the work that was underway. It was noted that the Investment Management Company, WPP IM Co, had been established and the responsibility of the company would be to implement the strategic asset allocation through determining the tactical asset allocation, choosing an investment manager, choosing stock, investment stewardship and managing cash.

The members thanked the officer for the report.

The information was discussed.

In response to an observation regarding the consideration of using, e.g. MOIC (Multiple on Invested Capital) which measures the total investment value compared with its initial cost, it was agreed that this was possible. It was highlighted that the Committee had historically been conducting Investment Panels to review the managers' investment performance in detail, but as the WPP IM Co investment company stabilised, the intention was that more comprehensive reports would be submitted on the performance directly to the Committee regularly.

It was reiterated that any situation of underperformance would receive fair and appropriate attention and in the next quarter, it would be possible to apply for Internal Rate of Return (IRR) information to know more about the performance.

RESOLVED

To accept the report and note the information

The meeting commenced at 2.00 pm and concluded at 3.30 pm

CHAIRMAN