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## PENSIONS COMMITTEE 16-03-2026

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### **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 cash flow 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