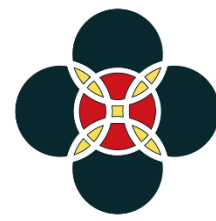




Local Government
Pension Scheme



Cronfa Bensiynau
CLWYD
Pension Fund



Clwyd Pension Fund Annual Report 2024/2025



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For best practice documents, please go to:

<https://clwydpensionfund.org.uk/en/Governance/Strategies-and-Policies/home.aspx>

- Business Plan
- Administration Strategy
- Breaches Policy
- Risk Policy
- Conflicts of Interest Policy
- Knowledge and Skills Policy
- Anti-Fraud and Corruption Policy
- Equality, Diversity and Inclusion Policy

Introduction to the Clwyd Pension Fund Annual Report 2024/2025

Welcome to the Clwyd Pension Fund (the Fund) Annual Report for 2024/2025.

The report covers in detail the activities of the Fund during 2024/2025. The Fund has continued to operate in a secure and efficient way, and we have continued to meet the needs and expectations of our members and employers.

Following the July 2024 General Election, the pensions sector saw significant national changes progressing at a rapid pace to meet UK Government ambitions for pensions investments and pooling. The Fund has continued to operate in a landscape of heightened risk and uncertainty for the future of both the Fund and the Scheme, and I am pleased to confirm that the risk management and governance frameworks established by the Fund have ensured the Fund has remained resilient to external factors.

Over the 2024/2025 year, I am pleased to report that the Fund has maintained its fully funded position and continued to deliver an effective pension service while working with Wales Pension Partnership to secure the Fund's future in the face of challenges.

I would like to thank all those involved in the governance and management of the Fund for their continuing hard work and dedication including my predecessor Cllr Dan Rose, former Chair of the Pension Fund Committee, who has left the role since the year end.

I do hope that you find the report interesting and informative.

Cllr Christopher Bithell

Chair of the Clwyd Pension Fund Committee

Summary by the Head of Clwyd Pension Fund

Flintshire County Council is the Administering Authority for the Fund and delegates responsibility for running the Fund to the Pension Fund Committee. The work of the Committee is supported by a Pensions Advisory Panel. In addition, a Pension Board, chaired by the Fund's Independent Pension Board Member, assists the Committee in ensuring compliance with legislation and the Pension Regulator's requirements, and also ensures efficient governance and administration of the Fund. The Committee, Advisory Panel and Pension Board have again continued to function effectively during 2024/2025.

The Fund is required to produce an Annual Governance Statement and this is found in Section 7 of this report.

The Fund's Knowledge and Skills Policy ensures that those charged with governance including senior officers of the Fund have the appropriate knowledge and skills to ensure the Fund is appropriately managed. Attendance at training is recorded and monitored to ensure that the training is fully effective. There have been a number of changes to the Committee and Board membership during 2024 and 2025 and induction training has been provided for new members.

The risk landscape within which the Fund operates is complex and the risks that the Fund face are often a result of events outside the Fund's control. In particular, a number of heightened risks during 2024/2025 have arisen due to national LGPS-wide developments such as the UK Government's Pensions Review. The Fund has a well-established and effective approach to risk management. The Fund's updated Risk Management Policy was approved in March 2024 and implemented during 2024/2025 including changes to the risk register, which continues to be regularly monitored and reported to those charged with governance.

Details of the overall fund management, governance and training including the Independent Advisor Report and the Pension Board Annual Report are found in Sections 1 and 2 of this report.

Funding

During 2024/2025, the Fund has been able to maintain and build on its financial health due to the Risk Management Framework which is designed to provide stability, and the underlying governance framework which enables quick, effective decisions to be made.

In March 2024, after exceeding a funding level of 110%, the Fund carried out an exercise to reduce the level of investment risk in order to secure future stability and certainty. As at March 2025, the estimated Funding level was 107% which remains ahead of the expected level.

Future challenges and considerations with respect to funding include:

- Formalising clear investment and funding strategy objectives for the Fund, and ensuring the Pool can advise on and implement these.

- Continuing to maintain the strong funding level position and manage the sustainability and affordability of contributions for employers

The funding level will continue to be monitored as part of the governance and oversight functions in place, and these challenges will continue to be considered as part of the triennial actuarial valuation as at March 2025. The results of the valuation will be signed off in March 2026, including employer contribution rates for the three year period from 1st April 2026.

More details can be found in the Funding and Flightpath Review from the Actuary, which is in Section 5 (Appendix 4) to this report.

Finance and Investment

Investment activity operates within the objectives defined by the Investment Strategy Statement (ISS) which was reviewed and updated in March 2024 to reflect changing market conditions and liquidity requirements. The Fund's investment objectives reflect the Fund's desire to incorporate sustainability and act as a Responsible Investor. The Fund continues to support the pooling of LGPS assets and has participated in the development of WPP's Project Snowdon as part of the UK Government's Pensions Review.

The total net assets of the Fund (excluding cash) at 31st March 2025 were £2,347m. Total contributions for the year from members and employees together with transfers into the Fund were £96m, with benefits and other payments to members £112m. Total management expenses paid by the Fund were £34m. Investment income was £44m and the market value of the investments decreased by £21m. Overall, the total net assets of the Fund decreased over 2024/2025.

In the year to 31st March 2025, the Fund saw a positive investment return of +0.1% but performance was behind the Fund's investment benchmark. However, the Fund's longer-term performance remains broadly in line with the benchmark. Over five years to 31st March 2025, the Fund achieved a return of +7.6% per annum, compared with a benchmark of +7.8%. Overall returns over the ten year period to March 2025 remain well in excess of the discount rate and inflation. This longer term performance has contributed to the Fund's positive overall funding position which is ahead of expectation by 4%.

The Fund has continued to progress significantly on work relating to Responsible Investment, with progress made across all of the Strategic Responsible Investment Priorities in the Investment Strategy Statement. Work continues towards the aim to achieve net-zero carbon emissions from its portfolio by 2045, with an interim target of carbon reduction of 50% by 2030. The Fund has also continued to deploy capital into sustainable and local investments, many of which have a direct impact focus. This has included re-engaging with The Good Economy to assess the social impact of the Fund's UK Private Markets investments, which enables the Fund to continue communicating its social impact clearly and effectively to stakeholders of the Fund.

During 2024/2025, the Fund has followed the established exclusions framework within the Responsible Investment Policy of the ISS and has retained signatory status to the Financial Reporting Council's UK Stewardship Code.

Further details of the Fund's finances can be found in the Financial Report in Section 3 of this report and the Fund's Statement of Accounts in Section 4. Further details of the investment activity may be found in the Investment Policy and Performance Report which is in Section 5 (Appendix 3) to this report. The current Investment Strategy Statement can be found in Section 7.

Administration

The Administration and Communication Strategies frame the work of the Fund's Administration Team. The Administration Strategy was last updated and approved in March 2025. The update incorporated changes resulting from the Good Governance Review and employers were consulted at that time. At the time of writing, the Communications Strategy is currently being reviewed in preparation for approval at the September 2025 Committee meeting.

On a day-to-day basis, the Administration Team provides a service covering the calculation and payment of benefits, transfers in and out of the Fund, the maintenance of individual members' records and communications and advice to members and employers. During the year, around 34,000 cases involving all activities across the team were completed.

In addition to this work, the team has been working on several projects designed to improve the quality of the service provided to members and employers:

- Establishing a Project Team to manage the additional work as a result of the National Pensions Dashboard, ensuring compliance with Pension Regulator requirements and legislative staging dates. This, along with the completion of other projects will allow the Operations Team to focus on member driven events.
- Continued progress on collating, validating, and uploading data from employers as part of the McCloud Programme moving towards benefit rectification and annual benefit statement production.
- Preparation and submission of the interim data in readiness for the triennial valuation.
- Building a new Clwyd Pension Fund website in preparation for the new Member Self Service (MSS) platform and continued implementation of the Communications Strategy including the development of videos to improve communications with both scheme members and employers.
- Implementation of the revised Administration Team structure including recruitment and training of new team members.

The Fund continues to monitor performance using KPIs including the new requirements for KPI reporting as updated in the Annual Report Guidance.

In addition to those mentioned above, the Administration Team faces a number of challenges going forward. Key amongst these are:

- Full implementation and completion of data verification and benefit rectification in relation to the McCloud remedy by August 2026 in line with the new Regulations.
- Preparation of member data for the formal triennial actuarial valuation in 2025/2026.
- Responding to national developments including Survivor Benefit changes, the Cost Management Process, Exit Payment reform and the proposal to increase minimum retirement age from April 2028 and other changes that may arise following the Access and Fairness consultation.
- Successful on-boarding to the National Pension Dashboard by the regulatory date of 31st October 2025.

Further details of the administration of the Fund can be found in the Administration Report which is Section 6 of this report.

Other information

Four key strategy statements also form part of this report. The Governance and Compliance Statement, the Funding Strategy Statement, the Investment Strategy Statement and the Communication Strategy Statement. Information on accessing these statements is set out in Section 7 of this report.

These and the following documents may also be found on the Fund's website at:

<https://clwydpensionfund.org.uk/en/Governance/Strategies-and-Policies/home.aspx>

- Business Plan
- Administration Strategy
- Breaches Policy
- Conflicts of Interest Policy
- Knowledge and Skills Policy

Overall, despite another challenging year, the funding position and the service provided to our members and employers have been maintained, and Clwyd Pension Fund has continued to work with Wales Pension Partnership amidst national changes. The Fund remains in a strong position on all fronts and we will seek to continue to both consolidate and improve in 2025/2026 in line with the Fund's Mission Statement.

Philip Latham

Head of Clwyd Pension Fund

Clwyd Pension Fund Mission Statement

We will be known as forward thinking, responsive, pro-active and professional providing excellent customer focused, reputable and credible service to all our customers.

We will have instilled a corporate culture of risk awareness, financial governance, and will be providing the highest quality, distinctive services within our resources.

We will work effectively with partners, being solution focused with a can-do approach.

Section 1: Overall Fund Management

Introduction

This report covers the way in which Clwyd Pension Fund (the Fund) is governed, which includes how the knowledge and skills requirements of those charged with the governance and operations of the Fund have been met. It also details the key partners of the Fund and how the Fund approaches risk management.

The Fund has a number of governance related policies and strategies which outline the strategic governance objectives in these areas and how they will be managed and delivered. These are:

- Governance Policy and Compliance Statement
- Risk Policy
- Conflicts of Interest Policy
- Knowledge and Skills Policy
- Procedure for Recording and Reporting Breaches of the Law
- Anti-Fraud and Corruption Policy
- Cyber Strategy
- Communication Strategy Statement
- Equality, Diversity and Inclusion Policy

Another key document is the Fund's three-year Business Plan. The version relating to 2024/2025 to 2026/2027 was approved at the Pension Fund Committee in March 2024.

The latest versions of these documents can be found in the Strategies and Policies section of the Fund's website:

<https://clwydpensionfund.org.uk/en/Governance/Strategies-and-Policies/home.aspx>

Scheme Management and Advisors

Clwyd Pension Fund Senior Officers and Contact Details

Name	Post	Contact details
Philip Latham	Head of Clwyd Pension Fund (Responsible Officer)	philip.latham@flintshire.gov.uk
Debbie Fielder	Deputy Head of Clwyd Pension Fund	In post to June 2024
Karen Williams	Pensions Administration Manager	karen.williams@flintshire.gov.uk
David Bateman	Pension Fund Accountant	david.bateman@flintshire.gov.uk
Gary Ferguson	Corporate Finance Manager (Section 151 Officer)	gary.ferguson@flintshire.gov.uk
Pensions Administration	pensions@flintshire.gov.uk pensiynau@siryfflint.gov.uk	English: (01352) 702940 / 702950 Welsh: (01352) 702875

Name	Post	Contact details
Pensions Finance	pensionsinvestments@flintshire.gov.uk buddsoddiadaupensiwn@siryffflint.gov.uk	English: (01352) 702259 Welsh: (01792) 002129

Investment Managers

The Fund has mandates with one investment manager as well the WPP Investment Solutions Provider, Russell Investments, as shown in the table below.

Investment Managers	Address
Insight Investment	160 Queen Victoria Street, London
Man Group	Riverbank House, 2 Swan Lane, London
Russell Investments (WPP)	Rex House, 10 Regent Street, London

The Fund has a number of investments with managers investing in Property, Private Equity, Private Debt, Infrastructure, Timber & Agriculture which are listed in the Investment Policy & Performance section of this report (Appendix 3).

Other Key Partners

Service	Address
Custodian: Bank of New York Mellon	160 Queen Victoria Street, London
Actuary and Benefit Consultants: Mercer Ltd	4 St Paul's Square, Old Hall Street, Liverpool
Investment Consultant: Mercer Ltd	1 Tower Place West, Tower Place, London
Independent Advisor: Aon Solutions UK Ltd	122 Leadenhall Street, London
Wales Pension Partnership (WPP)	Wales Pension Partnership, Treasury & Pension Investments Section, County Hall, Carmarthen
Waystone Management UK Ltd (WPP Operator)	6th Floor, 125 Wood Street, London
External Auditors: Audit Wales	1 Capital Quarter, Tyndall Street, Cardiff
Bank: National Westminster Bank plc	33 Lord Street, Wrexham
AVC Provider: Prudential	10 Fenchurch Avenue, London
AVC Provider: Utmost Life & Pensions	Utmost Life and Pensions Services Ltd, Wallton Steet, Aylesbury
Legal Advisors: This varies depending on the issue and can include the Flintshire County Council in-house legal team as well as organisations listed on the LGPS National Legal Services Framework .	

Risk Management

Background

Risk management is embedded in the governance of the Fund. The Committee has approved a Risk Management Policy and a risk register is maintained. Changes to the level of risk are reported at each Committee.

Given that many pension fund risks are outside the Fund's control, risk management focuses on measuring the current risk against the Fund's agreed target risk (which may still be relatively high), summarising the existing controls and identifying further controls that can be put in place. This risk management process is integral to identifying actions that are then included in the Fund's Business Plan.

Further details of the risks associated with the use of financial instruments are included within note 17 of the Accounts (Section 4).

Significant Risks

The next few years will continue to be challenging for those involved in the governance, management and operation of the Fund. The risks discussed below are documented in the risk register. In late 2023/2024, the Fund carried out a review of the Risk Management Policy, the outcomes of which have been implemented in 2024/2025. This has affected the format of the risk register and therefore prompted a complete reassessment of all risks. As part of the new policy, the risk register is reviewed on a monthly basis and continues to be reported on at each Committee. Risks identified as "unacceptable" are regularly escalated to the Advisory Panel.

The risks shown are those risks which, as at March 2025, were identified as red (risks outside the Fund's risk appetite), and where we were not meeting the target risk exposure. These are shown as they were presented in the risk register in March 2025.

Key

Colour	Score	Approach	Action
Green	1 to 2	Accept	Risks within the Fund's risk appetite.
Yellow	3 to 4	Adequate	Risks within the Fund's risk appetite which need to be monitored by Senior Management, if risk deteriorates.
Amber	5 to 10	Tolerable	Risks within the Fund's risk appetite but not at a level which is acceptable.
Red	12 to 25	Unacceptable	Risks outside of the Fund's risk appetite.

Governance

Risk Event (this [event] could happen)	Risk cause (...due to [cause]...)	Risk Impact (...which may result In the following [impact] to our objectives)	Risk Status at March 2025	Target Risk Status	Further Action
WPP delegated decision making ultimately leads to a result which is disadvantageous for the Fund	• Lack of knowledge and/or failure to take appropriate advice • Poor engagement / preparation for JGC/OWG meetings • CPF requirements not adequately explained/understood by other funds in WPP or WPP advisers/suppliers • Irrelevant factors influence decisions and/or relevant factors are ignored • Conflicts of interest are not appropriately managed • The Inter-Authority Agreement is not correctly followed • Lack of diversity / inclusion within WPP decision makers	• The Fund's legal or fiduciary responsibilities are not met • The Fund is not (seen as) professional providing excellent customer focused, reputable and credible service • Additional costs are incurred beyond the agreed WPP and/or Fund budget • WPP services/deliverables Service delivery to stakeholders is adversely affected, Fund risk levels are inappropriate, strategic aims are not met/cannot be achieved, including investment objectives • Fund stakeholders (members and/or employers) lose faith in the Fund's governance/risk management	Red	Yellow	1: Finalise CPF structure and review AP sub-groups (for Deputy retirement/investment risk) 2: Project Snowdon CPF to engage with WPP and partner funds to gain greater clarity on decision making (what, when and how).

Risk Event (this [event] could happen)	Risk cause (...due to [cause]...)	Risk Impact (...which may result In the following [impact] to our objectives)	Risk Status at March 2025	Target Risk Status	Further Action
Decisions not implemented / resourcing issues	- Poor Business Planning and Fund management leading to insufficient resource - Difficulty in recruiting and/or retaining staff (including due to low pay grades) - Lack of, or poor quality, training - External events impacting resource (e.g. climate change/pandemics/HMT Review) - Failure to take appropriate advice	- Poor quality organisation/papers etc for PFC, PB and AP meetings - Risk management not being adequately carried out - Increased pressure/expectations on staff - Additional costs (overtime / external support) - The Fund's legal or fiduciary responsibilities are not met	Red	Yellow	1: Finalise CPF structure review (including consideration of impact of pay grades) 2: Finalise work on succession planning 3: Carry out knowledge/skills gap analysis and ensure relevant training for new Management Team. 4: Ensure additional adviser costs for Project Snowdon are monitored separately 5: Ensure budgets are updated to include all costs for Project Snowdon as soon as these are known
Unable to adequately / appropriately implement governance changes / external	- Number and/or extent of national governance-related changes is unmanageable within CPF resource constraints - Government requirements for pooling/fund merger incompatible with CPF specific strategies	- The Fund's objectives / legal responsibilities are not met or are compromised - Fund stakeholders (members and/or employers) lose faith in the Fund's governance/risk management	Red	Yellow	1: Project Snowdon/HMT Review Continue to monitor/participate on national developments & engage with PFC and member/employer representatives 2: Project Snowdon Continue to engage with WPP as part of project team.

Funding & Investment

Risk Event (this [event] could happen)	Risk cause (...due to [cause]...)	Risk Impact (...which may result In the following [impact] to our objectives)	Risk Status at March 2025	Target Risk Status	Further Action
Investment and /or funding objectives and /or strategies are no longer fit for purpose	• Legislation changes such as LGPS regulations (e.g. asset pooling) could increase employer costs • Legislation changes such as other funding and investment related requirements could increase employer costs	• Increasing deficit / reducing surplus increasing contribution requirements in particular	Red	Yellow	1: Consider at the next Investment Strategy Review 2: Objectives will be also considered as part of 2025 actuarial valuation 3: Project Snowdon Officers & advisers to participate in WPP transformation project relating to pensions review

Section 2: Governance and Training

Background

To carry out the responsibilities relating to the management of Clwyd Pension Fund, Flintshire County Council, as Administering Authority to the Fund, has established a formal Pension Fund Committee (the Committee), supported by a Pensions Advisory Panel (the Panel). The Committee includes both scheme member and employer representatives who have full voting rights. In performing its role the Committee takes advice from the Advisory Panel (a group of officers and professional advisors). The Committee has a scheme of delegation to officers to ensure efficient management and timely decision making on urgent matters between meetings.

It receives monitoring reports at each quarterly Committee against the Governance, Funding, Investment, Administration and Communication Strategies and progress against the Fund's three-year Business Plan. The agenda, reports and minutes for each Committee meeting are available on the Flintshire County Council website:

<https://www.flintshire.gov.uk>

The membership of both the Committee and the Advisory Panel are shown below.

Flintshire County Council has also established the Clwyd Pension Board (the Board). The role of the Board as defined in regulation is to assist in:

- securing compliance with legislation and the Pensions Regulator's requirements and
- ensuring effective and efficient governance and administration of the Fund.

The minutes of the Board's meetings are included in the Committee agenda papers and Board members often attend Committee, making an important contribution to debates and discussion. The Board annual report is included within this Annual Report.

Further information about the Board can be found on the Fund's website:

<https://clwydpensionfund.org.uk/en/Governance/Local-Pension-Board/home.aspx>

A chart showing the Fund's Governance Structure in full is included as part of the Annual Governance Statement in Section 7.

Clwyd Pension Fund Committee

Committee Members		
Flintshire County Council	Cllr Ted Palmer	To May 2025 (Chair to May 2024)
Flintshire County Council	Cllr Dan Rose	Chair from May 2024 to May 2025
Flintshire County Council	Cllr Christopher Bithell	Chair from May 2025
Flintshire County Council	Cllr Dave Hughes	To September 2024 (Vice Chair to June 2024)

Committee Members		
Flintshire County Council	Cllr Jason Shallcross	To June 2025 (Vice Chair from June 2024 to June 2025)
Flintshire County Council	Cllr Antony Wren	Vice Chair from June 2025
Flintshire County Council	Cllr Sam Swash	To May 2024 Reappointed from June 2025
Flintshire County Council	Cllr Billy Mullin	From September 2024
Flintshire County Council	Cllr Alasdair Ibbotson	From May 2025
Denbighshire County Council	Cllr Gwyneth Ellis	To April 2025
Denbighshire County Council	Cllr Delyth Jones	From May 2025
Wrexham County Borough Council	Cllr Anthony Wedlake	
Scheduled Body Representative	Cllr Andrew Rutherford	
Member Representative	Mr Steve Hibbert	

Advisory Panel

Panel Members	
Corporate Finance Manager / S151 Officer (FCC)	Gary Ferguson
Corporate Manager, People and Organisational Development (FCC)	Sharon Carney
Head of Clwyd Pension Fund (FCC)	Philip Latham
Investment Consultant (Mercer)	Steve Turner
Fund Actuary (Mercer)	Paul Middleman
Independent Advisor (Aon) (from March 2024 to September 2024)	Alison Murray
Independent Advisor (Aon) (from September 2024 to March 2025)	Karen McWilliam
Independent Advisor (Aon) (from March 2025)	Kenneth Ettles

Clwyd Pension Fund Board

Local Board Members		Voting Rights
Independent Chair	Karen McWilliam	X
Employer Representative	Richard Weigh	✓
Employer Representative	Steve Jackson	✓
Scheme Member Representative	Tracey Sutton Postlethwaite (from September 2024)	✓
Scheme Member Representative	Elaine Williams	✓

Knowledge and Skills

Clwyd Pension Fund Knowledge and Skills Policy

There is a growing need for LGPS Pension Committee members, Pension Board members and officers to have the knowledge and skills to ensure LGPS funds are appropriately managed, and decisions around their management are robust and well based. This need is being emphasised in codes of practice and guidance including by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Pensions Regulator (TPR) (namely the General Code of Practice which became effective in March 2024) as well as various elements of legislation.

The Fund has a well-developed Knowledge and Skills Policy which was updated in September 2021 to reflect the latest CIPFA Code of Practice and guidance. The next review was planned to take place in 2024, but the decision was taken to delay this in order to incorporate expected Good Governance guidance. In the interim, a light-touch policy review and update was completed in February 2025.

The Knowledge and Skills Policy details the knowledge, skills and training strategy for members of the Committee, the Board and senior officers responsible for the management of the Fund. It has been created to provide a formal framework and greater transparency on how the relevant knowledge and skills are acquired and retained in accordance with the Fund's aspirations and national requirements. It aids existing and future Committee members, Board members and senior officers in their personal development and performance in their individual roles, providing a structure which will ensure that the Fund is managed by individuals who have the appropriate levels of knowledge and skills. The Fund expects Pension Fund Committee and Local Pension Board members to undertake the relevant training made available by the Fund during the year in order to carry out their roles effectively. Details of how to access the Knowledge and Skills Policy are included in the contents page of this Annual Report.

Training Performance 2024/2025

The Fund has a Training Plan which is provided to both Committee and Board Members and details all the training to be covered during the year. Following several years of virtual-only internal training, in 2024/2025 the Fund has resumed offering face-to-face training and continued to offer hybrid training where virtual attendance was also possible. Some external conferences were held face-to-face or in hybrid format, and many providers continued to offer webinar training events which some of the Committee, Board and Officers chose to attend.

In order to monitor the knowledge and skills and identify whether we are meeting the objectives of the Fund's Knowledge and Skills Policy, we monitor and report on attendance at training events based on the following:

- Individual Training Needs: ensuring a training needs analysis is carried out annually (with formal assessments every three years) which drives the content of the Fund's training plan.
- Hot Topic Training: attendance by at least 75% of the required Pension Fund Committee members, Pension Board members and senior officers at planned hot topic training sessions. This target may be focused at a particular group of Pension Fund Committee members, Pension Board members or senior officers depending on the subject matter.
- General Awareness: each Pension Fund Committee member, Pension Board member or senior officer attending at least one day each year of general awareness training or events.
- Induction training: ensuring areas of identified individual training are completed within six months of appointment.

Actual performance in 2024/2025 was as follows:

- Individual Training Needs: An informal training needs analysis exercise was carried out for the during February 2025 when Committee and Board members and senior officers were asked to identify any specific subject matters, or knowledge and skills gaps to be included in the training plan for 2025/2026. The CIPFA Knowledge and Skills Framework competencies were considered as part of this process.
- Hot Topic Training: Of the designated hot topic training sessions, attendance is shown below:

Course	Committee		Board		Senior Officers	
	No	% attendance	No	% attendance	No	% attendance
CPF Essential Training: Impact Investing	7	78%	2*	50%	5**	83%
CPF Essential Training: HMT Pensions Investment Review (Call for Evidence) Briefing	7	78%	3*	75%	5	100%
CPF Essential Training: Funding Strategy and Actuarial Valuation Interim Review	8	89%	3	60%	3	60%
CPF Critical Briefing: HMT Pensions Review and latest LGPS consultation	9	100%	4	80%	5	100%
CPF Essential Training: TNFD	7	78%	3	60%	4	80%

*Reflects only 4 Board members in post at the time of the training session.

**Reflects 6 senior officers in post at the time of the training session, compared to 5 following the retirement of the Deputy Head of Fund.

There were 5 Hot Topic sessions in 2024/2025. The Committee consistently achieved the target attendance with members able to attend face-to-face or online for all session.

- c) General Awareness: Out of the 14 combined Committee members and Board members (excluding those two Committee members who were in post for less than six months of 2024/2025) 11 (79%) attended at least one day of general awareness training in accordance with the policy. This is compared to 2023/2024 when 8 (62%) completed at least one day.

Of the six senior officers (excluding the Deputy Head of Fund who retired in June 2024), 4 (67%) completed at least one day of general awareness training. This was a slight improvement from 3 (60%) in 2023/2024.

- d) Induction Training: There were two new Committee members incoming during 2024/2025, and one new Pension Board member. A combination of pre-recorded induction videos and face-to-face induction training sessions were provided for these members, and these were completed within the year.

The following table details all the training provided to members of the Committee during 2024/2025 to satisfy the requirements of the Knowledge and Skills Policy. This includes Committee meetings attended and relevant training sessions, conferences and seminars. Board Members also received and completed relevant training in line with the Policy, details of which are included in the Pension Board Annual Report.

Not all of the below events were available to all Members and senior officers, cells filled in grey indicate where courses were not made available or where attendance at events was not possible. Five additional general awareness webinars not listed above were attended by the Scheme Member Representative.

Date	Event	Committee Members											Senior Officers					
		Cllr T Palmer	Cllr D Rose	Cllr A Wren	Cllr A Wedlake	Cllr G Ellis	Cllr J Shallcross	Cllr A Rutherford	S Hibbert	Cllr S Swash	Cllr D Hughes	Cllr B Mullin	S151 Officer	CMPOD	Head of Fund	Deputy Head of Fund	PAM	Fund Accountant
	Meeting																	
17 Apr 2024	CPF Special Committee April 2024	✓		✓	✓	✓	✓	✓	✓	✓	✓		✓		✓	✓		
16 May 2024	Pension Board Meeting May 2024														✓	✓	✓	
19 Jun 2024	Committee Meeting June 2024	✓	✓	✓	✓		✓	✓	✓		✓		✓	✓	✓	✓	✓	
17 Jul 2024	WPP JGC Meeting July 2024		✓												✓			
11 Sep 2024	Committee Meeting September 2024	✓	✓	✓	✓	✓		✓	✓				✓		✓		✓	
18 Sep 2024	WPP JGC Meeting September 2024	✓	✓															
3 Oct 2024	Pension Board Meeting October 2024														✓		✓	
14 Nov 2024	Steering Group												✓		✓		✓	
26 Nov 2024	Annual Employer and Scheme Member Representatives Meeting		✓	✓	✓	✓	✓	✓	✓			✓			✓		✓	
27 Nov 2024	Committee Meeting November 2024	✓	✓	✓	✓	✓	✓	✓	✓			✓	✓		✓		✓	
10 Dec 2024	WPP JGC Meeting December 2024		✓												✓			
14 Jan 2025	CPF Discussion on Fit For Future consultation response			✓	✓		✓		✓			✓			✓		✓	
17 Jan 2025	Pension Board Meeting January 2025														✓		✓	
19 Feb 2025	Committee Meeting February 2025	✓	✓	✓	✓		✓		✓			✓		✓	✓		✓	
12 Mar 2025	WPP JGC Meeting March 2025		✓												✓			
19 Mar 2025	Committee Meeting March 2025	✓	✓	✓	✓	✓	✓	✓	✓			✓		✓	✓		✓	

Date	Event	Committee Members										Senior Officers						
		Cllr T Palmer	Cllr D Rose	Cllr A Wren	Cllr A Wedlake	Cllr G Ellis	Cllr J Shallcross	Cllr A Rutherford	S Hibbert	Cllr S Swash	Cllr D Hughes	Cllr B Mullin	S151 Officer	CMPOD	Head of Fund	Deputy Head of Fund	PAM	Fund Accountant
	Hot Topic																	
19 Jun 2024	CPF Essential Training: Impact Investing	✓	✓	✓			✓	✓	✓		✓		✓		✓	✓	✓	✓
11 Sep 2024	CPF Essential Training: HMT Pensions Investment Review (Call for Evidence) Briefing	✓	✓	✓	✓	✓		✓	✓				✓		✓		✓	✓
26 Nov 2024	CPF Essential Training: Funding Strategy and Actuarial Valuation Interim Review		✓	✓	✓	✓	✓	✓	✓			✓			✓		✓	✓
27 Nov 2024	CPF Critical Briefing: HMT Pensions Review and latest LGPS consultation	✓	✓	✓	✓	✓	✓	✓	✓			✓	✓	✓	✓		✓	✓
19 Feb 2025	CPF Essential Training: TNFD	✓	✓	✓	✓		✓		✓			✓		✓	✓		✓	✓
	General Awareness																	
20 March 2025	CIPFA Audit and Accounts Workshop																	✓
11 Jun 2024	PLSA Local Authority Conference								✓						✓			
10 Sep 2024	LGC Investment and Pensions Summit (Birmingham)	✓	✓						✓						✓			
4 Dec 2024	LAPFF Annual Conference 2024								✓									
30 Jan 2025	LGA LGPS Annual Governance Conference, Bournemouth								✓			✓			✓			
27 Mar 2025	LGC Investment Seminar 2025	✓		✓			✓		✓			✓			✓			✓

Date	Event	Committee Members										Senior Officers						
		Clr T Palmer	Clr D Rose	Clr A Wren	Clr A Wedlake	Clr G Ellis	Clr J Shallcross	Clr A Rutherford	S Hibbert	Clr S Swash	Clr D Hughes	Clr B Mullin	S151 Officer	CMPOD	Head of Fund	Deputy Head of Fund	PAMI	Fund Accountant
	Other Wales Pension Partnership Meetings																	
18 Jun 2024	WPP Q1 : Product Knowledge and Cyber Security		✓				✓	✓	✓						✓			
18 Sep 2024	WPP JGC Responsible Investments Workshop		✓										✓					
18 Oct 2024	WPP Q2 : WPP Policies		✓				✓	✓	✓			✓			✓			
28 Nov 2024	WPP Q3 : Responsible Investment		✓	✓			✓					✓						
24 Mar 2025	WPP Q4 : Update on Project Snowdon											✓						

S151 Officer: Section 151 Officer

CMPOD: Corporate Manager, People and Organisational Development

PAM: Pension Administration Manager

Appendix 1: Independent Adviser's Report



At a glance...

The government launched its Pensions Review in July 2024, with a Call for Evidence that closed in September 2024, releasing its interim report on Phase 1 of this review in November 2024.

Following the feedback from Phase 1 the government launched the "LGPS Fit for the Future" Consultation, which proposed significant changes affecting the future management of the Fund's investments, along with bringing in many of the Good Governance recommendations.

The magnitude and significance of the changes has dominated the time of the Head of Clwyd Pension Fund and the Fund's Investment Officer, and has required significant input from the Fund's advisers. The pace of the change is unlike any we have seen in the LGPS for a significant period.

This project is the latest in a series of significant regulatory and external requirements to impact LGPS funds, resulting in significant Officer time requirements. The Fund's Administration teams have been continuing with the McCloud rectification project and the preparation for the Pensions Dashboard, two projects which have caused significant additional workloads.

I am particularly pleased to note that the governance and risk management structure of the Fund has proved very effective ensuring that despite this the high level of additional activity the Fund's business and member service continued unabated in 2024/2025. Many of the key areas of the business plan completed on time and significant progress being made against all other items. Business as usual was also largely unaffected by this additional work including:

- The level of member service being at a five year high
- Significant improvements in member and employer communications
- Ongoing review of the Fund's investment strategy that supports the contributions being paid by employers
- Further consideration of new investment developments such as Nature based investment
- Completion of the interim funding review showing the Fund is in a strong financial position

The one area of challenge I would note is that over the year and last 3 years, investment returns achieved have lagged the Fund's benchmark and the actuarial valuation assumed return.

Going forward I see no immediate let up in workloads for those involved in governance of the Fund, from the ongoing projects noted above. Finally, there is the triennial valuation due as at 31st March 2025 which will require the Fund to strike the right balance between prudence and protecting the financial position of the Fund, and affordability of contributions for employers, which will also be particularly important more nationally given council finances across the country.

My role

This is my first report as Independent Adviser to the Clwyd Pension Fund. I provide independent advice to the Clwyd Pension Fund (the Fund), on actuarial funding, investment, governance, and administration matters. This includes reporting annually to stakeholders on whether the Administering Authority (Flintshire County Council) is managing all risks. These risks relate to funding, investments, governance, administration, and communication but I am not, nor am I required to be, an expert in all of these areas. In particular, the Fund has an appointed Actuary to advise on funding matters and an appointed Investment Consultant to advise on investment matters. I use my specialist knowledge in actuarial funding and investment and knowledge of the other areas (and close working relationship with the appointed advisers) to advise the Fund. In the sections which follow I set out below my observations on specific developments during 2024/2025 under each of the key areas.

1. Effective Governance

Key Benefits

Key benefits from having effective governance in place include:

- Robust risk management that can assist in avoiding issues arising or at least reducing their impact,
- Ensuring resources and time are appropriately focused,
- Timely decision making and implementation of change,
- Clarity for the Pension Fund Committee on how the Fund is being managed.

The approach I take in advising the Fund is to consider its approach to governance against the Aon governance framework:

- **Direction:** having clear strategies and policies that also meet legislative requirements is fundamental.
- **Delivery:** having a clear plan for implementing the Fund's strategies and policies, together with appropriate monitoring as to whether they are being achieved, and good risk management, to ensure effective and efficient delivery.
- **Decisions:** having an appropriate governance structure, involving the right people, with the right attitude and the appropriate skills and knowledge is critical.



I consider the key responsibilities for the management of the Fund in relation to each of these areas. In particular:

- the overall **governance** (i.e. management and decision making) of the Fund,
- ensuring an appropriate approach to **funding** the liabilities,
- the safeguarding and **investment** of assets,
- the **administration** of the scheme members' benefits, and
- **communications** with the Fund's stakeholders.

This part of my report sets out my views on the management and administration of the Fund and, in particular, how it has evolved during 2024/2025. It also touches on some developments after March 2025 and highlights some of the ongoing challenges the Fund faces.

1.1 Overall views

- The Fund's **governance structure is well established and works as intended**. It enables decisions to be made urgently where required and provides a sound framework for maintaining good governance even during periods of challenge or uncertainty. However, with the ongoing transformation of the Welsh LGPS asset pooling structure to a company and arrangements and the UK Government's forthcoming legislation which will fundamentally change the approach to LGPS investment, I am very supportive of the ongoing reviews of the governance structure which continues to form part of the 2025/2026 Business Plan.
- **Attendance at Committee, Board and Advisory Panel** meetings has remained strong throughout the year. I am very supportive of the adjustments made to the meeting agendas through the year to ensure that there is greater focus of meeting. I remain concerned over the continued turnover in the Committee membership, which has remained high even after March 2025. Further consideration should be given to how to maintain as stable a membership as possible, and also to widen training events invites to elected members with an interest in pensions outside of the current Committee to help develop a knowledge base that would help if they were to become a Committee member.
- The **Pension Board** continues to be a valuable part of the Fund's governance framework. The Board report (which can be found elsewhere in the Fund's annual report and accounts) summarises the work undertaken over the year, and demonstrates both the excellent partnership between the Board, Committee and Fund officers, and the benefits the Board brings to the overall management of the Fund.
- Those involved in the management of the Fund continue to demonstrate a strong understanding of potential **conflicts of interest**, and I have seen continued adherence to the Fund's Conflicts of Interest Policy. I am not aware of any potential conflict situations that were not notified in accordance with the Fund's Policy.
- The Fund continues to manage **Breaches of the Law** well across all of the Fund's operations, and I am pleased to report there has been no need to report any issues to the Pensions Regulator.
- **Risk management remains firmly embedded in the Fund's operations**. Risk management across all areas is considered regularly and forms a standard part of all Committee reports. I also believe there is appropriate focus on developing and enhancing robust internal

controls where appropriate, as demonstrated by the cyber security tests that have been recently performed.

- The 2024/2025 to 2026/2027 **Business Plan** was approved in March 2024 and has been actively monitored throughout the year. Fund Officers have again delivered a significant amount of support to Committee, along with service to members and Employers, considering the continued impact of national changes. This has included responding to two consultations and detailed engagement with the Committee and with the Welsh asset pool (WPP) to plan for the highly complex changes required under the HMT Pension Review proposals coming into force. Their continued dedication to delivering planned priorities while adapting to change is commendable, particularly in light of the goodwill shown by Officers into stepping up to perform management roles prior to being formally appointed.
- I am also pleased to note that the Committee continues to **review their policy documents** routinely and ensure they are updated in line with best practice and regulatory developments.

In the sections which follow I set out below observations on specific developments during 2024/2025 under each of the key areas.

1.2 Governance

Key Achievements

- Excellent progress to reach full compliance with the Pension Regulator's General Code of Practice
- Development and ongoing implementation of the new Management Structure
- Effective succession planning and hand over of responsibilities ahead of the Deputy Head of Clwyd Pension Fund's retirement

Key areas of progress against the business plan relating to governance this year have included:

Regulatory and Guidance Changes

The government launched its Pensions Review in July 2024, with a Call for Evidence that closed in September 2024, releasing its interim report on Phase 1 of this review in November 2024. Following the feedback from Phase 1 the government launched the "LGPS Fit for the Future" Consultation. The Officers and Committee have worked very hard to respond to two government consultations, which if implemented as expected will have a significant impact on the Fund's investment strategy and investment management. I was very impressed by the detailed consideration of these issues and the well-considered consultation responses provided. Since the end of the year the Government have released their "LGPS Fit for the Future" Consultation response, and the Fund's Officers have continued to respond to the new requirements with pace. Their, and the Committee's, dedication to ensuring the Fund is well managed through this change must be commended.

Knowledge and skills

I am pleased to report that Committee members collectively met the Knowledge and Skills Policy objectives for attendance at essential training sessions. Other Knowledge and Skills objectives were not quite met, but over 22 days of training was completed by members of the Pension Fund Committee, Pension Board and senior officers, representing a material time commitment.

Review of appointment of Board members

This year, the board welcomed Tracey Sutton-Postlethwaite as the new member representative (appointed by the trade unions), following the resignation of Phil Pumford in March 2024. Phil stepped down due to capacity issues, having served on the Board with dedication and commitment for many years. Elaine Williams was also re-appointed following the end of her five year term on the Board. Continuity of Board membership is very important to the effective oversight of the Fund and I am delighted to see Elaine re-appointed. Phil's contributions were highly valued, and I wish Phil the very best for the future and thank him for his contribution to the Board. I was also personally delighted that Karen McWilliam was re-appointed as the independent member of the Board, and that the Board confirmed that they were happy for her to remain their Chairperson.

Review against The Pensions Regulator's General Code of Practice

The Pensions Regulator's (TPR's) new General Code of Practice came into force on 28 March 2024, setting out TPR's expectations of how occupational pension schemes, including the LGPS, should be managed and the policies, practices and procedures that should be in place.

A detailed review of the TPR General code modules that apply to the LGPS was completed last year for the Fund. Following this the Officers have produced and monitored their action plan to ensure compliance with the Code. I have been impressed with the Officers' commitment to the completion of this action plan, and the Fund has seen great progress in this area. I expect that all of the, short and medium-term, actions will be completed during this coming year and the Fund will continue to show excellent compliance with the code over the long term.

Succession Planning and Governance Arrangements

During the year we saw the retirement of Debbie Fielder the Deputy Head of the Fund after almost 25 years at the Fund. Debbie was instrumental to the development of the Fund and had responsibility for a wide range of areas including taking a leading role in the development of the Fund's approach to local and impact investing. Debbie's impact on the Fund cannot be understated and we cannot thank her enough for her years of dedication and commitment to the Fund and I wish her all the best for her retirement.

As this was a planned retirement the Fund was able to undertake a review of the senior management structure of the Fund to ensure that appropriate succession planning took place. I was pleased to see the Committee approve the new management structure of the Fund which saw some current officers significantly step up their roles to take responsibility for new areas. I was also pleased to see that these new roles were provided to Flintshire County Council (FCC) for grading during the year. Progress in finalising the management structure has been slower than the

Committee, Board and Officers had hoped, but they continue to work with FCC to help finalise the grading of these roles before the formal appointment process for these roles.

Tender of Adviser Contracts

The Officers conducted two tender exercises for key adviser contracts during the year to ensure that they maintain access to suitable and high quality advice. It was particularly re-assuring to see the tender exercise for the Investment Consultant contract being brought forward to take advantage of the significant expertise of the Deputy Head of the Fund before her retirement. This demonstrates the forward planning and long term view that is a part of the culture of the Fund.

I was personally delighted to be appointed as the Independent Adviser to the Fund and look forward to continuing to work closely with the Committee, Board and Officers to ensure the Fund maintains its already exceptionally high quality of Governance and service to members.

Equality, Diversity and Inclusion Policy

The Fund developed its own Equality, Diversity and Inclusion (EDI) policy in February 2024, taking into account the Council's requirements. This policy has been well used during the Pension Board appointments process where it played a key role. An EDI action plan is being developed, however, in light of the significant Officers' workload relating to the ongoing national changes, progress in this area has been slower than the Officers would have hoped at the beginning of the year. Despite this I have been pleased to see EDI considerations taking place throughout the Fund's decision making in line with the agreed policy.

1.3 Looking to the future

Looking ahead to 2025/2026, the Fund continues to face a period of significant regulatory and policy change, and I expect a number of key governance-related tasks to be addressed over the coming year:

- Work will continue on job evaluation and staff satisfaction following the planned retirement of the Deputy Head of the Fund over the year. This work includes implementing the new senior management structure to ensure appropriate oversight and leadership continuity is maintained across all operational and strategic areas. It is key to ensure that staff are appointed to the right roles and appropriately remunerated for the work they undertake. I am reassured by the Committee's ongoing support for the Officers of the Fund, and look forward to working constructively with Flintshire County Council to help this process reach conclusion, particularly given the retention risk of officers in the senior management team.
- Implementing the Government's final legislative requirements emanating from the 'Fit for the Future' consultation. The Pensions Bill was laid before Parliament in July 2025 and established the legislative framework, with the detail to follow in Regulations. The Investment and Good Governance requirements will require careful implementation, and I expect governance structures and decision-making processes to evolve accordingly. That said, I believe the Fund is likely compliant with most of the requirements, but it will be essential to ensure that the Fund is compliant with all.

- Appointment of one of the **scheme employer appointments to the Board**, due to the end of the five year term of Steve Jackson. At the time of writing this process has concluded and I am pleased to see that Steve Jackson has been re-appointed, which helps maintain continuity of the Board.

2. Funding and Investments (including accounting and financial management)

Key Achievements

- Finalising three impact investments which aim to provide the Fund with suitable financial return, whilst also providing wider social benefits
- Completion of the interim funding review which showed continued improvement in the Fund's funding position
- Proactive engagement on new developments and opportunities in pension scheme investing
- Successfully retaining signatory status to the UK Stewardship Code
- Effective management of the statutory audit of the Fund's accounts

The Actuary and the Investment Consultant to the Fund will each produce their own report, I have not gone into too much detail in this report on the economic and other events that drove asset markets over the year, rather I have commented briefly for context, but this area of my report focuses on how things are done, and the outcomes achieved.

Global equity markets rose again this year, returning around 8% in local currency terms (and around 2.5% less than this in sterling terms), supported in part by lower inflation and economic resilience in developed economies. A balanced fixed income portfolio of gilts and corporate bonds, fell by around 1%, largely due to government bond yields rising. UK property had an improved year, and average returns were close to 9%. Many private credit portfolios performed well, supported by high cash interest rates, but those high cash interest rates were a headwind to returns on private equity where many companies have high levels of borrowing. Political leadership changes occurred in a number of countries including in the UK (Labour victory led by Prime Minister Starmer), US (President Trump), Germany (Chancellor Merz) and France (Prime Minister Bayrou) and added to the market volatility already there from global trade tensions, in particular President Trump's tariff policies at the end of the year.

2.1 Overall views

Overall, the year was challenging for the Fund, and investment returns over the year were low at 0.1%, which was around 4.3% below the benchmark and 4.5% below the 2022 actuarial valuation assumed return (the discount rate). Returns relative to benchmark were driven by underperformance of Sustainable Equities, Private Markets and Tactical Asset Allocation Portfolios, with the return of 0.1% in an absolute context additionally impacted by negative returns from UK government bonds (gilts) within the Risk Management Framework. Relative underperformance of 4% to 4.5% over a year is not outside reasonable expectations for an actively

managed investment portfolio, and not of material concern, although merits monitoring as 3 year returns (of 0.9% p.a. and c.3% p.a. below benchmark, c. 3.5% p.a. below actuarial discount rate) have also been similarly driven, with rising gilt yields particularly impacting on the Risk Management Framework returns. However, it is pleasing to see the funding level at the yearend has held up well and is 2% higher than at the last actuarial valuation date of 31st March 2022. Longer term returns over 5 and 10 years are closer to benchmark, but importantly, well in excess of the actuarial assumption, resulting in the steady improvement in funding level achieved – a key objective to avoid significant changes in employer contributions over time.

Key areas of progress against the business plan relation to investment and funding this year have included:

Local Investments

The Fund completed investments in three impact investments focusing on providing wider social benefits as well as generating an investment return for the Fund. These investments focused on three broad areas: affordable housing, healthcare and climate change. I am pleased to see that the Fund continues to consider the impact that their investments can have beyond the financial return.

Interim Funding Review

The Fund completed an interim funding review for monitoring and to support employers' medium-term financial planning. The Fund Actuary met with the Councils' Steering Group and provided updates to all employers, supporting transparency and demonstrating the Fund's good governance in this area. I am pleased that the Fund continues to demonstrate a proactive approach to engaging with major stakeholders to ensure that the 2025 actuarial valuation is effective and that contribution rate changes can be factored into employers' plans.

Task Force on Nature-Related Financial Disclosures (TNFD)

Officers and Committee focused on understanding the requirements of TNFD and nature related investing, and had a training session to ensure that this could be considered as part of the upcoming investment strategy review. It was positive to see such good attendance and engagement from members of both the Committee and Board at the February 2025 training. In my opinion, the engagement with this session demonstrates the Committee's dedication to training and understanding new developments in pensions, particularly environmental impact investment.

Annual Report and Accounts

Given the retirement of the Deputy Head of Clwyd Pension Fund, new LGPS Annual Report guidance and much tighter timescales to carry out the work over the summer of 2024, completion of the accounts was more challenging this year. Despite the challenges faced by both the Fund's Officers and External Audit, the Report and Accounts were audited and published by the statutory deadline.

2.2 Looking to the future

Looking ahead to 2025/2026, the Fund continues to face a period of significant regulatory and policy change, and I expect a number of key investment and funding-related tasks to be addressed over the coming year:

- To meet the requirements of the HMT Pension's Review, **Project Snowdon** is the ongoing work being completed by WPP to transform their current arrangements to meet the new requirements on asset pooling and also for the pool company to provide principal investment advice. I am pleased that the Officers have shown such dedication to working with Welsh partner funds to ensure this project is a success for the Fund despite the significant increase in workload this has brought. I am also pleased to see the Committee engage thoroughly with this project and offer appropriate challenge to the advice they have received.
- The key funding project for this year will be the **Funding Strategy Statement review and triennial actuarial valuation** as at 31st March 2025. I am pleased to see that work on this has already commenced and would envisage a well-managed process with good employer engagement.
- Concurrently with the review of the Funding Strategy Statement, the Fund will also **review its Investment Strategy Statement** over the coming year. The review will ensure that the Fund's Responsible Investment ambitions are incorporated throughout the strategy.
- Following the investment strategy review it will be important for the Fund to be in a position to set clear Fund specific objectives for WPP on: the level of return, investment risk, cashflow requirements, local and responsible investments. These objectives will help ensure that the Fund's investment strategy is well managed throughout the transition of legacy assets to WPP, and thereafter.

3. Administration and Communications

Key Achievements

- Continued focus on implementing the McCloud judgment
- High level of achievement against the Fund's key performance indicators
- Further improvements in the Fund's key performance indicators despite large growth over the last 5 years
- National Pensions Dashboard

3.1 Overall views

The McCloud remedy regulations came into force on 1st October 2023, and the Fund has continued to implement the changes for all members in the Fund. In common with other LGPS funds, the Fund's **McCloud remedy programme** team still has a considerable amount of work to do to particularly around recalculating benefits for leavers and preparing for the 2025 annual benefit statements. I have been pleased to see Fund members have been kept informed and ongoing regular reporting of the progress on this programme to the Committee, Board and Advisory Panel.

In relation to **day-to-day workloads**, there was no let up for the Pensions Administration Team with nearly 34,000 administration cases in 2024/2025 compared to 33,400 in 2023/2024. Despite the continuing resourcing challenges, the team managed to broadly maintain performance over the year, with only a small increase in the number of outstanding cases. This is testament to the commitment and hard work of the team.

Key performance indicators are monitored for the vast majority of day-to-day administration processes. Three different periods are measured and the results for 2024/2025 are as follows:

- internal timescales for the administration team: 87% (no change compared to 2023/2024),
- legal timescales: 86% (decrease of 3% compared to 2023/2024),
- overall process time: 76% (increase of 1% on 2023/2024).

It is really pleasing to see both the overall process timescales continuing to improve again this year, as these have the most direct impact on members. Whilst the moderate fall in performance against the legal timescales will be disappointing for the team, I recognise performance remains high and the reduction is due at least in part to the impact of national changes, such as the pause on transfer value calculations to allow the Government Actuary's Department to recalculate the appropriate Factors.

Whilst the Officers strive to improve the timescales for members it is worth considering how this has changed over the last 5 years. Since 2020 the Fund has seen an improvement of 14% on the legal timescales and of 21% on the overall process timescales. The Officers should be commended for their continued dedication to their members over many years and of what they have achieved.

Progress against other areas in the Business Plan has been strong:

- **National Pensions Dashboard**

The projects team continued its work on preparing the Fund for the implementation of pensions dashboard. With the dashboard connection deadline rapidly approaching I was pleased to see the formation of a Programme Management Group to steer this project.

- **Implementation of the new Communications Strategy**

I have been pleased with the continued progress in the implementation of the Communications strategy. In particular, the ongoing work to implement a new telephony system to ensure continued improvements the member experience. I have also been pleased to see appropriate project planning and consideration of the various options when working on the project to migrating to the new Website.

3.2 Looking to the future

Looking to the future, the Pensions Administration Team continues to face a demanding workload with several complex and resource-intensive national projects coming to a head during 2025/2026.

- Fully implementing the **McCloud remedy** remains a major programme of work, the majority of which will fall to the Pensions Administration Team. It will need to be well managed and resourced, with robust quality checks and efficiencies through bulk processing where possible. The majority of benefit rectification work was completed by

the deadline for the 2025 benefit statements, with the Fund using the exemption available where this was not possible. I am also conscious that guidance is not yet available for all complex areas, including providing LGPS benefits for some elements of Teachers' pay.

- The staging date for the **National Pensions Dashboard** has now been confirmed as 31st October 2025 for public service pension schemes. This is another major project on the team's delivery agenda in the year ahead, which will need to be appropriately managed.
- The administration team are critical to ensuring that the **data for the 2025 valuation** is provided to the Fund Actuary on time and in good condition. I am delighted to see that this vital step has already been completed allowing the Fund Actuary to continue the valuation work.
- There has also been a significant consultation around the benefits of the LGPS issued during 2025/2026 so far. The Access and Fairness consultation proposes significant **additional work for LGPS administration teams**. The officers will need to consider how to meet the challenges these proposals pose for the Fund.

4. Final Thoughts

It has been a privilege to take on the role as Independent Adviser to the Clwyd Pension Fund. My first impressions are that I am impressed by the professionalism and dedication of Fund Officers, and the commitment shown by Committee and Board members in navigating an increasingly complex environment. The LGPS environment has brought about another year of regulatory and operational challenge, but I am sure that the Fund will continue to be well managed, and will navigate these challenges effectively.

Good Governance Compliance Statement

The table below sets out the Good Governance recommendations and our assessment of how the Fund currently complies with them, noting that the final position may well vary from the original recommendations.

Good Governance Recommendations*	Evidence of Fund compliance
Each administering authority must have a single named officer who is responsible for the delivery of all LGPS related activity for that fund. ("the LGPS senior officer").	Compliant: There are clear delegations to the Head of Clwyd Pension Fund in the Council's Constitution.
Each fund must produce and publish a conflicts of interest policy which includes details of how actual, potential, and perceived conflicts are addressed within the governance of the fund, with specific reference to key conflicts identified in the Guidance.	Compliant: The Fund has a Conflicts of Interest policy which meets the expected requirements.
Each fund must produce and publish a policy on the representation of scheme members and non-administering authority employers on its committees, explaining its approach to voting rights for each party.	Compliant: This is included in the Fund's Governance Policy.
Administering authorities must publish a policy setting out their approach to the delivery, assessment and recording of training plans to meet these requirements.	Compliant: The Fund has a Knowledge and Skills Policy which meets the expected requirements.
Each administering authority must document key roles and responsibilities relating to the LGPS and publish a roles and responsibilities matrix setting out how key decisions are reached. The matrix should reflect the host authority's scheme of delegation and constitution and be consistent with role descriptions and business processes.	Partially compliant: The Fund has well defined roles and responsibilities and delegations within its Constitution, Scheme of Delegated Responsibilities, and job descriptions. These will be amalgamated into a separate matrix.
Each administering authority must publish an administration strategy.	Compliant: The Fund has an administration strategy which is regularly reviewed.
Each administering authority must report the fund's performance against an agreed set of indicators designed to measure standards of service.	Partially compliant: The Fund measures against and publishes a wide range of performance monitoring including the majority of those required by the LGPS Annual Report Guidance, with the final ones currently being developed.

Good Governance Recommendations*	Evidence of Fund compliance
Each administering authority must ensure their committee is included in the business planning process. Both the committee and LGPS senior officer must be satisfied with the resource and budget allocated to deliver the LGPS service over the next financial year.	Compliant: The Fund's Business Plan and budget are taken to the Committee each year for comments and approval, and information is also shared with the Board. The Head of Clwyd Pension Fund is involved in the development of these.
Each administering authority must undergo a biennial Independent Governance Review and, if applicable, produce the required improvement plan to address any issues identified. IGR reports to be assessed by a SAB panel of experts.	Compliant: The Fund's Independent Advisor carries out an annual review, and any outcomes are incorporated into the Fund's Business Plan or other officer led improvement plan. The SAB panel has not yet been established to review these but the review is published as part of the Fund's Annual Report and Accounts.

*Source - the recommendations are taken from the SAB final report on the Good Governance Project which can be found here:

https://lgpsboard.org/images/Other/Good_Governance_Final_Report_February_2021.pdf

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Appendix 2: Pension Board Annual Report

Introduction

This is the annual report of the Clwyd Pension Fund Board covering the financial year from 1st April 2024 to 31st March 2025.

Role and Membership of the Clwyd Pension Fund Board

The Public Service Pensions Act (“PSPA”) 2013 requires each Local Government Pension Scheme (“LGPS”) Administering Authority to have a local Pension Board consisting of equal numbers of employer and scheme member representatives. Some Pension Boards appoint an Independent Chair, which is the case with the Clwyd Pension Fund Board. The Chair is a non-voting role.

Legislation states that the role of the Pension Board is to assist the Administering Authority in:

- securing compliance with the LGPS regulations and other regulations relevant to the governance and administration of the LGPS, and requirements imposed by the Pensions Regulator, and
- ensuring effective and efficient governance and administration of the LGPS.

This has generally been interpreted as the Pension Board having an oversight role. The Pension Board does not have a decision-making role. We (the Clwyd Pension Fund Board) consider our role to be about partnership. We work closely with the Pension Fund Committee (the decision-making committee for the Fund) and Fund officers in the hope that the questions we ask, and the challenge and advice we sometimes provide, will assist in ensuring that the Fund is managed in the best interests of its scheme members and employers.

Board members are appointed for a period of between three and five years and may be reappointed for future terms if selected again through the recruitment process.

The Board is committed to maintaining the highest standards of conduct. Furthermore, the LGPS regulations require that a Pension Board member must not have any conflicts of interest. All Board members are required to declare any potential conflicts of interest on appointment and throughout their term of office. A conflicts of interest register is maintained and reviewed regularly to ensure that any potential or perceived conflicts are identified and managed appropriately, in accordance with the Fund’s Conflicts of Interest Policy. During 2024/2025 there have been no situations where any member of the Pension Board had an actual conflict of interest.

Membership

Our Board membership during 2024/2025 is shown in the table below. This year, we welcomed Tracey Sutton-Postlethwaite as the new scheme member representative (appointed by the trade unions), following the resignation of Phil Pumford in March 2024. Phil served on the Board with dedication and commitment for many years. His contributions were highly valued, and we wish Phil the very best for the future and thank him for his contribution to the Board.

Following a thorough procurement process, we unanimously agreed to reappoint Karen McWilliam from Aon as our Independent Chair of the Pension Board. The procurement process considered succession planning should Karen ever become unavailable, with named Alternates from Aon to take her place if required.

At the end of the year, Elaine Williams was reappointed as scheme member representative in February 2025; this exercise was conducted due to Elaine's term on the Board ending.

Meetings and attendance

During the year we held three Pension Board meetings (in May 2024, October 2024 and January 2025). The two meetings in 2024 were held in person at County Hall, with the January 2025 meeting adopting a hybrid format allowing some attendees to participate virtually. Attendance was as follows:

		May 2024	October 2024	January 2025
Mrs Tracey Sutton-Postlethwaite	Member Representative	n/a*	✓	x
Mrs Elaine Williams	Member Representative	✓	✓	✓
Mr Steve Jackson	Employer Representative	✓	✓	✓
Mr Richard Weigh	Employer Representative	✓	✓	✓
Mrs Karen McWilliam	Independent Chair	✓	✓	✓

*Mrs Sutton-Postlethwaite was formally appointed at the end of September 2024.

All of our meetings were also attended by Philip Latham who is the Board Secretary (and the Head of Clwyd Pension Fund), Karen Williams (Pensions Administration Manager) and Morgan Nancarrow who provides administrative support to the Pension Board. Other members of the Pension Fund management team and advisors from Aon also attended our meetings, where relevant to provide updates on agenda items.

In addition, our Chair Karen McWilliam attends meetings that are held between all the Pension Board chairs in Wales, and officers and advisers representing the Wales Pensions Partnership ("WPP"). The meetings are held twice-yearly albeit more regular briefings are being held to update the Wales Pension Board chairs on the progress of Project Snowdon (which is explained later in this report). During 2024/2025 the Wales Pension Board chairs also started having twice-yearly discussions to consider a wider range of matters (beyond WPP) in relation to their Pension Board responsibilities, providing an opportunity to learn from each other and increase collaboration. Karen also attended these meetings.

Training

As members of the Pension Board, we have all committed to meeting the requirements of the Fund's Knowledge and Skills Policy, which also ensures we meet the legal requirement to have the right level of knowledge and skills to carry out our Pension Board roles. We attended a range of events and training in 2024/2025 to complement induction training undertaken on appointment. We are also invited to attend the Pension Fund Committee meetings and their training events along with training events arranged by Wales Pension Partnership.

The Fund specifies (in its Knowledge and Skills Policy) an objective relating to the minimum number of Board members who are required to attend essential training sessions. The policy states that 75% of Board members must attend each Hot Topic training session, as these are classed as essential training. Unfortunately during the year we did not meet this target for four out of the five of the hot topic training sessions. Another requirement of our Policy is that all Board members must attend at least one day of general awareness training and all but one Board member met this requirement.

Our full record of attendance at committee meetings, hot topic training and other events is shown below:

Event	Steve Jackson	Richard Weigh	Elaine Williams	Tracey Sutton-Postlethwaite	Karen McWilliam
Committee Meetings					
April 2024			✓	n/a	✓
June 2024			✓	n/a	✓
September 2024	✓		✓	n/a	✓
November 2024			✓	✓	✓
January 2025 (informal meeting on Fit for the Future consultation response)	✓		✓	✓	✓
February 2025			✓	✓	
March 2025			✓	✓	✓
Other Meetings					
Annual employer and scheme member representatives meeting			✓	✓	✓
Treasurers event (WPP briefing) *	n/a	✓	n/a	n/a	n/a
Steering Group *	n/a	✓	n/a	n/a	n/a
Hot Topic (essential training)					
Impact Investing			✓	n/a	✓
HMT Pensions Investment Review (Call for Evidence) Briefing	✓		✓	n/a	✓
Funding strategy and Actuarial valuation			✓	✓	✓

Event	Steve Jackson	Richard Weigh	Elaine Williams	Tracey Sutton-Postlethwaite	Karen McWilliam
HMT pensions review and latest LGPS consultation briefing		✓**	✓	✓	✓
Taskforce on Nature related Financial Disclosures	✓		✓	✓	
General Awareness					
CIPFA Annual LPB Conference for Board Members				n/a	✓
PLSA Local Authority Conference				n/a	✓
CIPFA / ISIO Local Pension Board Training Autumn Series			✓	✓	
LGC Investment Seminar 2025	✓				✓
LGA LGPS Annual Governance Conference				✓	
Other Wales Pension Partnership Training					
Product Knowledge and Cyber Security			✓	n/a	✓
WPP policies			✓		✓
Responsible Investment					✓
Update on Project Snowdon			✓		
Induction Training					
Induction Training Administration and Communications	n/a	n/a	n/a	✓	n/a
Induction Training Governance and Cyber	n/a	n/a	n/a	✓	n/a

Event	Steve Jackson	Richard Weigh	Elaine Williams	Tracey Sutton-Postlethwaite	Karen McWilliam
Induction Training Investment and Funding	n/a	n/a	n/a	✓	n/a

*These were events specific to Richard Weigh in his Chief Officer Finance role

**This was a separate event attended but covering the same material

The Board completed a training needs analysis at the end of 2023/2024 to help identify any gaps in knowledge. As a newer member of the Board, Richard Weigh completed this in February 2025 and a further lighter touch assessment was undertaken for all of the Committee and Board members also in February 2025. The insights gained from these exercises have shaped the current training plan, ensuring it remains tailored to address the Board's priorities and areas for development.

What has the Pension Board done during 2024/2025?

Full minutes of Pension Board meetings are provided to the Pension Fund Committee at their meetings and are published as part of the publicly available meeting papers.

Our meetings include several **standing items**, including:

- the latest Pension Fund Committee papers
- reviewing the effectiveness of the administration of the Fund including performance against Fund and employer Key Performance Indicators (KPIs), data improvement activity, Member Self-Service participation and reporting of pension scams (noting there were none in 2024/2025)
- the HMT Pensions Review and the creating of the Wales Pensions Partnership Investment Management Company; referred to as Project Snowdon (added as a standard item in January 2025)
- other developments in asset pooling
- reviewing the Fund's risk register, breaches log and audit reports
- receiving updates on all compliments and complaints and
- monitoring of our allocated budget.

Key governance matters that we discussed during the year included:

- receiving regular updates on **recruitment and retention** within the internal Clwyd Pension Fund teams, including:
 - providing input to the proposed new management structure, which was approved by the Pension Fund Committee in June 2024 and overseeing progress on its implementation. One of many drivers to this restructure was the retirement of the Deputy Head of Clwyd Pension Fund in July 2024. We highlighted our concerns to the Pension Fund Advisory Panel and Committee regarding recruitment and retention in respect of all Pension Fund team members due to pay levels which are driven by FCC's pay policy. We also raised our concerns with delays implementing

the new structure. We were pleased to note how supportive the Committee and the Advisory Panel have been in helping to drive through these changes.

- noting some ongoing staff turnover particularly during the start of 2024/2025, mostly driven by higher pay levels in other pension organisations. We received regular updates on recruitment and succession planning, as well as the training of new recruits and promoted staff members.
- discussions relating to the options for and progress on the **change of accommodation** for the Pension Fund team members. We are delighted that they moved to their new offices in Ewloe in April 2025, and despite some challenges with implementing the move, the service provided to the Fund's scheme members was uninterrupted.
- progress on complying with the **Pension Regulator's General Code of Practice** (which was launched in March 2024). The officers shared their first compliance check list, and we were very pleased with the high level of compliance this identified. Later in the year, we were updated on an action and prioritisation plan for non-compliant areas, and we received very positive updates on progress being made.
- the unexpected changes to the Pension Fund Committee membership at the Annual Flintshire County Council meeting in May 2024; this was a concern to us, particularly given that in recent years there has been an **increasing lack of continuity in the Committee's membership**. Due to the high level of knowledge and skills required by members of the Committee, this can introduce risk to the governance of the Fund. We agreed that our Chair should discuss this concern with Flintshire County Council's Chief Executive and Monitoring Officer. The meeting was productive and proposed updates to the Constitution were discussed to support Committee continuity and emphasise fiduciary responsibilities.
- the production of the 2023/2024 **Annual Report and Accounts** and meeting **External Audit** requirements was discussed, particularly given the departure of the Deputy Head of Clwyd Pension Fund, new LGPS Annual Report guidance and much tighter timescales to carry out the work over the summer of 2024. Despite the challenges faced by both the Fund's officers and External Audit, we were delighted that the Report and Accounts were audited and published by the statutory deadline. However given there had been some challenges, we requested a further update from officers outlining their planned improvements to the process for the preparation and external audit of the 2024/2025 Annual Report and Accounts.
- the governance and reporting around **responsible investment and climate change**, was an area where we were pleased to see continuous development at the start of the year. This included developing a Responsible Investment template, in partnership with Mercer, which would ensure conflicts of interest are appropriately managed where investments local to the Clwyd area are being considered.
- a key discussion area at our October and January meetings was the Government's **Pension Review** and **LGPS Fit for the Future consultation** which focus on expanding LGPS asset pooling requirements. We received and discussed updates on Project Snowdon, which was the proposal to develop an FCA regulated WPP Investment Management Company, the need to transition all of the Fund's assets to it by 31st March 2026, as well as meeting the Government's ambitions on local investing and strategic investment advice being provided by the asset pool company. We joined several meetings and training sessions on LGPS

asset pooling to build knowledge in this rapidly moving area. The proposals represent potentially fundamental changes to the governance structure and roles and responsibilities of the Welsh LGPS Administering Authorities and WPP. The Government's consultation also proposed other "**Good Governance**" requirements for funds albeit we received assurance that those changes should have less impact on Clwyd Pension Fund.

- receiving regular updates on **cyber security and business continuity** including ensuring the business continuity plan was being updated for changes in staffing and the ongoing cycle of cyber security checks on the Fund's suppliers and providers. We received assurance that the cyber incident response plan is embedded across all Fund officers, so all are aware of the processes and contact points, which was encouraging to us considering this is a fast evolving and high-risk area.

Key administration, including communications matters that we discussed during the year included:

- the Projects Team are now fully operational following Committee approval of the updated structure. Their key area of focus during the year has been on the preparation of data ahead of the launch of **national pensions dashboards**. We were given a high-level update on what consumers can expect from dashboards along with an update of the key dashboards tasks and the governance relating to decision making, and we were pleased (due to the technical detail) that decision making had been delegated to Fund officers. We also received regular updates on the appointment of the Fund's Integrated Service Provider who will facilitate the data transmission between the Fund and the dashboard ecosystem.
- the Government's "Technical consultation **Inheritance Tax on pensions**: liability, reporting and payment" was discussed, and we considered the Fund's draft response, feeding in a suggested change to recognise the potential for hardship on our scheme members' beneficiaries the changes might cause.
- the Fund will transition to a new member portal during the 2025/2026 year along with a new website platform provider and we were updated on the initial phases of this work that had taken place during the year.
- receiving updates on the Fund's programme of work to implement the **McCloud** judgement. All Board members are part of the McCloud Steering Group which has oversight of all areas relating to McCloud. At the start of the year the focus of the McCloud team was on continuing to collect the required data from employers and we have been updated at each meeting on the percentage of data received which has been uploaded to the administration system, providing us with ongoing assurance. The focus towards the end of the scheme year turned to ensuring member records are appropriately updated with the McCloud information, so they are ready ahead of the annual benefit statement exercise. The Pensions Administration Manager updated us on solutions to minimise the impact on the Administration Team's day-to-day processes and, whilst there has been some impact on the Fund's key performance indicators, these have been minimal considering the scale of the McCloud programme.

- as part of the administration updates, the Pensions Administration Manager updated us on a wide range of areas including:
 - **administration staffing updates** including handover periods: we were pleased to see a long handover period in place in the lead up to the retirement of an experienced Team Leader.
 - resource planning relating to **the Employer Liaison Team (ELT)** due to employer redundancy exercises and a new employer signing up to ELT's services.
 - **scheme member cases received, completed and outstanding**, including cases completed in line with **key performance indicators**, which overall, show solid performance by the team. This is despite there having been a number of areas where workloads increased along with situations where external factors have contributed to delays in processing certain types of casework. This reflects the hard work and commitment of the Administration Team.
 - a new process which monitors on a monthly basis whether **employers achieve their service level targets**, which in turn can impact on the Fund meeting their key performance indicators.

The Pension Board's budget and final spend for 2024/2025 are summarised below:

Item	Budget 2024/2025	Actual 2024/2025	Variance
	£	£	£
Allowances and Expenses	2,130	1,772	- 358
Training	48,481	55,598	7,117
Advisor Fees	73,098	83,118	10,020
Other Costs	4,700	4,360	- 340
Total	128,409	144,848	16,439

What will the Pension Board do in the future (in particular in 2025/2026)?

We have a number of items on our forward plan for 2025/2026, although the exact agenda and timescales will need to remain flexible to consider any further matters that may arise. The following are on our work plan for the forthcoming year:

- Understanding the expected Good Governance related regulations and guidance, and how the Fund will need to respond to those
- Expected changes by Government to promote accessibility and fairness in the LGPS
- Considering updates to the Administration Strategy and a new Data Quality Policy
- The processes and governance of the 2025 actuarial valuation of the Fund, which will set employer contributions for the three-year period from 1st April 2026
- A review of the Board's effectiveness
- Work to implement the Fund's Equality, Diversity and Inclusion Policy including the development of an action plan
- The results of the staff satisfaction survey
- Further consideration of ongoing areas, including:
 - Project Snowdon, focussing on the governance of the project and the implications on the governance of the Fund

- Continuing to consider the Fund's compliance with The Pension Regulator's General Code of Practice, including their action plan for ongoing improvement and annual compliance checks.
- The implementation of the new management structure, pay benchmarking for the remainder of the team, and ongoing monitoring of staff retention and satisfaction
- Completing the McCloud remedy programme work in line with the statutory deadlines
- The National Pensions Dashboard implementation
- Continuing engagement with employers failing to meet service standards and considering the success of the employer escalation procedure
- Ongoing management of cyber security risk
- Considering how officers and the Committee are managing and prioritising the many areas of key change as well as day to day business.

A budget for 2025/2026 has been agreed as follows:

Item	Budget 2025/2026
	£
Allowances and Expenses	2,130
Training	45,169
Advisor Fees	96,768
Other Costs	4,600
Total	148,666

Conclusion and final comments

We believe 2024/2025 has been another successful and productive year for the Board supporting those responsible for managing the Fund. There have been some significant challenges during 2024/2025, not least the Government's review of asset pooling, requirements as a result of McCloud and the National Pensions Dashboards, the retirement of a long serving member of the management team and changes in Committee membership. These factors have tested the Fund's operations, but we remain extremely impressed by the resilience of all those involved, and they continue to deliver high quality services whilst adapting to the need for change and improvements.

We continue to work closely with the Pension Fund Committee and the Fund's officers, maintaining a strong and collaborative relationship. Their openness and the constructive discussions we have are crucial in helping us address challenges and plan for the future. We are grateful for their ongoing support and the opportunity to contribute meaningfully to the Fund's management. We would particularly like to thank Morgan Nancarrow for the excellent assistance she provides in arranging all our meetings, producing our meeting packs, taking minutes and other administration support.

We would like to thank the Committee for welcoming us to their meetings, where we are able to engage in discussions that provide valuable context to both the challenges and successes the Fund has encountered. We look forward to building on our collaborative efforts and continuing to enhance the governance and effectiveness of the Fund in the year ahead.

Elaine Williams, Member Representative

Tracey Sutton-Postlethwaite, Member Representative

Steve Jackson, Employer Representative

Richard Weigh, Employer Representative

Karen McWilliam, Independent Chair

Clwyd Pension Fund Board

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Section 3: Financial Performance

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Introduction

This report includes financial monitoring reports for the year 2024/2025 showing both cash flow and income and expenditure compared to budget. It also details the contributions from employers and employees, and shows further information on contributions, assets, investment income and management fees.

The Fund's financial processes and activities are scrutinised by both Internal and External Audit which helps reduce the risk of errors and fraud. The Fund receives reports from Flintshire County Council Internal Audit Team and Audit Wales and acts appropriately in respect of any recommendations.

Cash Flow 2024/2025

The Fund operates a rolling three year cash flow which is estimated and monitored on a quarterly basis. There are several unknowns within the cash flow such as transfers in and out of the Fund and also drawdowns and distributions across the Fund's Private Market portfolio for which the current strategic allocation was 29% of the Fund. Cash flow predictions for the drawdowns and distributions are reassessed annually to incorporate the actuals for the year and any further commitments agreed during the period. The following table shows a summarised final cash flow for 2024/2025. This is purely on a cash basis and does not take into account any movements in asset values or management investment fees which are included in the pooled vehicles and accounted for at the year end, nor any year end accruals.

2024/2025	Budget £000	Actual £000	Variance £000
Opening Cash	(31,877)	(37,092)	(5,215)
Payments			
Pensions	85,280	86,175	895
Lump Sums & Death Grants	16,000	25,009	9,009
Transfers Out	4,000	9,134	5,134
Expenses	6,864	6,840	(24)
Tax Paid	100	204	104
Support Services	113	158	45
Total Payments	112,357	127,520	15,163
Income			
Employer Contributions	(68,000)	(69,530)	(1,530)
Employee Contributions	(22,000)	(22,718)	(718)
Employer Deficit Payments	9,200	9,038	(162)
Transfers In	(6,000)	(11,055)	(5,055)
Pension Strain	(600)	(2,113)	(1,513)
Other Income	(200)	(1,344)	(1,144)
Total Income	(87,600)	(97,722)	(10,122)
Cashflow Net of Investment Income	24,757	29,798	5,041
Investment Income	(25,000)	(33,489)	(8,489)
Investment Expenses	8,000	11,467	3,467
Total Net of In House Investments	7,757	7,776	19
In House Investments			
Draw downs	177,110	156,344	(20,766)
Distributions	(79,400)	(63,841)	15,559
Net Expenditure /(Income)	97,710	92,503	(5,207)
Total Net Cash Flow	105,467	100,279	(5,188)
Movement to/from Managers	(105,000)	(112,086)	(7,086)
Closing Cash	(31,410)	(48,899)	(17,489)

3 Year Cash Flow Forecast

The following table shows the cash flow forecasts for the next three years to March 2028.

	2025/2026 £000	2026/2027 £000	2027/2028 £000
Opening Cash	(48,899)	(30,000)	(30,000)
Payments			
Pensions	86,830	89,540	92,322
Lump Sums & Death Grants	22,000	22,000	22,000
Transfers Out	8,000	7,000	7,000
Expenses	8,330	8,330	8,330
Support Services	255	255	255
Tax Paid	50	50	50
Total Payments	125,465	127,175	129,957
Income			
Employer Contributions	(71,304)	(71,383)	(73,525)
Employee Contributions	(23,536)	(24,242)	(24,969)
Employer Deficit Payments	8,000	10,000	10,000
Transfers In	(11,000)	(10,000)	(10,000)
Pension Strain	(1,500)	(1,500)	(1,500)
Other Income	(1,000)	(1,000)	(1,000)
Total Income	(100,340)	(98,125)	(100,994)
Cashflow Net of Investment Income	25,125	29,050	28,963
Investment Income	(37,000)	(37,000)	(37,000)
Investment Expenses	13,500	15,500	14,500
Total Net of In House Investments	1,625	7,550	6,463
In House Investments			
Draw downs	149,988	154,636	142,405
Distributions	(68,739)	(84,280)	(100,714)
Net Expenditure /(Income)	81,249	70,356	41,691
Total Net Cash Flow	82,874	77,906	48,154
Investment assets and strategic cash	(63,975)	(77,906)	(48,154)
Closing Cash	(30,000)	(30,000)	(30,000)

Analysis of Operating Expenses

The following table shows the actual operating expenses for the Fund for 2024/2025 compared to 2023/2024. The Fund Manager fees saw a slight reduction over the year, whilst fees associated with the Wales Pension Partnership increased due to larger capital commitments being allocated to the pool's private market solutions. Other significant changes were due to costs associated with the actuarial fees which were higher than 2023/2024 given that an interim review of the funding position was undertaken in advance of the 2025 actuarial valuation, and Governance fees due to the increased workload brought about by The General Code, The Pensions Review and Pooling arrangements. IT costs also increased due to some expected projects not materialising during the previous year. For the first time in 2024/2025, training costs have been shown explicitly. These were previously included in various Fees lines and within the Pension Board line.

	Actual 2023/2024 £000	Actual 2024/2025 £000	Variance 2023/2024 To 2024/2025 £000
Oversight and Governance Expenses			
Employee Costs (Direct)	366	359	(7)
Support & Services Costs (Administering Authority)	22	15	(7)
Other Supplies & Services	96	130	34
Training		66	66
Audit Fees	46	51	5
Actuarial Fees	567	800	233
Investment Consultant Fees	1,222	1,227	5
Governance Advisor Fees	684	827	143
Legal Fees	57	36	(21)
Performance Monitoring Fees	46	48	2
Pension Board	141	117	(24)
Pension Board Training		26	26
Pooling (Host and Consultant Costs)	228	260	32
Total Oversight and Governance Expenses	3,476	3,962	486
Investment Management Expenses			
Fund Manager Fees	25,506	23,993	(1,513)
Custody Fees	146	155	9
Wales Pension Partnership Investment Costs	1,077	2,802	1,725
Total Investment Management Expenses	26,729	26,950	221
Administration Expenses			
Employee Costs (Direct)	1,549	1,733	184
Support & Services Costs (Administering Authority)	131	99	(32)
IT	478	615	137
Other Supplies & Services	103	104	1
Total Administration Expenses	2,261	2,551	290
Employer Liaison Team			
Direct Costs	348	241	(107)
Total Employer Liaison Team	348	241	(107)
Total Costs	32,813	33,704	891

The following table shows actual costs for 2024/2025 compared to the budgeted costs, along with the budget for 2025/2026. Key variances against the budget during the year were overspends on Fund Manager and Wales Pension Partnership fees, due to larger commitments to WPP's private market investments and liquid solutions. These overspends were partially offset by underspends on employee costs due to some vacant positions remaining unfilled, and IT.

	Actual 2024/2025 £000	Budget 2024/2025 £000	Variance 2024/2025 £000	Budget 2025/2026 £000
Oversight and Governance Expenses				
Employee Costs (Direct)	359	442	(83)	460
Support & Services Costs (Administering Authority)	15	15	(0)	34
Other Supplies & Services	130	78	52	80
Training	66	86	(20)	82
Audit Fees	51	45	6	50
Actuarial Fees	800	835	(35)	985
Investment Consultant Fees	1,227	1,230	(3)	1,325
Governance Advisor Fees	827	629	198	679
Legal Fees	36	25	11	30
Performance Monitoring Fees	48	49	(1)	47
Pension Board	117	105	12	123
Pension Board Training	26	24	2	25
Pooling Costs	260	218	42	941
Total Oversight and Governance Expenses	3,962	3,781	181	4,861
Investment Management Expenses				
Fund Manager Fees	23,993	23,068	925	27,299
Custody Fees	155	134	21	121
Wales Pension Partnership Investment Costs	2,802	1,187	1,615	1,339
Total Investment Management Expenses	26,950	24,389	2,561	28,759
Administration Expenses				
Employee Costs (Direct)	1,733	1,820	(87)	1,914
Support & Services Costs (Administering Authority)	99	98	1	228
IT	615	718	(103)	713
Other Supplies & Services	104	146	(42)	140
Total Administration Expenses	2,551	2,782	(231)	2,995
Employer Liaison Team				
Employee Costs (Direct)	241	282	(41)	272
Total Employer Liaison Team	241	282	(41)	272
Total Costs	33,704	31,234	2,470	36,887

Employers participating in the Fund at 31st March 2025

Contributions

53 bodies contributed to the Fund during 2024/2025, 36 scheduled and 17 admitted.

Contributions are paid to the Fund by the 19th of the month following the month they relate to.

Employer and employee contributions, (including deficit payments) received during 2024/2025 are shown in the following table, as is the rate of contribution as a percentage of pensionable pay.

3 new participating employers have joined the fund over the year, and 2 employers have left mid-year, both of which are included in the table below.

Scheduled bodies	Employer Contributions £*	%	Employee Contributions £	Avg %**
Acton Community Council	9,723	25.8%	2,151	5.7%
Argoed Community Council	1,148	8.3%	763	5.5%
Bagillt Community Council	3,296	23.2%	816	5.7%
Broughton & Bretton	5,123	24.3%	1,224	5.8%
Buckley Town Council	3,538	4.3%	4,322	5.3%
Caia Park Community Council	-	0.0%	7,536	6.1%
Cefn Mawr Community Council	13,893	15.0%	4,761	5.1%
Coedpoeth Community Council	3,586	4.6%	4,763	6.0%
Coleg Cambria	3,578,248	18.2%	1,263,739	6.4%
Connah's Quay Town Council	-	0.0%	8,873	6.0%
Denbigh Town Council	13,016	25.5%	3,472	6.8%
Denbighshire County Council	14,325,724	18.2%	5,315,341	6.8%
Dolce HH	12,887	23.9%	3,011	5.6%
North Wales Fire & Rescue	649,542	10.1%	441,337	6.9%
Flint Town Council	12,638	19.2%	4,152	6.3%
Flintshire County Council	19,372,194	16.9%	7,072,851	6.2%
FLL Gwella	148,214	13.7%	69,621	6.4%
Glyndwr University	1,411,392	11.9%	781,091	6.6%
Gresford Community Council	6,850	23.9%	1,639	5.7%
Gwernymynydd Community Council	2,465	33.1%	410	5.5%
Hawarden Community Council	28,612	11.8%	16,894	7.0%
Holywell Town Council	13,898	15.1%	5,891	6.4%
Hope Community Council	4,687	21.2%	1,216	5.5%
Maelor School	132,114	19.0%	39,902	5.7%
Mold Town Council	8,279	7.2%	7,287	6.3%
NIC Services	8,296	20.4%	2,237	5.5%
Northop Town Council	2,953	23.4%	714	5.7%
Offa Community Council	15,194	25.2%	3,453	5.7%
Penyffordd Community Council	8,220	18.9%	2,463	5.7%
Prestatyn Town Council	17,661	12.2%	9,989	6.9%
Rhos Community Council	12,891	9.2%	8,416	6.0%
Rhyl Town Council	29,089	21.2%	10,148	7.4%
Ruthin	10,364	19.3%	3,423	6.4%
Shotton Town Council	-	0.0%	905	3.3%
Valuation Panel	24,180	22.2%	8,481	7.8%
Wrexham County Borough Council	19,047,117	17.1%	6,824,353	6.1%
Total Scheduled Bodies	58,937,031		21,937,642	

Admitted bodies	Employer Contributions £*	%	Employee Contributions £	Avg %**
Aramark Ltd	11,273	10.6%	5,997	5.7%
Aramark Ltd B	25,648	21.2%	6,940	5.7%
Aura Leisure & Libraries Ltd	234,563	14.5%	103,087	6.4%
Careers Wales	-	0.0%	106,728	6.4%
Cartref NI	14,535	16.4%	5,434	6.1%
Cartref Y Dyffryn Ceiriog	-	0.0%	3,311	6.0%
Churchills	6,862	18.3%	2,059	5.5%
Denbigh Youth Project	5,057	17.5%	3,374	11.7%
Denbighshire Leisure	715,779	12.1%	362,350	6.1%
Dolce	7,738	21.9%	1,966	5.6%
Freedom Leisure	14,131	2.3%	37,206	6.2%
Glyndwr Student's Union	32,363	14.9%	13,116	6.1%
Holywell Leisure Ltd	39,374	15.2%	15,457	6.0%
Home Farm Trust Ltd	72,726	22.4%	19,083	5.9%
Newydd Catering & Cleaning Ltd	546,439	23.1%	135,294	5.7%
Theatre Clwyd Music Trust	85,309	21.2%	24,100	6.0%
Theatre Clwyd Trust	242,145	19.1%	79,468	6.3%
Total Admitted Bodies	2,053,943		924,971	
Total Contributions	60,990,974		22,862,613	

* For some employers, given the employer's funding position emerging from the 2022 actuarial valuation, surplus offset contributions certified by the actuary can exceed the % primary rate contribution certified. In such cases the overall employer contributions emerges as zero.

** For some employers, the employee contribution figures include contributions towards Additional Pension Contracts (APCs) in addition to the regular % contributions payable. In some instances, the payment of APCs can distort the average implied employee rate given the relative size of the contributions paid.

We are able to charge interest on overdue contributions during the financial year, although none were received during 2024/2025.

Fund Assets

The table below provides an analysis of the Fund's assets as at 31st March 2025.

Asset values as at 31st March 2025	UK £000	Non-UK £000	Global £000	Total £000
Equities	0	0	364,396	364,396
Alternatives	217,485	490,124	374,589	1,082,197
Bonds & LDI	566,424	0	334,256	900,680
Property (Direct)	0	0	0	0
Cash	44,718	0	0	44,718
Total	828,626	490,124	1,073,241	2,391,991

The alternatives portfolio comprises pooled investments in the following asset classes: Diversified Growth Funds and Private Markets which includes, Property, Private Debt, Private Equity & Impact/Local, Infrastructure, Timber and Agriculture.

The following table further splits the Fund's assets between pooled funds, funds under pool management (for example, funds which the pool is responsible for the oversight or discretionary management of) and funds not yet pooled. The "Under Pool Management" entry relates to the share of the Fund's Separate Management Account that is attributed to a WPP project.

Asset values as at 31st March 2025	Pooled £000	Under pool management £000	Not pooled £000	Total £000
Equities (including convertible shares)	364,396	-	-	364,396
Bonds	334,256	-	-	334,256
Property	-	-	104,174	104,174
Hedge funds	-	-	-	-
Liability Driven Investments	-	-	566,424	566,424
Diversified Growth Funds (including multi-asset funds)	-	-	285,129	285,129
Private equity	33,005	-	202,911	235,915
Private debt	23,186	-	58,050	81,236
Infrastructure	33,269	-	170,460	203,730
Local / Impact	-	-	164,671	164,671
Timber / Agriculture	-	-	7,342	7,342
Derivatives	-	-	-	-
Cash and net current assets	-	-	44,718	44,718
Other	-	-	-	-
Total	788,112	-	1,603,879	2,391,991

Additional information on investment in the UK is shown in the supplementary table below:

Asset values as at 31st March 2025	Pooled £000	Under pool management £000	Not pooled £000	Total £000
UK Listed Equities	-	-	-	-
UK Government Bonds	-	-	-	-
UK Infrastructure	-	-	40,498	40,498
UK Private Equity	-	-	66,308	66,308

Investment Income

The table below provides an analysis of the Fund's investment income received as at 31st March 2025.

Asset values as at 31st March 2025	UK £000	Non-UK £000	Global £000	Total £000
Equities	-	-	7,377	7,377
Alternatives	7,790	6,811	120	14,721
Bonds & LDI	-	-	17,357	17,357
Property (Direct)	-	-	-	-
Cash	5,026	-	-	5,026
Total	12,817	6,811	24,855	44,482

Fund Manager Expenses (including underlying fees)

Background

The relationship between fees, risk, and investment return is crucial for pension funds. Fees, which are the costs associated with managing investments, directly impact returns. Higher fees can erode investment returns over time. Pension funds must carefully consider the fees charged by investment managers and service providers.

Risk and investment return are closely linked. Investments with higher potential returns often come with higher levels of risk. Pension funds need to strike a balance between seeking higher returns to meet long-term obligations and managing risk to protect assets. Evaluating fees in relation to the risk and return characteristics of investments is essential.

2024/2025 Fees

The fees which are disclosed in the statement of accounts within the Annual Report have been disclosed in accordance with the CIPFA guidance which states that fees and expenses should only be included where the Fund has a direct relationship with the investment manager. These fees include the annual management charge as well as additional costs such as operational, administrative and legal expenses. In addition any costs for performance and transaction fees are also disclosed. These are disclosed in Note 11 in the Fund's accounts.

Fees relating to underlying managers are not required to be disclosed in the accounting regulations, however the Fund believes we should provide our stakeholders with information on all fees relating to our investments.

The Fund has exposures to underlying managers through investments in alternative mandates including, the Tactical Asset Portfolio and Private Markets.

The table below shows the fees and expenses which would have been disclosed if underlying fees and their performance fees were included.

The table also shows an average of the basis points charged for each category of fee for the valuation of core assets, non-core assets and total fund.

Fund Management Fees	Avg bps	2024/2025 £000	Avg bps	2023/2024 £000
CORE (66% of Fund)	30	4,693	49	8,158
Total expenses including AMC	26	3,967	19	3,185
Underlying Fees (includes performance and transaction fees)	4	608	23	3,841
Performance Fees	0	7	0	0
Transaction Fees	1	111	7	1,132
NON CORE (34% of Fund)	343	27,317	360	25,075
Total expenses including AMC	228	18,180	244	17,036
Underlying Fees (includes performance and transaction fees)	58	4,607	40	2,810
Performance Fees	47	3,727	66	4,572
Transaction Fees	10	802	9	657
Total underlying fees	22	5,215	28	6,651
Total direct fees	114	26,795	113	26,582
Total fees	136	32,010	141	33,233
Net Assets (Core)		1,550,205		1,653,341
Net Assets (Non-Core)		797,068		696,878
Total Net Assets (excluding cash)		2,347,273		2,350,219

Assets within the “Core” disclosure include: Active Equities, Unconstrained Fixed Income, Liability Driven Investment, Hedge Fund Managed Account Platform, Diversified Growth Funds and the Tactical Asset Portfolio. These account for **66%** (72% in 2023/2024) of the Fund assets but only **15%** (25% in 2023/2024) of the total fees.

Assets within the “Non-Core” disclosure include: Private Debt, Private Equity (Direct and Fund of Funds), Property (Open and Closed ended), Infrastructure, Timber and Agriculture. Whilst these account for **34%** (28% in 2023/2024) of the Fund assets the proportion of fees amounts to **85%** (75% in 2023/2024). These figures include the underlying fees. In comparison, excluding underlying fees, the proportion of fees for core assets is **15%** (16% in 2023/2024) and non-core, **85%** (84% in 2023/2024). Many of the Fund’s managers are now signed up to the Scheme Advisory Board’s Cost Transparency Initiative (CTI) and are providing fees through the CTI template.

Movement in Current Assets and Current Liabilities

There was an increase in current assets of £11,468k in 2024/2025, driven by increased cash balances. Current liabilities increased by £97k, driven by benefits payable and sundry creditors.

Wales Pension Partnership (WPP)

The WPP was established in 2017 with the objective to deliver:

- economies of scale
- strong governance and decision making
- reduced costs and excellent value for money, and
- an improved capacity and capability to invest in infrastructure

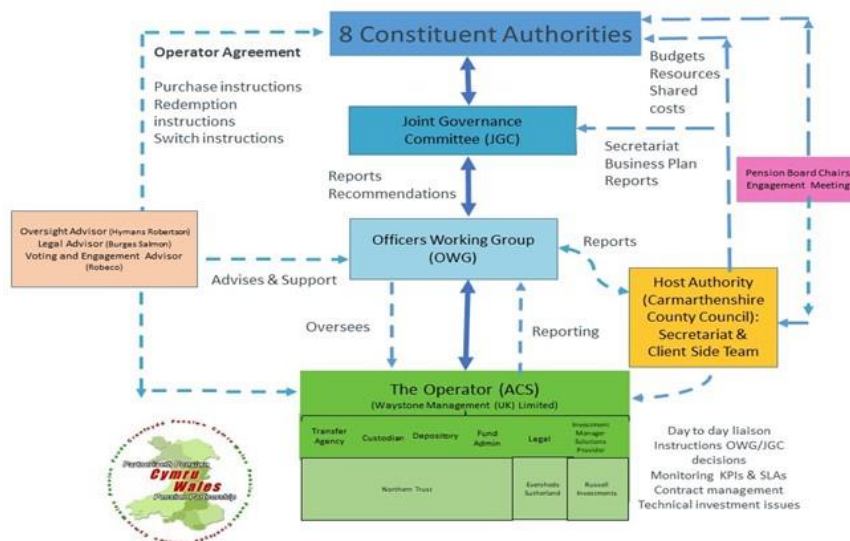
The WPP is one of the eight Local Government Pension pools nationally and is a collaboration of the eight LGPS funds in Wales including Cardiff and the Vale of Glamorgan, Clwyd, Dyfed, Greater Gwent (Torfaen), Gwynedd, Powys, Rhondda Cynon Taff and Swansea. The eight funds have a long, successful history of collaboration including a collaborative tender for a single passive equity provider for the Welsh funds pre-dating the Government's pooling initiative.

Collective investment management offers the potential for investment fee savings, opportunities to broaden investment portfolios, enhanced voting and engagement activity as well as access to shared knowledge and best practice. Whilst the WPP is responsible for providing collaborative investment solutions, each constituent authority remains responsible for setting their own investment strategy.

WPP's operating model is designed to be flexible and deliver value for money. WPP appointed an external fund Operator and makes use of external advisers to bring best of breed expertise to support the running of the Pool. The Operator is Waystone Management (UK) Limited (Waystone) and they have partnered with Russell Investments to deliver effective investment management solutions and provide strong net of fee performance for all the Constituent Authorities.

Governance

The WPP details how it deals with all aspects of Governance through its Inter Authority Agreement (IAA) which was approved by all eight Constituent Authorities in March 2017. The IAA defines the standards, roles and responsibilities of the Constituent Authorities, its Members, Committees and Officers and includes a Scheme of Delegation outlining the decision-making process. In line with its belief that good governance should lead to superior outcomes for stakeholders, the WPP has put in place a robust governance structure:



The eight Constituent Authorities of the WPP are:

- Carmarthenshire County Council (Host)
- City and County of Swansea Council
- City of Cardiff Council
- Flintshire County Council
- Gwynedd County Council
- Powys County Council
- Rhondda Cynon Taff County Borough Council
- Torfaen County Borough Council

The Constituent Authorities sit at the top of the WPP's governance structure. They retain control of all activity carried out by the WPP and remain responsible for approving the WPP's Business Plan, which outlines the WPP's budget and workplan, as well as its Beliefs and Objectives.

The Joint Governance Committee (JGC) oversees and reports on the WPP and is comprised of one elected member from each of the eight Constituent Authorities and a co-opted (non-voting) scheme member representative.

The OWG provides support and advice to the Joint Governance Committee and is comprised of practitioners and Section 151 officers from all eight Constituent Authorities.

Carmarthenshire County Council is the Host Authority for the WPP and is responsible for providing administrative and secretarial support to the JGC and the OWG, and liaising day to day with the Operator on behalf of all of the Welsh LGPS funds.

Waystone (Operator) carries out a broad range of services for the WPP, which includes facilitating investment vehicles & sub-funds, performance reporting, transition implementation and manager monitoring and fee negotiations. There is an Operator Agreement in place which sets out the contractual duties of the Operator and governs the relationship between the Operator and the WPP. The JGC and OWG, with the support of Hymans Robertson, oversee the work that Waystone carries out on behalf of the WPP. Waystone engages with the Constituent Authorities by:

- Direct engagement: attendance at annual pension committee meetings
- Indirect engagement: with CAs collectively, through the JGC and OWG

In collaboration with Waystone, Russell Investments provide investment management solution services to the WPP and they work in consultation with WPP's eight Constituent Authorities to establish investment vehicles.

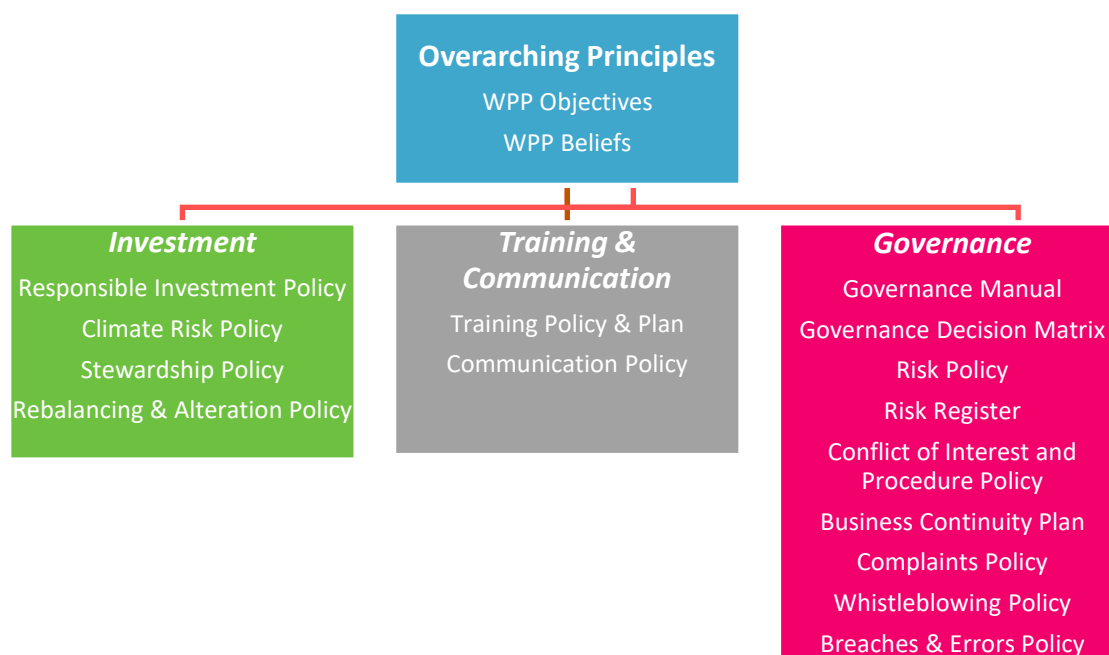
Northern Trust is the Depository for the WPP ACS vehicle and provides numerous services including securities lending, fund administration, compliance monitoring and reporting.

Hymans Robertson are WPP's Oversight Advisor and their role spans oversight and advice on governance arrangements, operator services, strategic investment aspects and project management support.

Burges Salmon are WPP's legal advisors, and they provide legal advice in relation to FCA regulated funds, tax and governance arrangements, including assisting with complex procurement processes.

Robeco UK has been appointed as WPP's Voting and Engagement provider and are responsible for implementing the Voting Policy across WPP's portfolio and undertaking engagement activity on behalf of the WPP.

The WPP's beliefs are the foundation for WPP's governance framework and have been used to guide all of the WPP's activities and decision making, including its objectives and policies. The WPP, in consultation with the Constituent Authorities, has developed a set of governing policies. In all instances the WPP's policies and procedures have been developed to either complement or supplement the existing procedures and policies of the Constituent Authorities. The WPP's key policies, registers and plans are listed below and can be found on the WPP website.



Responsible Investment has been a key priority for the WPP since it was established in 2017. Various activities have been undertaken to work towards WPP's ambition of becoming a leader in Responsible Investment. Initially the focus was on formulating a Responsible Investment Policy and since then the WPP has formulated its own Climate Risk Policy and has worked with its Voting and Engagement Provider, Robeco, to agree a Voting Policy. A WPP RI Sub-Group has been established to take ownership of RI related workstreams and actions that are required to achieve the commitments made in the WPP's RI and Climate Risk Policies.

The WPP's Business Plan, Governance Manual and all other policies detailed in the chart above can be found on the WPP website: <https://www.walespensionpartnership.org>

Risk

Risk management is a critical element of WPP's commitment to good governance, the WPP has developed a structured, extensive and robust risk strategy which seeks to identify and measure key risks and ensure that suitable controls and governance procedures are in place to manage these risks. The WPP's Risk Policy has been developed in such a way that risks can be anticipated and dealt with in a swift, effective manner to minimise potential loss or harm to the WPP and its stakeholders.

WPP maintains a Risk Register which is reviewed regularly by a dedicated Risk Sub-Group which reports back to the OWG and JGC on a quarterly basis. Further information on the risk register can be found on the WPP website:

<https://walespensionpartnership.org/publications/risk-policy-and-risk-register>

Training

The WPP has its own training policy and develops an annual training plan which is designed to supplement existing Constituent Authority training plans. Local level training needs will continue to be addressed by Constituent Authorities while the WPP training plan will offer training that is relevant to the WPP's pooling activities. Induction training is also provided to all new JGC members.

It is best practice for WPP personnel to have appropriate knowledge and understanding of:

- The regulations and market relating to pensions;
- The pooling of Local Authority Pension Schemes;
- Relevant investment opportunities.

In accordance with the approved training plan, the following training was available to both Committee and Board members during 2024/2025:

Topic		Date
Product Knowledge and Cyber Security	• WPP pooled investments • Overview of cyber security and consideration for WPP	18th June 2024
Policies	• Responsible Investment Policy • Climate Risk Policy • Stewardship Policy	18th October 2024
Responsible Investment (RI)	• Net Zero journey planning • Climate Metrics	28th November 2024
Market Understanding and Regulatory Requirements	• Progress of other LGPS pools & Collaboration Opportunities • Any new regulatory/guidance developments	24th March 2024

Pooling progress to date

The WPP aims to deliver investment solutions that allow the Constituent Authorities to implement their own investment strategies with material cost savings while continuing to deliver investment performance to their stakeholders. The WPP has a range of Equity and Fixed Income sub funds, as well as a number of Private Markets Investment programmes. Alongside the Constituent Authorities existing passive investments, this means that that the WPP now has 75% of assets under pool management.

As at 31st March 2025, WPP's Constituent Authorities has total assets worth £25.8bn, £19.4bn of which sits under pool management, see breakdown below:

Asset Class	Managed by	Launch Date	31st March 2025 £000	%
Global Growth Equity Fund	Russell Investments	February 2019	3,541,082	13.7
Global Opportunities Equity Fund	Russell Investments	February 2019	3,402,307	13.2
UK Opportunities Equity Fund	Russell Investments	September 2019	765,495	3.0
Emerging Markets Equity Fund	Russell Investments	October 2021	272,996	1.0
Sustainable Active Equity Fund	Russell Investments	June 2023	1,524,322	5.9
Global Credit Fund	Russell Investments	July 2020	1,026,469	4.0
Global Government Bond Fund	Russell Investments	July 2020	503,406	2.0
UK Credit Fund	Waystone Management (UK) Ltd	July 2020	726,549	2.8
Multi-Asset Credit Fund	Russell Investments	July 2020	848,802	3.3
Absolute Return Bond Fund	Russell Investments	September 2020	532,806	2.1
Infrastructure	GCM Grosvenor, IFM, CBRE and Octopus	March 2023	726,427	2.8
Private Credit	Russell Investments	April 2023	320,921	1.2
Private Equity	Schroders Capital	October 2023	124,883	0.5
Passive Investments	BlackRock	March 2016	5,065,251	19.6
Investments not yet pooled			6,424,700	24.9
Total Investments across all 8 Pension Funds			25,806,416	100

* This is the drawn down value as at 31st March 2024 and does not include commitments

The following table summarises the Clwyd Pension Fund's assets currently managed by WPP as at 31st March 2025, together with the assets that remain under the direct oversight of the Fund, excluding cash. During the year, £105m of the Fund's assets transitioned to the WPP portfolios.

	31st March 2025 £000	%
Global Sustainable Active Equity Fund	364,396	15.2
Global Multi-Asset Credit Fund	334,256	14.0
Private Markets *	89,460	3.7
Investments not yet pooled	1,603,879	67.1
Total Investment Assets	2,391,991	100

* This is the drawn down value as at 31st March 2024 and does not include commitments

All of the Fund's physical listed equity and bond investments are invested through the pool. Assets that currently remain outside of the pool include the TAA (tactical asset allocation) portfolio, the Risk management portfolio and the majority of the illiquid private market mandates. At present there are no suitable options available through the pool for the TAA and risk management investments, the Fund will continue to work with the pool to establish appropriate vehicles for the Fund to implement its investment strategy. Following the "Fit for the Future" government consultation, the Fund is consolidating all its assets into the Wales Pension Partnership (WPP), which is set to assume management of these investments from March 2026. All future allocations to Private Markets, including Private Equity, Infrastructure, and Private Debt, will be channelled through the WPP. Additionally, capital distributed from legacy assets will be reinvested into WPP-managed solutions. Given the Fund's substantial holdings in less liquid private market investments, the pooling process is expected to take time. However, as existing investments generate cash flows, the Fund anticipates reinvesting these proceeds into pooled funds, thereby gradually transitioning its portfolio.

Pooling costs

Carmarthenshire County Council, as the Host Authority for the Wales Pension Partnership is responsible for providing administrative and secretarial support and liaising day to day with the Operator on behalf of all of the LGPS funds in Wales. The WPP budget is included in the WPP Business Plan and approved annually by all eight Constituent Authorities.

The Host Authority and External Advisor costs (the running costs) are funded equally (unless specific projects have been agreed for individual Funds) by all eight of the Constituent Authorities and recharged on an annual basis. The amount recharged to the Clwyd Pension Fund for the financial year ending 31st March 2025 was £241k, see table below (costs may not sum due to rounding).

In addition to the running costs, there are also transition costs associated with the transition of assets into the pool, these costs can be categorised in terms of direct and indirect costs. Direct costs include the costs of appointing a transition manager to undertake the transition, together with any additional oversight of this process undertaken from a research and reflection perspective. Indirect costs include both explicit and implicit costs, such as commissions, spread and impact and opportunity costs known as Implementation Shortfall. Transition costs are directly attributable to the assets undergoing the transition and are therefore deducted from their net asset value as opposed to a direct charge to the Fund.

Details of the costs incurred by the Clwyd Pension Fund in respect of the WPP are detailed below.

2023/2024 £000	WPP pooling costs	2024/2025 £000
22	Host Authority Costs *	23
204	External Advisor Costs *	217
650	Transaction Costs (Direct) **	111
876	Total	351

* Host Authority and External Advisor costs are recharged directly to the fund

** Transaction Costs (Direct) costs are shared as a proportion of total AUM.

Ongoing Investment Management Costs

The table below discloses the investment management costs split between those held by the WPP (including the passive equities) and those held outside of the WPP. These are split by direct costs which are disclosed in the Fund accounts as directed by CIPFA and those indirect costs for underlying managers which we disclose on page 55 of this Annual Report.

2024/2025	Fees charged £000				
	Total Expenses including AMC	Performance Fees	Transaction Costs	Custody	Total
Asset Pool					
Direct	2,691	0	111	115	2,917
Indirect (Underlying)	1,943	715	413	0	3,071
Total	4,634	715	524	115	5,988
bps	0.59	0.09	0.07	0.01	0.76
Non-Asset Pool					
Direct	19,456	3,734	802	41	24,034
Indirect (Underlying)	1,848	169	127	0	2,144
Total	21,304	3,903	930	41	26,178
bps	1.33	0.24	0.06	0.00	1.63
Fund Total	25,938	4,617	1,454	156	32,166
bps	1.08	0.19	0.06	0.01	1.34

Asset Allocation and performance

The following table shows how each of the investment mandates has performed during the year, with opening and closing values and one year performance included net of fees where available. In addition, the table splits out investments under pooled arrangements with the WPP and those that remain under non-pooled investment arrangements with the Fund's legacy managers as at 31st March 2025.

2024/2025	Opening Value £000	%	Closing Value £000	%	Net Performance %	Local Target %
Pool Assets						
Global Equities	344,501	13.9	364,396	15.2	0.2	7.0
Multi Asset Credit	251,529	10.2	334,256	14.0	7.1	9.2
WPP Private Markets	41,949	1.7	89,460	3.7	5.8	9.6
Total Pool Assets	637,979	25.8	788,112	32.9		
Non-Pool Assets						
Diversified Growth	283,267	11.4	285,129	11.9	0.7	5.9
Liability Driven Investment	652,916	26.4	566,424	23.7	-5.8	-5.8
Hedge Funds	121,128	4.9	0	0.0	-	-
Property	112,829	4.6	104,174	4.4	-4.9	8.5

2024/2025	Opening Value £000	%	Closing Value £000	%	Net Performance %	Local Target %
Private Equity	204,294	8.3	202,911	8.5	2.2	10.3
Local/ Impact	137,755	5.6	164,671	6.9	-1.6	10.3
Infrastructure	133,891	5.4	170,460	7.1	7.0	10.3
Private Debt	56,657	2.3	58,050	2.4	4.3	7.5
Timber & Agriculture	9,502	0.5	7,342	0.3	-8.3	10.3
Cash*	125,060	5.1	44,718	1.9		
Total assets not yet pooled	1,837,300	74.3	1,603,879	67.1		
Total assets	2,475,279	100.0	2,391,991	100.0	0.1	4.4

Note: Performance shown for the 12 months to 31st March 2025.

*Cash represents cash in the bank account.

Securities Lending

Securities lending commenced in March 2020. Revenue is split on an 85:15 basis between WPP and Northern Trust with all costs for running the securities lending programme taken from Northern Trust's share of the fee split. A minimum of 5% of the nominal quantity of each individual equity holding is held back and a maximum of 25% of total AUM is on loan at any one time. A proxy recall service was implemented in December 2023.

Total revenue of LF Wales during 2024/2025 was £987,820 (gross) / £839,712 (net) of which the Clwyd Pension Fund received £17,491 with £382,587,801 out on loan as at 31st March 2025.

More detailed information can be found in WPP's Annual Return which is published on the WPP website: <https://www.walespensionpartnership.org>

Objectives 2025/2026

The WPP continues to evolve its private market offerings with the Real Estate Investment programme due to be launched in 2025/2026. Through the Private Market programmes, the WPP has been able to facilitate investments in local investment opportunities in Wales and is keen to develop this further.

In November 2024, the WPP was delighted to be awarded the ESG innovation award at the LGC Investment Awards ceremony. This award reflects the critical importance that the WPP and its constituent authorities continues to place on sustainability issues and recognises the success of its Sustainable Active Equity Fund, which has grown to become one of the largest sustainable investment funds of its type in the UK. This area remains a focus for the WPP, with work now ongoing to improve the sustainability characteristics of existing investments, considering how to evolve the Passive and Fixed Income sub-funds to become more sustainable.

During 2024/2025, the WPP submitted its fourth annual Stewardship Report and was successful in retaining its signatory status to the UK Stewardship Code. The WPP also completed its first Pool-level annual climate report, as well as an updated analysis of deforestation exposure within its listed-equity Sub-Funds. In 2024/2025, the WPP will be publishing its next All Wales Climate Report.

The WPP have made a number of re-appointments during 2024/2025, including Waystone as the operator, Hymans Robertson as the Oversight Advisor and Robeco UK as the Voting and Engagement provider. Russell Investments continue as WPP's Investment Management Solutions Provider. All appointments followed comprehensive procurement exercises. WPP's existing Legal Services provider contract comes to an end on 31st December 2025 and work is underway with this contract re-tender process.

The Government launched its Local Government Pension Scheme Fit for The Future Consultation on 14th November 2024, outlining a range of proposals to strengthen the management of LGPS investments. As part of the consultation, the government asked each pool to consider and provide submissions to demonstrate a clear path to meeting the requirements outlined in the consultation document. The WPP business case proposal was approved by the WPP Joint Governance Committee on 12th March 2025 and submitted to government. This proposal sets out the compelling business case for the WPP to retain a stand-alone investment pool for Wales and proceed with building the proposed new Government requirements for the pool operating model. We are delighted that the government has approved WPP's business case and work is now underway to deliver, within the required timescale.

Other financial matters

An analysis of pension overpayments, recoveries and any amounts written off can be found within the Administration Report on page 143.

As stated in the Fund's Anti-Fraud and Corruption Strategy which can be found on the Funds website under Strategies and Policies, the Fund's fraud prevention measures include but are not limited to the following:

Participation in the National Fraud Initiative (NFI) and the government's Tell Us Once service in addition to monthly mortality screening and data cleansing exercises. The Fund also carries out triennial existence checks in relation to the Fund's overseas pensioners.

The Fund also has an Overpayment and Underpayment of Pension Scheme Benefits Policy. The purpose of this policy is to ensure that the relevant objectives set out in the administration and communications policies are met, and the administration of the Fund is carried out in line with the governance objectives of the Fund. There have been no fraud related instances, and any over or under payments identified have been actioned in accordance with the above policy.

There have been no known examples of credit losses, provisions, contingent liabilities, or impairments occur in the fund during 2024/2025.

Section 4: Clwyd Pension Fund Accounts for the year ended 31st March 2025

Fund Accounts

2023/2024 £000		Note	2024/2025 £000
	Dealings with members, employers and others directly involved in the Fund		
(81,470)	Contributions	7	(85,435)
(5,493)	Transfers in	8	(11,050)
(86,963)			(96,485)
	Benefits payable :		
78,691	Pensions	9	86,097
15,349	Lump sums (retirement)		23,137
3,573	Lump sums (death grants)		2,441
97,613			111,675
5,669	Payments to and on account of leavers	10	9,134
103,282			120,809
16,319	Net (additions)/withdrawals from dealings with members		24,324
32,813	Management expenses	11	33,704
49,132	Net (additions)/withdrawals including fund management expenses		58,028
	Returns on Investments		
(35,158)	Investment income	12	(44,482)
(192,096)	Change in market value of investments	13A	21,279
(227,254)	Net return on investments		(23,203)
(178,122)	Net (increase)/decrease in the net assets available for benefits during the year		34,825
(2,302,598)	Opening net assets of the scheme		(2,480,720)
(2,480,720)	Closing net assets of the scheme		(2,445,895)

Net Assets Statement

2023/2024 £000		Note	2024/2025 £000
2,438,187	Investment Assets	13	2,391,991
2,438,187	Net Investment Assets		2,391,991
448	Long-term debtors	19	633
8,922	Debtors due within 12 months	19	8,398
(3,929)	Creditors	20	(4,026)
37,092	Cash at Bank	19	48,899
2,480,720	Net assets of the fund available to fund benefits at the end of the reporting period		2,445,895

Note: The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed in the actuary's report (Note 25).

Notes To the Clwyd Pension Fund Accounts For The Year Ended 31st March 2025

Note 1: Description of The Fund

General

Clwyd Pension Fund (the Fund) is part of the Local Government Pension Scheme (LGPS) and is administered by Flintshire County Council. The County Council is the reporting entity for the Fund.

The LGPS is governed by the Public Service Pensions Act 2013 and the following secondary legislation:

- The LGPS Regulations 2013, as amended.
- The LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014, as amended; and
- The LGPS (Management and Investment of Funds) Regulations 2016

The LGPS is a contributory defined scheme, which provides pensions and other benefits to employees and former employees of Flintshire County Council and scheduled and admitted bodies in North East Wales. Teachers, police officers and firefighters are not included as they come within other national pension schemes. The Fund is overseen by the Clwyd Pension Fund Committee which is a committee of Flintshire County Council.

The accounts have been prepared in accordance with the 2024/2025 Code of Practice (the Code) on Local Authority Accounting which is based on International Financial Reporting Standards (IFRS).

Membership

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

- Scheduled bodies, which are local authorities and similar bodies whose staff are automatically entitled to be members of the Fund.
- Admitted bodies, which participate in the Fund under the terms of an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

Membership details are set out below in more detail:

2023/2024		2024/2025
52	Number of employers with active members	51
	Number of employees in scheme	
5,376	Flintshire County Council	5,228
12,437	Other employers	11,917
17,813	Total	17,145
	Number of pensioners	
4,745	Flintshire County Council	5,017
11,051	Other employers	11,580
15,796	Total	16,597
	Deferred pensioners	
5,694	Flintshire County Council	5,626
12,689	Other employers	12,762
18,383	Total	18,388
51,992	Total employees	52,130

Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members in accordance with the LGPS Regulations 2013, as amended, and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31st March 2025. Employers also pay contributions to the Fund based on triennial funding valuations. The last valuation was at 31st March 2022, the findings of which became effective on 1st April 2023. Employer contribution rates towards the future accrual of benefits for the year to March 2025 ranged from 10.5% to 33.1% of pensionable pay. From April 2025 the rates will continue to range from 10.5% to 33.1% of pensionable pay with new rates becoming effective from April 2026 once the Actuary has completed the triennial funding valuation as at 31st March 2025.

Benefits

Prior to 1st April 2014, pension benefits under the LGPS were based on final pensionable pay and length of service. From 1st April 2014, the LGPS became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is increased annually in line with the Consumer Price Index.

There are a range of other benefits provided under the scheme including early retirement, disability pensions and death benefits as explained on the LGPS website, see

www.lgpsmember.org

In addition, the Fund provides an additional voluntary contribution (AVC) scheme for its members, the assets of which are invested separately from the Fund. The Fund uses Prudential and Utmost (previously Equitable Life) as its AVC providers. AVCs are paid to the AVC providers by employers and provide additional benefits for individual contributors.

Note 2: Basis of Preparation

The Statement of Accounts summarises the Fund's transactions for the 2024/2025 financial year and its financial position at 31st March 2025. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/2025 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on a going concern basis.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The Code gives administering authorities the option to disclose this information in the net assets statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The Fund has opted to disclose this information in Note 25.

Paragraph 3.3.1.2 of the Code requires disclosure of any accounting standards issued but not yet adopted. No such accounting standards have been identified for 2024/2025.

Note 3: Summary of Significant Accounting Policies

In summary, accounting policies adopted are detailed as follows:

Fund Account: Revenue recognition

Contribution income

Normal contributions are accounted for on an accruals basis as follows:

- Employee contribution rates are set in accordance with LGPS regulations, using common percentage rates for all schemes that rise according to pensionable pay.
- Employer contributions are set at the percentage rate recommended by the Fund's actuary for the period to which they relate.

Employer deficit funding contributions are accounted for on the basis advised by the Fund's actuary in the rates and adjustment certificate issued to the relevant employing body. Additional employer's contributions in respect of ill-health and early retirements are accounted for in the year the event arose. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

Transfers to and from other schemes

Transfers in and out relate to members who have either joined or left the Fund.

Individual transfers in/out are accounted for when received or paid. Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see below) to purchase scheme benefits are accounted for on a receipts basis and are included in transfers in (Note 8).

Bulk (group) transfers are accounted for in accordance with the terms of the transfer agreement.

Investment income

- Interest income is recognised in the Fund Account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination.
- Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.
- Distributions from pooled funds are recognised at the date declared by the fund manager. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.
- Changes in the value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.

Fund Account: expense items

Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Lump sums are accounted for in the period in which the member becomes a pensioner. Any amounts due but unpaid are disclosed in the Net Assets Statement as current liabilities.

Management expenses

The Fund discloses its management expenses in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses (2016). All items of expenditure are charged to the Fund on an accruals basis.

All staff costs in relation to administration expenses are charged direct to the Fund and management, accommodation and other support service costs are apportioned to the Fund in accordance with Council policy.

All costs associated with governance and oversight are separately identified, apportioned to this activity and charged as expenses to the Fund.

Investment management expenses include the fees paid and due to the fund managers and custodian, actuarial, performance measurement and investment consultant fees. Where fees are netted off quarterly valuations by investment managers, these expenses are included in note 11A and grossed up to increase the change in the value of investments.

Where the Fund has invested in Fund of Funds arrangements and underlying fees are incurred these are not recognised in the Funds accounts, in accordance with guidance from CIPFA. Details of underlying fees may be found in the Fund's Annual Report.

Taxation

The Fund is a registered public service scheme under Section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in

the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

As Flintshire County Council is the administering authority for the Fund, VAT input tax is recoverable from all Fund activities including expenditure on investment expenses.

Net Assets Statement

Financial assets

All investment assets are included in the financial statements on a fair value basis as at the reporting date. A financial asset is recognised in the Net Assets Statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of the asset are recognised in the Fund Account. Any amounts due or payable in respect of trades entered into but not yet complete at 31st March each year are accounted for as financial instruments held at amortised cost and reflected in the reconciliation of movements in investments and derivatives in Note 13A. Changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits/losses during the year.

The values of investments as shown in the Net Assets Statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see Note 15). For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in *Practical Guidance on Investment Disclosures* (PRAG/Investment Association, 2016).

Foreign currency transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

Cash and cash equivalents

Cash comprises cash in hand and demand deposits and includes amounts held by the fund's external managers. All cash balances are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to minimal risk of changes in value.

Financial liabilities

Financial liabilities are recognised at fair value on the date the Fund becomes legally responsible for the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the Fund as part of the change in value of investments.

Actuarial present value of promised future retirement benefits

The actuarial value of promised future retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of the Code and IAS 26. As permitted under

the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a report from the actuary (Note 25).

Additional Voluntary Contributions (AVCs)

The Fund provides an AVC scheme for its members, the assets of which are invested separately from those of the Fund. AVCs are not included in the accounts in accordance with Regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds Regulations 2016) but are disclosed as a note only (see Note 21).

Note 4: Critical Judgements in Applying Accounting Policies

Pension fund liability

The net pension fund liability is re-calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines. This estimate is subject to significant variances based on changes to the underlying assumptions which are agreed with the actuary and set out in the actuary's report shown at the end of these accounts. These actuarial re-valuations are used to set future contribution rates and underpin the Fund's most significant investment management policies, for example in terms of the balance struck between longer term investment growth and short-term yield/return.

Note 5: Assumptions Made About the Future and Other Major Sources of Uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts. Estimates and assumptions take into account historical experience, current trends and future expectations. However, actual outcomes could differ from the assumptions and estimates. The items in the Net Assets Statement at 31st March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows.

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries and pensions are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide expert advice about the assumptions to be applied.	The effects on the net pension liability of changes individual assumptions can be measured. For instance, a 0.5% increase in the discount rate assumption would result in a decrease in the pension liability of approximately £144 million. A 0.25% increase in assumed earnings inflation would increase the value of the liabilities by approximately £16 million, and a one-year increase in assumed life expectancy would increase the liability by approximately £44 million.

Item	Uncertainties	Effect if actual results differ from assumptions
Value of investments at level 3	The Fund contains investments in private equity, hedge funds and pooled funds including property, infrastructure, timber and agriculture, that are classified within the financial statements as level 3 investments in note 15 to these accounts. The fair value of these investments is estimated using a variety of techniques which involve some degree of tolerance around the values reported in the Net Assets Statement.	Note 15 summarises the techniques used, the key sensitivities underpinning the valuations and the sensitivity or tolerance around the values reported.

Note 6: Post Balance Sheet Events

The accounts outlined within the statement represent the financial position of the Clwyd Pension Fund as at 31st March 2025. Performance of global financial markets since this date may have affected the financial value of pension fund investments as reported in the Net Asset Statement, but do not affect the ability of the Fund to pay its pensioners.

Note 7: Analysis of Contributions Receivable

By employer

2023/2024 £000		2024/2025 £000
(30,020)	Administering Authority: Flintshire County Council	(26,952)
(48,371)	Scheduled bodies	(55,249)
(3,079)	Admitted bodies	(3,234)
(81,470)	Total	(85,435)

By type

2023/2024 £000		2024/2025 £000
(21,808)	Employees contributions	(22,863)
	Employers' contributions:	
(68,049)	Normal contributions	(69,502)
9,389	Deficit recovery contributions	8,511
(1,002)	Augmentation contributions	(1,581)
(59,662)	Total employers' contributions	(62,572)
(81,470)	Total contributions	(85,435)

Note 8: Transfers in from Other Pension Funds

2023/2024 £000		2024/2025 £000
0	Group Transfers	(2,782)
(5,493)	Individual transfers	(8,268)
(5,493)	Total	(11,050)

Note 9: Benefits Payable

By Authority

2023/2024 £000		2024/2025 £000
33,693	Administering Authority: Flintshire County Council	38,267
61,744	Scheduled bodies	70,406
2,176	Admitted bodies	3,002
97,613		111,675

By Type

2023/2024 £000		2024/2025 £000
78,691	Pensions	86,097
15,349	Commutation and lump sum retirement benefits	23,137
3,573	Lump sum death benefits	2,441
97,613		111,675

Note 10: Payments To And On Account Of Leavers

2023/2024 £000		2024/2025 £000
	Bulk transfer values payable	
5,235	Individual transfers	8,664
231	Refunds to members leaving service	296
203	Other	174
5,669	Total	9,134

Note 11: Management Expenses

2023/2024 £000		2024/2025 £000
2,608	Administration costs	2,792
26,729	Investment management expenses	26,950
3,476	Oversight and governance costs	3,962
32,813	Total	33,704

The Oversight and Governance costs include the fees payable to Audit Wales for the external audit of the Fund of £51k for 2024/2025 (£56k in 2023/2024).

Note 11A: Investment Management Expenses

2024/2025	Management Fees £000	Performance related fees £000	Transaction Costs £000	Total £000
Investment Assets				
Pooled Funds	3,967	7	111	4,085
Other investments				
Pooled property investments	1,844	175	219	2,238
Private equity and joint venture funds	5,877	1,799	65	7,741
Infrastructure funds	3,294	821	42	4,157
Timber and Agriculture	116	32	0	148
Private Debt	1,748	123	219	2,090
Impact / Local	5,302	777	257	6,336
	22,148	3,734	913	26,795
Custody Fees				155
Total				26,950

2023/2024	Management Fees £000	Performance related fees £000	Transaction Costs £000	Total £000
Investment Assets				
Pooled Funds	3,185	0	1,132	4,317
Other investments				
Pooled property investments	1,870	207	163	2,240
Private equity and joint venture funds	7,002	1,749	68	8,820
Infrastructure funds	3,594	327	162	4,083
Timber and Agriculture	131	319	0	450
Private Debt	1,273	43	171	1,486
Impact / Local	3,166	1,927	93	5,186
	20,221	4,572	1,789	26,582
Custody Fees				147
Total				26,729

Note 11B: Wales Pension Partnership Management Expenses

2023/2024 £000		2024/2025 £000
226	Oversight and Governance	241
650	Transaction Costs	111
427	Fund Management Fees	2,691
106	Custody Fees	115
1,409	Total	3,158

Included in Management Expenses in the first table of this note is the cost of the Fund's involvement in the Wales Pension Partnership (WPP) collective investment pooling arrangement. These are further analysed in the table above. The Oversight and Governance costs are the annual running costs of the pool which includes the host authority costs and other external advisor costs. These costs are funded equally by all eight of the local authority pension funds in Wales. Fund Management Fees are payable to Waystone (formerly known as Link Fund Solutions), (the WPP operator) and include the operator fee and other associated costs. These costs are based on each Fund's percentage share of WPP pooled assets and are deducted from Investment Income. Underlying manager fees are not included in this table but are disclosed in the Finance Report elsewhere in the Annual Report. Further details on the WPP can also be found in the Finance Report.

Note 12: Investment Income

2023/2024 £000		2024/2025 £000
	Pooled Funds	
9,948	Income from multi asset credit	17,357
2,200	Income from global equity	0
3,160	Income from emerging market equity	0
396	Income from sustainable equity	7,377
	Other investments	
2,972	Income from pooled property investments	2,259
1,093	Income from private equity and joint venture funds	965
4,477	Income from infrastructure funds	4,362
18	Income from timber & agriculture funds	8
6,536	Income from private debt	3,438
1,465	Income from impact / local funds	3,689
2,848	Interest on cash deposits	5,004
45	Other income	23
35,158		44,482

Note 13: Investments

2023/2024 Restated £000's		2024/2025 £000's
	Investment Assets	
	Pooled Funds	
251,529	Multi asset credit	334,256
283,267	Diversified growth funds	285,129
652,916	Liability Driven Investment	566,424
121,128	Hedge Fund of Funds	0
0	*Global equity	0
344,501	*Sustainable Equity	364,396
	Other Investments	
112,830	Pooled property investments	104,174
222,848	Private equity and joint venture funds	235,915
149,533	Infrastructure funds	203,730
9,502	Timber and Agriculture	7,342
61,305	Private Debt	81,236
140,860	Impact/ Local	164,671
2,350,219		2,347,273
87,968	Cash	44,718
2,438,187	Total investment assets	2,391,991

*The figures for Global Equity & Sustainable Equity have been restated for 2023/2024.

During the year the Fund transitioned assets as per the table below.

Manager / Mandate	Redemptions £000s	Subscriptions £000s
Russell (WPP) Multi Asset Credit		80,000
Russell (WPP) Global Sustainable Equity		25,000
Man Hedge Fund of Funds	(94,852)	
Cash		(10,148)
	(94,852)	94,852

Note 13A: Reconciliation of Movements in Investments and Derivatives

	Market value 1st April 2024	Purchases during the year	Sales during the year	Change in market value	Market value 31st March 2025
	£000	£000	£000	£000	£000
Investment Assets					
Pooled Funds					
Multi asset credit	251,529	80,000	0	2,727	334,256
Diversified growth funds	283,267	0	(174)	2,036	285,129
Liability Driven Investment	652,916	0	(50,817)	(35,675)	566,424
Hedge Fund of Funds	121,128	0	(119,851)	(1,277)	0
Global equity	0	0	0	0	0
Emerging Market equity	0	0	0	0	0
Sustainable equity	344,501	25,000	0	(5,105)	364,396
Other investments					
Pooled property investments	112,830	3,683	(7,121)	(5,218)	104,174
Private equity and joint venture funds	222,848	32,921	(26,211)	6,357	235,915
Infrastructure funds	149,533	56,378	(14,208)	12,027	203,730
Timber and Agriculture	9,502	0	(1,631)	(529)	7,342
Private Debt	61,305	28,569	(11,078)	2,440	81,236
Impact / Local	140,860	35,824	(12,934)	921	164,671
Total investment assets	2,350,219	262,375	(244,025)	(21,296)	2,347,273
Cash deposits	87,968				44,718
Currency Profit				17	
Total assets	2,438,187			(21,279)	2,391,991

	Market value 1st April 2023	Purchases during the year	Sales during the year	Change in market value	Market value 31st March 2024
	£000	£000	£000	£000	£000
Investment Assets					
Pooled Funds					
Multi asset credit	230,688	7,152	0	13,689	251,529
Diversified growth funds	262,537	15,001	(16,829)	22,558	283,267
Liability Driven Investment	663,896	0	(128,831)	117,851	652,916
Hedge Fund of Funds	159,281	0	(48,152)	9,999	121,128
Global equity	130,027	588	(132,811)	2,196	0
Emerging Market equity	115,712	2,280	(119,314)	1,322	0
Sustainable equity	0	318,059	0	26,442	344,501
Other investments					
Pooled property investments	133,422	8,639	(9,899)	(19,332)	112,830
Private equity and joint venture funds	205,945	32,871	(29,193)	13,225	222,848
Infrastructure funds	130,888	30,946	(15,350)	3,049	149,533
Timber and Agriculture	12,074	0	(2,902)	330	9,502
Private Debt	61,769	8,873	(6,580)	(2,757)	61,305
Impact / Local	93,352	55,449	(11,448)	3,507	140,860
Total investment assets	2,199,591	479,858	(521,309)	192,079	2,350,219
Cash deposits	309				87,968
Currency Profit	0			17	
Total assets	2,199,900			192,096	2,438,187

Note 13B: Analysis by Fund Manager

2023/2024			2024/2025	
£000	%		£000	%
Wales Pension Partnership Investments				
600,678	25.5%	Russell Investments	721,838	30.8%
15,642	0.7%	GCM Grosvenor	33,269	1.4%
18,554	0.8%	Schroders	33,005	1.4%
634,874	27.0%		788,112	33.6%
652,961	27.8%	Insight	566,424	24.1%
283,267	12.1%	Mobius	285,129	12.1%
121,128	5.1%	MAN Group	0	0.0%
657,989	28.0%	Other Fund Managers	707,608	30.2%
1,715,345	73.0%		1,559,161	66.4%
2,350,219	100%		2,347,273	100.0%

The following investments represent more than 5% of the net assets of the scheme. All of these companies are registered in the UK. Where the table above shows a holding of greater than 5% but the manager does not appear in the list below this is because investments are held in more than one fund.

2023/2024		Manager	Holding	2024/2025	
£000	%			£000	%
652,916	27.8%	Insight	LDI Active 22 Fund	566,424	24.1%
283,267	12.1%	Mobius		285,129	12.1%
251,529	10.7%	Multi Asset Credit		334,256	14.2%
344,501	14.7%	Sustainable Active Equity		364,396	15.5%

Note 13C: Stock Lending

The Fund's Investment Strategy sets the parameters for its stock lending programme. The Fund participates in stock lending through its investments with WPP. At 31st March 2025 the total value of all WPP stock on loan was £382,587,801. Total net revenue during 2024/2025 was £839,712 of which the Clwyd Pension Fund received £17,491.

Note 14: Derivatives

No derivative instruments were held by Clwyd Pension Fund at 31st March 2025 or 31st March 2024.

Note 15: Fair Value of Investments

Fair Value: Basis of valuation

All investment assets are valued using fair value techniques based on the characteristics of each instrument, where possible using market-based information. There has been no change in the valuation techniques used during the year.

Investments and liabilities have been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1: where fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: where quoted market prices are not available, valuation techniques are used to determine fair value based on observable data.

Level 3: where at least one input that could have a significant effect on the investment's valuation is not based on observable market data.

The valuation basis for each category of investment asset is set out below.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Quoted Pooled Investment Vehicles	Level 1	Quoted market bid price on the relevant exchange	Not required	Not required
Infrastructure	Level 1	Published bid price ruling on the final day of the accounting period	Not required	Not required
Cash and cash equivalents	Level 1	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required
Amounts receivable from investment sales	Level 1	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required
Investment debtors and creditors	Level 1	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required
Unquoted equity investments	Level 2	Average of broker prices	Evaluated price feeds	Not required
Unquoted fixed income bonds and unit trusts	Level 2	Average of broker prices	Evaluated price fees	Not required
Unquoted pooled fund investments	Level 2	Average of broker prices	Valued net of unrealised gains/losses on hedging	Internal rate of return
Pooled property funds and hedge funds where regular trading takes place	Level 2	Closing bid price where bid and offer prices are published; closing single price where single price published	NAV-based pricing set on a forward pricing basis	Not required

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Hedge Fund	Level 2	Valued monthly using closing bid price where bid and offer prices are published or closing single price where single price published	NAV-based pricing set on a forward pricing basis	Not required
Pooled Property Funds and hedge funds where regular trading does not take place	Level 3	Valued by investment managers on a fair value basis each year using PRAG guidance	NAV-based pricing set on a forward pricing basis	Valuations are affected by any changes to the value of the financial instrument being hedged against
Other unquoted and private equities	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines 2018 and the IPEV Board's Special Valuation Guidance (March 2020)	EBITDA multiple Revenue multiple Discount for lack of marketability Control premium	Valuations could be affected by changes to expected cashflows or by differences between audited and unaudited accounts

Sensitivity of assets valued at level 3

The fund has determined that the valuation methods described above for level 3 investments are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31st March 2025 and 31st March 2024.

2024/2025	Potential variation in fair value %	Value at 31st March £000	Potential value on increase £000	Potential value on decrease £000
Other investments				
Pooled property investments	13.6%	90,795	103,130	78,460
Private equity and joint venture funds	25.4%	235,915	295,912	175,918
Infrastructure funds	9.7%	196,100	215,191	177,008
Timber and Agriculture	9.7%	7,342	8,057	6,627
Private Debt	11.8%	81,236	90,834	71,639
Impact/ Local	25.4%	164,671	206,549	122,793
		776,059	919,673	632,445

2023/2024	Potential variation in fair value	Value at 31st March	Potential value on increase	Potential value on decrease
	%	£000	£000	£000
Other investments				
Pooled property investments	14.8%	100,507	115,382	85,632
Private equity and joint venture funds	24.6%	222,848	277,669	168,028
Infrastructure funds	14.4%	141,502	161,879	121,126
Timber and Agriculture	14.4%	9,502	10,870	8,133
Private Debt	10.6%	61,305	67,804	54,807
Impact/ Local	24.6%	140,860	175,511	106,208
		676,524	809,115	543,934

Note 15A: Fair Value of Hierarchy

The following table shows the position of the Fund's assets at 31st March 2025 based on the Fair Value hierarchy:

Values at 31st March 2025	Quoted market price £000	Using observable inputs £000	Significant unobservable inputs £000	Total £000
Investment Assets				
Multi Asset Credit		334,256		334,256
Diversified growth funds		285,129		285,129
Liability Driven Investment		566,424		566,424
Hedge Fund of Funds		0		0
Sustainable equity		364,396		364,396
Other investments				
Pooled property investments		13,379	90,795	104,174
Private equity and joint venture funds			235,915	235,915
Infrastructure funds	7,630		196,100	203,730
Timber and Agriculture			7,342	7,342
Private Debt			81,236	81,236
Impact/Local			164,671	164,671
Investment cash deposits	44,718			44,718
Total investment assets	52,348	1,563,584	776,059	2,391,991
In house cash deposits	48,899			48,899
Total assets	101,247	1,563,584	776,059	2,440,890

Values at 31st March 2024	Quoted market price £000	Using observable inputs £000	Significant unobservable inputs £000	Total £000
Investment Assets				
Multi Asset Credit		251,529		251,529
Diversified growth funds		283,267		283,267
Liability Driven Investment		652,916		652,916
Hedge Fund of Funds		121,128		121,128
Sustainable equity		344,501		344,501
Emerging Market Equity		0		0
Other investments				
Pooled property investments		12,323	100,507	112,830
Private equity and joint venture funds			222,848	222,848
Infrastructure funds	8,031		141,502	149,533
Timber and Agriculture			9,502	9,502
Private Debt			61,305	61,305
Impact/Local			140,860	140,860
Investment cash deposits	87,968			87,968
Total investment assets	95,999	1,665,664	676,524	2,438,187
In house cash deposits	37,092			37,092
Total assets	133,091	1,665,664	676,524	2,475,279

Note 15B: Reconciliation of Fair Value Measurements Within Level 3

	Value at 31st March 2024 £000	Purchases £000	Sales £000	Unrealised gains and losses £000	Realised gains and losses £000	Value at 31st March 2025 £000
Other Investments						
Pooled property investments	100,507	3,683	(7,121)	(8,069)	1,795	90,795
Private equity and joint venture funds	222,848	32,921	(26,211)	(8,230)	14,587	235,915
Infrastructure funds	141,502	55,841	(14,209)	8,538	4,428	196,100
Timber and Agriculture	9,502	0	(1,631)	(1,171)	642	7,342
Private Debt	61,305	28,569	(11,078)	2,440	0	81,236
Impact/Local	140,860	35,824	(12,934)	(1,115)	2,036	164,671
	676,524	156,838	(73,184)	(7,607)	23,488	776,059

	Value at 31st March 2023	Purchases	Sales	Unrealised gains and losses	Realised gains and losses	Value at 31st March 2024
	£000	£000	£000	£000	£000	£000
Other Investments						
Pooled property investments	121,233	8,639	(9,884)	(20,412)	931	100,507
Private equity and joint venture funds	205,945	32,871	(29,193)	471	12,754	222,848
Infrastructure funds	121,603	30,441	(15,350)	2,874	1,934	141,502
Timber and Agriculture	12,074	0	(2,902)	(482)	812	9,502
Private Debt	61,769	8,873	(6,580)	(2,757)	0	61,305
Impact/Local	93,352	55,449	(11,448)	(1,441)	4,948	140,860
	615,976	136,273	(75,357)	(21,747)	21,379	676,524

Note 16: Classification Of Financial Instruments

2023/2024				2024/2025		
Fair Value through profit and loss £000	Financial Asset at Amortised Cost £000	Financial liabilities at amortised cost £000		Fair Value through profit and loss £000	Financial Asset at Amortised Cost £000	Financial liabilities at amortised cost £000
			Financial Assets			
			Pooled Funds			
251,529			Multi asset credit	334,256		
283,267			Diversified growth funds	285,129		
652,916			Liability Driven Investment	566,424		
121,128			Hedge Fund of Funds	0		
0			Global equity	0		
344,501			Sustainable equity	364,396		
			Other investments			
112,830			Pooled property investments	104,174		
222,848			Private equity and joint venture funds	235,915		
149,533			Infrastructure funds	203,730		
9,502			Timber and Agriculture	7,342		
61,305			Private Debt	81,236		
140,860			Impact/ Local	164,671		
87,968	37,092		Cash	44,718	48,899	
	0		Other investment balances		0	
1,378			Debtors	1,629		
2,439,565	37,092	0		2,393,620	48,899	0
			Financial liabilities			
		(1,237)	Creditors			(1,378)
2,439,565	37,092	(1,237)		2,393,620	48,899	(1,378)

The table above analyses the carrying amounts of financial instruments by category and net assets statement heading. No financial instruments were reclassified during the accounting period.

Note 17: Nature and Extent of Risks Arising from Financial Instruments

Procedures for Managing Risk

The Fund's primary long-term risk is that its assets will fall short of its liabilities (i.e. promised benefits payable to members). The aim of investment risk management is to minimise the risk of an overall reduction in the value of the fund and to maximise the opportunity for gains across the whole portfolio. The fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cashflows. The fund manages these investment risks as part of its overall pension fund risk management programme.

Responsibility for the fund's risk management strategy rests with the Clwyd Pension Fund Committee. Risk management policies are established to identify and analyse the risks faced by the pension fund's operations, then reviewed regularly to reflect changes in activity and market conditions.

Market Risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix. The objective of the fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, while optimising investment return.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the pension fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis, and manage any identified risk in two ways:

- The exposure of the fund to market risk is monitored through a factor risk analysis, to ensure that risk remains within tolerable levels.
- Specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments.

Equity futures contracts and exchange traded option contracts on individual securities may also be used to manage market risk on equity investments. It is possible for over-the-counter equity derivative contracts to be used in exceptional circumstances to manage specific aspects of market risk.

Other Price Risk

Other price risk represents the risk that the value of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The fund is exposed to share and derivative price risk. The fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored to ensure it is within limits specified in the fund investment strategy.

Other Price Risk: Sensitivity Analysis

In consultation with its investment advisors, the fund has determined that the following movements in market price risk are reasonably possible for 2024/2025, assuming that all other variables, in particular foreign exchange rates and interest rates, remain the same.

Other Price Risk				
Assets exposed to price risk	Value	3 year volatility range	Value on increase	Value on decrease
	£000s	%	£000s	£000s
As at 31st March 2024	2,438,187	8.71%	2,650,464	2,225,911
As at 31st March 2025	2,391,991	8.99%	2,607,093	2,176,889

Interest Rate Risk

The fund recognises that interest rates can vary and can affect both income to the fund and the carrying value of fund assets, both of which affect the value of the net assets available to pay benefits. A 100 basis point (BPS) movement in interest rates is consistent with the level of sensitivity applied as part of the fund's risk management strategy. The Fund's investment advisor has advised that long-term average rates are expected to move less than 100 basis points (1%) from one year to the next and experience suggests that such movements are likely.

Over the 12 months to 31st March 2025, long dated fixed interest gilt yields rose 0.8%.

Interest Rate Risk: Sensitivity analysis

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 1% change in interest rates. The analysis demonstrates that a 1% increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value, and vice versa. Changes in interest rates do not impact on the value of cash and cash equivalent balances but they will affect the interest income received on those balances.

Interest rate risk is the risk that the fair value of the Fund's assets will be affected by changes in interest rates. The amount by which the fair value of the Fund's assets is affected by interest rates is not only determined by the size of the movement in interest rates but also by the duration of the assets. Duration is the measure of the how sensitive an asset is to changes in interest rates, therefore the higher the duration the greater the change in the fair value of assets when interest rates move. An example of the relationship between interest rates and duration is as follows: if interest rates increase by 1% and asset who has a duration of 2, would experience a 2% decrease ($1\% \times 2$) in the fair value of its asset.

Interest Rate Risk			
Assets exposed to interest rate risk	Value £000s	Value on 1% increase £000s	Value on 1% decrease £000s
As at 31st March 2024	1,029,505	928,474	1,154,537
As at 31st March 2025	945,398	858,825	1,048,970

Currency Risk

Currency risk represents the risk that future cash flows will fluctuate because of changes in foreign exchange rates. The fund is exposed to currency risk on any cash balances and investment assets not denominated in UK sterling. Following analysis of historical data in consultation with the fund investment advisors, the fund considers the likely volatility associated with foreign exchange rate movements to be not more than 15%. A 15% strengthening/weakening of the pound against the various currencies in which the fund holds investments would increase/decrease the net assets available to pay benefits as follows.

Currency risk: Sensitivity analysis

Currency Risk				
Assets exposed to currency risk	Value £000s	% change %	Value on increase £000s	Value on decrease £000s
As at 31st March 2024	886,977	15.0%	1,020,023	753,930
As at 31st March 2025	928,985	15.0%	1,068,333	789,637

The table above shows the unhedged FX exposures within the portfolio, note the Fund has FX exposures elsewhere within the portfolio but these are hedged back to sterling to remove the FX risk.

Credit Risk

Credit risk represents the risk that the counterparty to a financial transaction will fail to discharge an obligation and cause the fund to incur a financial loss. Assets potentially affected by this risk are investment assets, cash deposits and third-party loans. The selection of high-quality counterparties, brokers and financial institutions minimises credit risk and the market values of investments generally reflect an assessment of credit risk.

Credit risk may also occur if an employing body not supported by central government does not pay contributions promptly, or defaults on its obligations. The pension fund has not experienced any actual defaults in recent years. All contributions due at 31st March 2025 were received in the first months of the financial year.

Liquidity Risk

Liquidity risk is the risk that the fund will not be able to meet its financial obligations as they fall due. The Committee monitors cashflows regularly during the year, and as part of the triennial funding review, and takes steps to ensure that there are adequate cash resources to meet its commitments.

The Fund has immediate access to its cash holdings. The Fund defines liquid assets as assets that can be converted to cash within three months, subject to normal market conditions. As at 31st March 2025, liquid assets were £1,616m representing 68% of total fund assets (£1,798m at 31st March 2024 representing 73% of the Fund at that date). The majority of these investments can in fact be liquidated within a matter of days.

Refinancing risk

The key risk is that the pension fund will need to replenish a significant proportion of its financial instruments at a time of unfavourable interest rates. The pension fund does not have any financial instruments that have a refinancing risk as part of its investment strategy.

Note 18: Actuarial Present Value of Promised Retirement Benefits

In addition to the triennial funding valuation, the fund's actuary undertakes a valuation of the pension fund liabilities, on an IAS 19 basis, every year using the same base data as the funding valuation rolled forward to the current financial year but taking account of changes in membership numbers and updating assumptions to the current year. The valuation is not carried out on the same basis as that used for setting fund contributions and the fund accounts do not take account of liabilities to pay pensions and other benefits in the future. In order to assess the value of the benefits on this basis, the actuary has updated the actuarial assumptions (set out below) from those used for funding purposes. The actuarial present value of promised retirement benefits shown below relate to vested benefits only.

2023/2024 £m		2024/2025 £m
2,441	Present value of promised retirement benefits	2,186
(2,475)	Fair value of scheme assets	(2,441)
(34)	Total	(255)

As noted above, the liabilities above are calculated on an IAS 19 basis and therefore will differ from the results of the 2022 triennial funding valuation) because IAS 19 stipulates a discount rate rather than a rate which reflects market rates. Other key assumptions used are:

2023/2024 Restated %		2024/2025 %
2.70	Inflation	2.60
2.80	*Pension increase rate	2.70
3.95	Salary increase rate	3.85
4.90	Discount rate	5.80

*This figure wasn't disclosed in 2023/2024 accounts.

Note 19: Current Assets

2023/2024 £000		2024/2025 £000
448	Long-term debtors	633
	Short-term debtors	
1,752	Contributions due: Employees	1,823
6,240	Contributions due: Employers	5,579
506	Prepayments	547
397	Interest Due	162
27	Sundry debtors	287
8,922	Total Short-term debtors	8,398
9,370	Total Debtors	9,031
37,092	Cash balances	48,899
46,462	Total Current Assets	57,930

Note 20: Current Liabilities

2023/2024 £000		2024/2025 £000
(906)	Contributions received in advance	(293)
(1,786)	Benefits payable	(2,354)
(12)	Administering authority	(8)
(11)	HMRC	(16)
(1,214)	Sundry creditors	(1,355)
(3,929)	Total	(4,026)

Note 21: Additional Voluntary Contributions (AVCs)

Clwyd Pension Fund has engaged two additional voluntary contribution (AVC) providers: Prudential Assurance Company Ltd and Utmost Life and Pensions Limited. The value of the funds invested with both AVC providers are shown below.

In accordance with Regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, the contributions paid and the assets of these investments are not included in the Fund's Accounts.

2023/2024 £000		2024/2025 £000
1,356	Contributions in the year	2,002
Value of AVC funds at 31st March:		
7,104	Prudential	8,291
279	Utmost (formerly Equitable Life)	229
7,383	Total	8,520

Note 22: Agency Services

Clwyd Pension Fund pays discretionary awards to former employees of the current unitary authorities, Coleg Cambria and some other employers. Amounts paid are fully reclaimed from the employer bodies.

2023/2024 £000		2024/2025 £000
438	Conwy County Borough Council	427
1,568	Denbighshire County Council	1,567
2,960	Flintshire County Council	2,985
17	Powys County Council	17
1,960	Wrexham County Borough Council	1,967
50	Coleg Cambria	49
55	Other employers	39
7,048	Total	7,051

Note 23: Related Party Transactions

Governance

Under legislation, introduced in 2004, Councillors are entitled to join the Pension Scheme. As at 31st March 2025, three Members of the Clwyd Pension Fund Committee had taken this option, with none being in receipt of a pension.

Two of the four Co-opted Members of the Pension Fund Committee are eligible to receive fees in relation to their specific responsibilities as members of the Committee in the form of an attendance allowance that is in line with that adopted by Flintshire County Council. Allowances amounted to £4,935 in 2024/2025 (£4,725 for 2023/2024).

Flintshire County Council

During the year Flintshire County Council incurred costs of £2.6m (£2.5m in 2023/2024) in relation to the administration of the Fund and was subsequently reimbursed by the Fund for these expenses. The costs have been included within Oversight & Governance costs and administration expenses at Note 11.

Key Management Personnel

The key management personnel of the Fund during 2024/2025 were the Chair of the Pension Fund Committee, the Head of the Clwyd Pension Fund and the Flintshire S.151 officer. Total benefits attributable to key management personnel are set out below:

2023/2024 £000		2024/2025 £000
80	Short-term benefits	82
101	Post-employment benefits	(58)
181		24

Note 24: Contingent Liabilities and Contractual Commitments

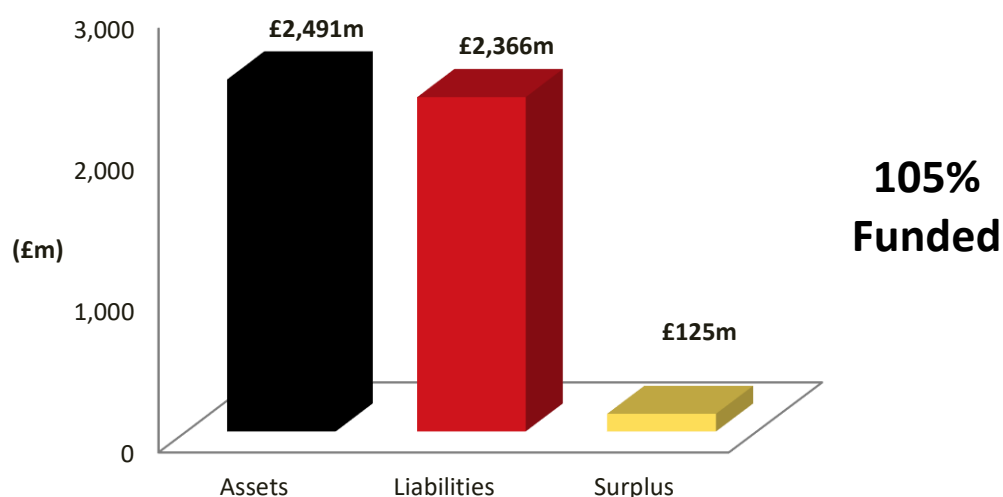
Outstanding capital commitments (investments) at 31st March 2025 were £421m (31st March 2024: £439m). These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the impact, private debt, private equity, property and infrastructure parts of the portfolio. The amounts 'called' by these funds are irregular in both size and timing and will depend on the investment period of each individual Fund.

Note 25: Clwyd Pension Fund Accounts For The Year Ended 31st March 2025 (Statement By The Consulting Actuary)

This statement has been provided to meet the requirements under Regulation 57(1)(d) of The Local Government Pension Scheme Regulations 2013.

An actuarial valuation of the Clwyd Pension Fund was carried out as at 31st March 2022 to determine the contribution rates with effect from 1st April 2023 to 31st March 2026.

On the basis of the assumptions adopted, the Fund's assets of £2,491 million represented 105% of the Fund's past service liabilities of £2,366 million (the "Solvency Funding Target") at the valuation date. The surplus at the valuation was therefore £125 million.



The valuation also showed that a Primary contribution rate of 18.8% of pensionable pay per annum was required from employers. The Primary rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

The funding objective as set out in the FSS is to achieve and maintain a solvency funding level of 100% of liabilities (the solvency funding target). In line with the FSS, where a shortfall exists at the effective date of the valuation a deficit recovery plan will be put in place which requires additional contributions to correct the shortfall. Equally, where there is a surplus it may be appropriate to offset this against contributions for future service, in which case contribution reductions will be put in place to allow for this.

The FSS sets out the process for determining the recovery plan in respect of each employer. At the last actuarial valuation the average recovery period adopted was 12 years. The total recovery payment (the "Secondary rate" for 2023/2026) was, on average, a surplus offset of approximately £10.0m per annum (which allows for the contribution plans which have been set for individual employers under the provisions of the FSS), although this varies year on year.

Further details regarding the results of the valuation are contained in the formal report on the actuarial valuation dated March 2023.

In practice, each individual employer's position is assessed separately and the contributions required are set out in the report. In addition to the certified contribution rates, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

The funding plan adopted in assessing the contributions for each individual employer is in accordance with the Funding Strategy Statement (FSS). Any different approaches adopted, e.g. with regard to the implementation of contribution increases and deficit recovery periods, are as determined through the FSS consultation process.

The valuation was carried out using the projected unit actuarial method and the main actuarial assumptions used for assessing the Solvency Funding Target and the Primary rate of contribution were as follows:

	For past service liabilities (Solvency Funding Target)	For future service liabilities (Primary rate of contribution)
Rate of return on investments (discount rate)	4.60% per annum	5.10% per annum
Rate of pay increases (long term)*	4.35% per annum	4.35% per annum
Rate of increases in pensions in payment (in excess of GMP)	3.10% per annum	3.10% per annum

* for some employers allowance was also made for short-term public sector pay restraint over a 3 year period.

The assets were assessed at market value.

The next triennial actuarial valuation of the Fund is due as at 31st March 2025. Based on the results of this valuation, the contribution rates payable by the individual employers will be revised with effect from 1st April 2026.

Actuarial Present Value of Promised Retirement Benefits for the Purposes of IAS 26

IAS 26 requires the present value of the Fund's promised retirement benefits to be disclosed, and for this purpose the actuarial assumptions and methodology used should be based on IAS 19 rather than the assumptions and methodology used for funding purposes. The assumptions adopted are shown in Appendix B.

The movement in the value of the Fund's promised retirement benefits for IAS 26 is as follows:

Start of period liabilities	£2,441m
Interest on liabilities	£117m
Net benefits accrued/paid over the period*	(£24m)
Actuarial (gains)/losses (see below)	(£348m)
End of period liabilities	£2,186m

*this includes any increase in liabilities arising as a result of early retirements

Key factors leading to **actuarial** gains above are:

- **Change in financial assumptions:** Corporate bond yields increased over the year, with a corresponding increase in discount rate from 4.9% p.a. to 5.8% p.a. The long-term assumed CPI is slightly lower at the end of year than it was at the start of year. In combination, these factors lead to a significant reduction in liabilities.
- **Change in demographic assumptions:** As noted in appendix B, the mortality assumptions have been updated to reflect the latest mortality tables and future life expectancy improvement model. This acts to slightly reduce the liabilities.
- **Pension increases / inflation experience:** The figures allow for the impact of actual CPI experienced over the year compared to the start of period assumption (experience to September 2024 fed into the April 2025 pension increase of 1.7%, and actual inflation from that point will feed into the 2026 increase). As inflation over the year was a little lower than the long-term assumption, this slightly decreases the liabilities.

Michelle Doman
Fellow of the Institute and
Faculty of Actuaries

Clive Lewis
Fellow of the Institute and
Faculty of Actuaries

Mercer Limited
July 2025

Appendix A: additional considerations

The “McCloud judgment”: The figures above allow for the impact of the judgment based on the proposed remedy.

GMP indexation: The above figures allow for the provision of full CPI pension increases on GMP benefits for members who reach State Pension Age after 6th April 2016.

Market volatility and tariffs: There was significant volatility in markets shortly after the accounting date, in part due to the announcements on tariffs coming from the USA. The period-end figures reflect market conditions as at the accounting date, but do not allow for any subsequent experience.

Virgin Media Court Case: Our current understanding is that, while HM Treasury are still assessing the implications, they do not believe the case is relevant to public service pension schemes. Given this, and the unknown impact on benefits even if it were to be required, we have not made any allowance for the Virgin Media judgment.

Appendix B: financial and demographic assumptions

To assess the liability value of the benefits, we have used the following assumptions as at 31st March 2025 (the 31st March 2024 assumptions are included for comparison):

Financial assumptions

	31st March 2024	31st March 2025
Rate of return on investments (discount rate)	4.90% per annum	5.80% per annum
Rate of CPI Inflation / CARE benefit revaluation	2.70% per annum	2.60% per annum
Rate of pay increases*	3.95% per annum	3.85% per annum
Increases on pensions (in excess of GMP) / Deferred revaluation	2.80% per annum	2.70% per annum

* This is the long-term assumption. An allowance in line with that made at the 2022 actuarial valuation for short-term public sector pay restraint was also included.

Post retirement mortality (normal health)

	31st March 2024 (M/F)	31st March 2025 (M/F)
Base mortality table	SAPS 3 / SAPS 3 middle	SAPS 4 / SAPS 4 middle
Future improvements	CMI 22 1.5%	CMI 23 1.5%
Additional parameters	S=7, A=0 W20=W21=0%, W22=25%	S=7, A=0 W20=W21=0%, W22=W23=15%
<i>Non-retired members (current age 45):</i>		
Weightings	112% / 101%	110% / 101%
Life expectancies at age 65	22.4 / 25.3	22.4 / 25.4
<i>Retired members (current age 65):</i>		
Weightings	109% / 101%	106% / 101%
Life expectancies at age 65	21.0 / 23.5	21.1 / 23.6

The base tables are set based on the most recent mortality analysis for the Fund (undertaken as part of the 2022 actuarial valuation). The future improvements allow for a best estimate long-term improvement rate of 1.5%, and have been updated to allow for the latest base tables available (the “S4” series of tables and CMI 2023 at the end of period), with a reweighting to maintain consistency with the underlying mortality analysis.

Other demographic assumptions

The other demographic assumptions are the same as those used for 2022 actuarial funding valuation; full details are set out in the formal report on the actuarial valuation dated March 2023.

Statement of Responsibilities for the Statements of Accounts

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, this is the Corporate Finance Manager as Chief Finance Officer;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the statement of accounts.

Cllr Christopher Bithell
Chair of the Clwyd Pension Fund Committee
26th November 2025

The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Council's statement of accounts in accordance with the proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ("the Code").

In preparing this statement of accounts, the Chief Finance Officer has:

- selected suitable accounting policies and then applied them consistently
- made judgments and estimates that were reasonable and prudent
- complied with the Code

The Chief Finance Officer has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities

The statement of accounts presents a true and fair view of the financial position of the Council at 31st March 2025, and its income and expenditure for the year then ended.

Gary Ferguson CPFA
Corporate Finance Manager (Chief Finance Officer)
26th November 2025

Audit Report

The report of the Auditor General for Wales to the members of Flintshire County Council as administering Authority of the Clwyd Pension Fund

Opinion on financial statements

I have audited the financial statements of Clwyd Pension Fund for the year ended 31st March 2025 under the Public Audit (Wales) Act 2004.

Clwyd Pension Fund's financial statements comprise the fund account, the net assets statement and the related notes, including the material accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2024-2025.

In my opinion, in all material respects, the financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31st March 2025, and of the amount and disposition at that date of its assets and liabilities;
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2024-2025.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of financial statements and regularity of public sector bodies in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report.

My staff and I are independent of the pension fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the pension fund's ability to continue to adopt the going concern basis of accounting for

a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and my auditor's report thereon.

The Responsible Financial Officer is responsible for the other information contained within the Annual Report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Clwyd Pension Fund and its environment obtained in the course of the audit, I have not identified material misstatements in the Annual Report.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- I have not received all the information and explanations I require for my audit;
- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team; or
- the financial statements are not in agreement with the accounting records and returns.

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the financial statements, the responsible financial officer is responsible for:

- the preparation of the financial statements, which give a true and fair view;
- maintaining proper accounting records;
- internal controls as the responsible financial officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- assessing Clwyd Pension Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by Clwyd Pension Fund will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with the Public Audit (Wales) Act 2004.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, the Head of Internal Audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Clwyd Pension Fund's policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in management override of controls;
- Obtaining an understanding of Clwyd Pension Fund's framework of authority as well as other legal and regulatory frameworks that Clwyd Pension Fund operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Clwyd Pension Fund; and
- Obtaining an understanding of related party relationships.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Pension Fund Committee and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the administering authority; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of Clwyd Pension Fund's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other auditor's responsibilities

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of Clwyd Pension Fund in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Adrian Crompton
Auditor General for Wales
28th November 2025

1 Capital Quarter
Tyndall Street
Cardiff, CF10 4BZ

The maintenance and integrity of the Clwyd Pension Fund / Flintshire County Council's websites are the responsibility of the Accounting Officer; the work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Section 5: Investments and Funding

Within this section there are references to the Fund's Investment Strategy Statement (ISS) and Funding Strategy Statement (FSS). Links to both can be found in Section 7.

Appendix 3: Investment Policy and Performance Report

The following report provides an update from an investment perspective on the activities of the Clwyd Pension Fund (the "Fund") during 2024/2025.

Investment Strategy Statement (ISS)

When considering the Fund's investments, it is appropriate to start with the overall investment objectives, which are set out in the ISS. The ISS is appended to this report and sets out the funding and investment objectives for the Fund. The specific investment objectives are:

- Achieve and maintain assets equal to 100% of liabilities within a 12 year average timeframe, whilst remaining within reasonable risk parameters;
- Determine employer contribution requirements, whilst recognising the constraints on affordability and strength of employer covenants, with the aim being to maintain as predictable an employer contribution requirement as possible;
- Recognising the constraints on affordability for employers, aim for sufficient excess investment returns relative to the growth of liabilities;
- Strike an appropriate balance between long-term consistent investment performance and the funding objectives;
- Manage employers' liabilities effectively through the adoption of employer specific funding objectives;
- Ensure net cash outgoings can be met as and when required;
- Minimise unrecoverable debt on employer termination;
- Ensure that its future strategy, investment management actions, governance and reporting procedures take full account of longer-term risks and sustainability;
- Ensure that the Fund's investments are aligned with the transition to a low carbon economy through a commitment to achieving a net zero carbon dioxide emission's target by 2045;
- Promote acceptance of sustainability principles and work together with others to enhance the Fund's effectiveness in implementing these.
- Aim to use the Wales Pensions Partnership as the first choice for investing the Fund's assets subject to it being able to meet the requirements of the Fund's investment strategy and objectives (including sustainability requirements), within acceptable long-term costs to deliver the expected benefits and subject to ongoing confidence in the governance of the WPP.

Each of these specific objectives have embedded within them the Fund's desire to incorporate sustainability in its long-term approach and to demonstrate that it is acting effectively as a responsible investor.

The Fund's ISS was updated following a review of the investment strategy in 2024 in light of market conditions and liquidity requirements and was approved by the Committee at the March 2024 meeting.

The Fund's details its investment arrangements and is fully compliant with statutory guidance.

Investment Strategy

The Fund's strategic asset allocation is shown in the table below:

Strategic Asset Class	Strategic Allocation (%)	Strategic Range (%)	Conditional Range (%)
Developed Global Equity	15.0	10.0 – 20.0	0 – 30
TAA	11.0	9.0 – 13.0	0 – 20
Multi-Asset Credit	12.0	10.0 – 14.0	0 – 20
Risk Management Framework	28.0	10.0 – 35.0	0 – 40
Cash	5.0	2.5 – 7.5	0 – 10
Private Markets			
Property	4.0	2.0 – 6.0	0 – 8
Private Equity	8.0	6.0 – 10.0	0 – 15
Local / Impact	8.0	6.0 – 10.0	0 – 15
Infrastructure	6.0	4.0 – 8.0	0 – 15
Private Debt	3.0	1.0 – 5.0	0 – 6

The Fund's Investment Strategy is highly diversified and incorporates a Risk Management Framework. The aim of the Fund's strategy remains to reduce the volatility of returns, in line with the objective of stabilising employer contribution rates. The Risk Management Framework is a key feature of the Fund's Investment Strategy and looks to manage a number of the key risks. This portfolio is explained in more detail in the Risk Management section of the Actuary's report.

Strategic Allocation vs Actual Allocations

Manager	Mandate	Actual 31/03/2024 (%)	Actual 31/03/2025 (%)	Strategic Allocation 2024/2025 (%)
Developed Global Equity				15.0
WPP	Sustainable Equity	13.9	15.0	15.0
Hedge Funds				
ManFRM	Hedge Funds	4.9	0.0	0.0
TAA				11.0
Various	Tactical Asset Allocation	11.4	11.7	11.0
Multi-Asset Credit				12.0
WPP	Multi-Asset Credit	10.2	13.7	12.0
Risk Management Framework				28.0
Insight	RMF	26.4	23.3	28.0
Strategic Cash and Liquidity				5.0
Insight	Strategic Cash and Liquidity	3.6	1.7	5.0
In-House	Trustee Bank Account	1.5	2.1	
Private Markets				29.0
Various	Property	4.6	4.3	4.0
Various	Private Equity	8.9	9.7	8.0
Various	Local/Impact	5.8	6.7	8.0
Various	Infrastructure	6.0	8.1	6.0
Various	Private Debt	2.5	3.3	3.0
Various	Timber/Agriculture	0.4	0.3	0.0

Note: Total may not sum due to rounding.

The table above reflects the strategic allocation as agreed in March 2024.

During the 2024/2025 period, the Fund undertook several strategic rebalancing trades, in Q2 2024, £50m was disinvested from the RMF and £37m was disinvested from the Man Group Hedge Fund mandate, with the proceeds used to fund cashflow requirements and rebalance the WPP Sustainable Equity mandate. In Q3 2024, the remaining funds held in the Man Group Hedge Fund mandate were disinvested in full with the proceeds invested into to the WPP Multi-Asset Credit mandate. Further disinvestments were made in Q3 2024 and Q4 2024 from the Insight Liquidity Fund to support cashflow requirements.

Market Background: 12 Months to 31st March 2025

Over the 12 month period to 31st March 2025, Sterling appreciated 2.2% against the US Dollar from \$1.263 to \$1.291. Sterling also appreciated 1% against the Yen from ¥191.19 to ¥193.02. Sterling appreciated 2.2% against the Euro, from €1.17 to €1.195 over the year.

On a year-on-year basis to 31st March 2025, sterling returns on developed market (DM) equities were positive at 4.8%. Emerging market (EM) equities also had positive returns at 10.1% and outperformed global equities. Q2 and Q3 2024 were positive quarters for equity markets. Overall, the positive momentum started to fade over February 2025 owing to uncertainty around policies under Trump's presidency. Tariff threats, economic weakness added worries around the global economic outlook.

On a year-on-year basis to 31st March 2025, UK government bond registered negative returns of 1.2%, while returns for UK corporate bonds were up 2.4%, after rising 6.2% in the same period a year ago. Inflation-linked bonds underperformed over the year, registering negative returns of 8.0%. UK real yields rose over the 12 month period. 10 year real yields jumped 0.98% to 1.27% during the period, levels last seen in 2009. Market based measures of inflation, as measured by the 10 year break-even inflation rate, fell 0.26% over the 12 month period, reaching 3.39% as of end March 2025.

Both investment grade and high yield credit spreads tightened over the 12 month period to 31st March 2025, with lower rated investment grade credit tightened more than for higher rated credit.

Investment Performance 2024/2025

The market value of the Fund has increased from approximately £1,392.4m in March 2015 to £2,431.8m in March 2025.

The table below shows a summary of the annualised investment performance over the last 10 years compared with the Fund's benchmark and local government pension funds.

Period (Years)	Clwyd Pension Fund (% p.a.)	Clwyd Benchmark (% p.a.)	Average Local Authority (% p.a.)
1	+0.1	+4.4	+3.4
3	+0.9	+3.8	+3.6
5	+7.6	+7.8	+8.3
10	+6.1	+6.6	+6.7

Source: Mercer, PIRC.

The Fund posted a positive investment return of +0.1% for the 12 months to 31st March 2025, against a composite benchmark of +4.4%. Whilst underperforming the benchmark is of course not the desired outcome, this is expected to happen from time to time. Officers and the Committee have reviewed in detail how the portfolio performed, and the background to the performance is clearly understood.

The bigger picture that should be focused on is the overall funding position and financial status of the Fund, which is covered in more detail in the Actuary's report section. Overall, the funding position was estimated to be 107% as at 31st March 2025 (the date of the accounts) based on an update from the 2022 actuarial valuation, which showed a funding level of 105% at 31st March 2022. This was ahead of expectations by c. 4% taking into account that employers are using some of the surplus via reduced contributions.

It is also important to consider performance in context of a longer-term horizon. Over five years to the 31st March 2025, the Fund achieved a return of +7.6% p.a., compared with a benchmark of +7.8% p.a. Whilst over the last ten years the Fund has produced annualised returns of 6.1% p.a. net of all fees, well in excess of the discount rate and inflation over that period. This long-term performance has helped the Fund to be in the strong overall financial position that it finds itself in today.

Performance and Historic Strategy Positioning

The first table below demonstrates the performance of the existing underlying funds against their respective targets over the 10 year period to 31st March 2025.

The second table below documents the changes in the Fund's Investment Strategy since 2001. As can be seen the asset allocation is very different from that of the average local government pension fund. The Fund has been particularly active and very early in its commitments to alternative assets through a broad range of specialist managers.

Performance to 31st March 2025

Fund	Investment Manager	Q1 2025 (%)	B'mark (%)	1 Yr (%)	B'mark (%)	3 Yr (%)	B'mark (%)	5 Yr (%)	B'mark (%)	10 Yr (%)	B'mark (%)
Total		-1.5 ▼	-0.2	0.1 ▼	4.4	0.9 ▼	3.8	7.6 ▼	7.8	6.1 ▼	6.6
Total Equity		-4.8 ▼	-3.8	0.2 ▼	7.0	3.0 ▼	7.4	9.7 ▼	13.0	7.1 ▼	9.8
WPP Sustainable Equity	Russell	-4.8 ▼	-3.8	0.2 ▼	7.0	-	-	-	-	-	-
Total Credit		1.5 ▼	2.1	7.1 ▼	9.2	3.1 ▼	8.3	5.3 ▼	6.2	2.3 ▼	4.0
WPP Multi-Asset Credit	Russell	1.5 ▼	2.1	7.1 ▼	9.2	3.1 ▼	8.3	-	-	-	-
Total Tactical Allocation		-2.0 ▼	1.4	0.7 ▼	5.9	1.7 ▼	6.0	9.0 ▲	6.5	5.5 ▼	5.6
TAA	Various	-2.0 ▼	1.4	0.7 ▼	5.9	1.7 ▼	6.0	9.0 ▲	6.4	7.0 ▲	5.6
Total Private Markets		-0.2 ▼	2.3	1.5 ▼	9.7	4.4 ▼	7.4	8.5 ▲	6.9	9.8 ▲	6.4
Private Markets	Various	-0.2 ▼	2.3	1.2 ▼	9.7	4.3 ▼	7.4	8.4 ▲	6.9	9.8 ▲	6.4
WPP Private Markets	Various	0.0 ▼	2.2	5.8 ▼	9.6	-	-	-	-	-	-
Property	Various	-2.5 ▼	2.0	-4.9 ▼	8.5	-9.4 ▼	-2.4	-2.6 ▼	3.4	2.3 ▼	4.9
Local / Impact	Various	-0.2 ▼	2.4	-1.6 ▼	10.3	8.8 ▼	9.3	-	-	-	-
Timber/ Agriculture	Various	-4.3 ▼	2.4	-8.3 ▼	10.3	6.1 ▼	9.3	4.4 ▼	7.6	3.7 ▼	6.6
Total Private Equity		0.6 ▼	2.4	2.9 ▼	10.3	7.2 ▼	9.3	13.2 ▲	7.6	13.1 ▲	6.6
Private Equity	Various	0.6 ▼	2.4	2.2 ▼	10.3	7.0 ▼	9.3	13.1 ▲	7.6	13.1 ▲	6.6
WPP Private Equity	Various	0.0 ▼	2.4	12.2 ▲	10.3	-	-	-	-	-	-
Total Private Debt		0.1 ▼	1.8	3.7 ▼	7.5	7.4 ▼	7.5	7.0 ▼	7.5	-	-
Private Debt	Various	0.1 ▼	1.8	4.3 ▼	7.5	7.6 ▲	7.5	7.1 ▼	7.5	-	-
WPP Private Debt	Various	0.0 ▼	1.8	2.2 ▼	7.5	-	-	-	-	-	-
Total Infrastructure		0.1 ▼	2.4	6.1 ▼	10.3	10.5 ▲	9.3	9.7 ▲	7.6	11.5 ▲	6.6
Infrastructure	Various	0.2 ▼	2.4	7.0 ▼	10.3	10.7 ▲	9.3	9.9 ▲	7.6	11.6 ▲	6.6

Fund	Investment Manager	Q1 2025 (%)	B'mark (%)	1 Yr (%)	B'mark (%)	3 Yr (%)	B'mark (%)	5 Yr (%)	B'mark (%)	10 Yr (%)	B'mark (%)
WPP Infrastructure	Various	0.0 ▼	2.4	0.4 ▼	10.3	-	-	-	-	-	-
Total RMF		-3.0	-3.0	-5.8	-5.8	-9.9	-9.9	5.6	5.6	6.1	6.1
Risk Management Framework	Insight	-3.0	-3.0	-5.8	-5.8	-9.9	-9.9	5.6	5.6	6.1	6.1
Total Strategic Cash and Liquidity		1.2 ▲	1.1	5.2 ▲	5.1	4.2 ▲	4.1	2.5	2.5	1.6 ▲	1.4
Strategic Cash and Liquidity	Insight	1.2 ▲	1.1	5.2 ▲	5.1	-	-	-	-	-	-

Source: Investment Managers.

Note: Figures shown are net of fees and based on performance provided by the Investment Managers, Mercer estimates and Refinitiv. For periods over one year, the figures in the table above have been annualised. Total, Total Equity, Total Tactical Allocation, TAA & Total Credit includes performance of terminated mandates. Prior to 30th November 2020, performance for all portfolios and sub-totals/total was estimated based on MWRR approach. Hedge funds, TAA and private markets portfolios performance has been estimated by Mercer. At the period end, the strategic cash and liquidity positions had only just been funded and so no meaningful performance data is available.

Supplementary Information Table: Performance Benchmark

Fund	Investment Manager	Performance Benchmark
Total		-
Total Equity		Composite Weighted Index
WPP Sustainable Equity	Russell	MSCI AC World (NDR) Index +2.0% p.a.
Total Credit		Composite Weighted Index
WPP Multi-Asset Credit	Russell	SONIA +4.0% p.a.
Total Tactical Allocation		Composite Weighted Index
TAA	Various	UK Consumer Price Index +2.5% p.a. ¹
Total Private Markets		Composite Weighted Index
Private Markets	Various	Composite Weighted Index

Fund	Investment Manager	Performance Benchmark
WPP Private Markets	Various	Composite Weighted Index
Property	Various	SONIA +5.0% p.a.
Local / Impact	Various	SONIA +5.0% p.a.
Timber/ Agriculture	Various	SONIA +5.0% p.a.
Total Private Equity		Composite Weighted Index
Private Equity	Various	SONIA +5.0% p.a.
WPP Private Equity	Various	SONIA +5.0% p.a.
Total Private Debt		Composite Weighted Index
Private Debt	Various	Absolute Return +7.5% p.a.
WPP Private Debt	Various	Absolute Return +7.5% p.a.
Total Infrastructure		Composite Weighted Index
Infrastructure	Various	SONIA +5.0% p.a.
WPP Infrastructure	Various	SONIA +5.0% p.a.
Total RMF		Composite Liabilities & Synthetic Equity
Risk Management Framework	Insight	Composite Liabilities & Synthetic Equity
Total Strategic Cash and Liquidity		SONIA
Strategic Cash and Liquidity	Insight	SONIA

Note: Performance benchmark for WPP Sustainable Active Equity portfolio includes an outperformance target.

¹UK Consumer Price Index +2.5% p.a. based on the 20 year breakeven inflation spot rate.

Historic Strategy Positioning

Asset Class	2001 (%)	2004 (%)	2007 (%)	2011 (%)	2015 (%)	2017 (%)	2020 (%)	2023 (%)	2024 (%)	LGPS Average (%)
Equities										
Global Unconstrained	-	-	5.0	5.0	8.0	4.0	5.0	-	-	-
Global Developed (Smart Beta)	-	-	-	-	-	4.0	-	-	-	-
Global Developed (ESG)	-	-	-	-	-	-	5.0	15.0	15.0	-
Global High Alpha / Absolute	-	-	-	5.0	-	-	-	-	-	-
UK Active (Traditional)	35.0	29.0	15.0	-	-	-	-	-	-	-
UK Active (Portable Alpha)	10.0	10.0	12.0	-	-	-	-	-	-	-
US Active	7.0	8.0	5.0	-	-	-	-	-	-	-
Europe (ex UK) Active	11.0	9.0	6.0	-	-	-	-	-	-	-
Japan Active	4.0	4.0	4.0	-	-	-	-	-	-	-
Far East (ex UK) Active	2.5	3.0	4.0	7.0	-	-	-	-	-	-
Emerging Markets Active	2.5	3.0	4.0	7.0	6.5	6.0	10.0	5.0	-	-
Frontier Markets Active	-	-	-	-	2.5	-	-	-	-	-
Developed Passive	-	-	-	19.0	-	-	-	-	-	-
	72.0	66.0	55.0	43.0	17.0	14.0	20.0	20.0	15.0	48.9
Fixed Interest										
Traditional Bonds	10.0	9.5	-	-	-	-	-	-	-	-
High Yield/ Emerging	1.5	2.0	-	-	-	-	-	-	-	-
Unconstrained	-	-	13.0	15.0	15.0	12.0	12.0	12.0	12.0	-
Private Debt (illiquid)	-	-	-	-	-	3.0	3.0	3.0	3.0	-

Asset Class	2001 (%)	2004 (%)	2007 (%)	2011 (%)	2015 (%)	2017 (%)	2020 (%)	2023 (%)	2024 (%)	LGPS Average (%)
Cash/ Other	2.5	0.5	-	-	-	-	-	-	5.0	-
	14.0	12.0	13.0	15.0	15.0	15.0	15.0	15.0	20.0	20.9
Risk Management Framework	-	-	-	-	19.0	19.0	23.0	23.0	28.0	-
Alternatives Investments										
Property	5.0	7.0	6.5	7.0	7.0	4.0	4.0	4.0	4.0	-
Infrastructure	0.5	5.0	1.5	2.0	2.0	6.0	8.0	8.0	6.0	-
Timber/ Alternatives	-	-	1.5	2.0	2.0	2.0	-	-	-	-
Commodities	-	-	2.0	4.0	-	-	-	-	-	-
Private Equity & Opportunistic	4.5	4.5	6.5	10.0	10.0	10.0	8.0	8.0	8.0	-
Local/ Impact	-	-	-	-	-	-	4.0	6.0	8.0	-
Hedge Fund of Funds	4.0	4.0	5.0	5.0	-	-	-	-	-	-
Hedge Fund Managed Account Platform	-	-	-	-	9.0	9.0	7.0	5.0	-	-
Currency Fund	-	4.0	4.0	-	-	-	-	-	-	-
Tactical Asset Allocation (TAA)	-	2.0	5.0	12.0	-	-	-	-	-	-
Tactical Allocation (Diversified Growth)	-	-	-	-	10.0	10.0	-	-	-	-
Tactical Allocation (TAA Portfolio)	-	-	-	-	9.0	11.0	11.0	11.0	11.0	-
	14.0	22.0	32.0	42.0	49.0	52.0	42.0	42.0	37.0	30.2

Responsible Investment

The Fund's ISS includes the full Responsible Investment Policy and includes the approach to Investment Pooling, Stewardship and Engagement and Reporting and disclosure. The Policy includes the Fund's Responsible Investment beliefs, and a set of Principles.

The Fund has continued to progress significantly in the work undertaken over the past year. Progress has been made across all of the strategic Responsible Investment Priorities as detailed in the ISS.

The Committee previously agreed a target for the investments in Clwyd Pension Fund, as a whole, to have net zero carbon emissions by 2045, with an interim target of carbon reduction of 50% by 2030. The Fund has also continued to deploy allocations into sustainable private market investments, many of which have direct impact focus, with some allocations designed to directly benefit the Fund in the local area.

The Committee have received a series of dedicated training sessions across a range of Responsible Investment areas and the Fund continues to take actions that place it at the forefront of the Responsible Investment landscape.

During this period, the Fund successfully submitted its third application to the Financial Reporting Council's UK Stewardship Code, receiving confirmation of signatory status in February 2025.

During 2023/2024, Officers with support of their investment consultant, Mercer, set up a framework specifically relating to responsible investment. This framework focuses on specific areas of exclusion for the listed equity proportion of the Fund's investments. The framework is outlined below, and can be found on page 25 of the Fund's Investment Strategy Statement:

The policy is to exclude companies which breach the following thresholds	Minimum Objective	Fund's Ambition
The % of or more of revenues from exploration, mining, extraction, distribution and / or refining of hard coal and lignite	1%	Same
The % of or more of revenues from Oil: companies involved in exploration, extraction, refining and / or distribution of oil fuels.	10%	1%
The % of or more of revenues from Gas: companies involved in exploration, extraction, manufacturing or distribution of hydrocarbons, hydrogen and carbon monoxide mixtures present in gaseous state.	50%	1%

Engagement and Voting

The Fund requires that its managers report how they voted the shares held within their portfolios. A summary of the voting activities of the managers for 2024/2025 is shown in the following table.

Manager/Fund	Annual/ Special Meetings	Proposals	Votes For	Votes Against	Votes Abstained	Not Voted/ Refer/ Withheld
Russell WPP Sustainable Active Equity	141	2,074	1,844	213	0	13
TAA Portfolio						
BlackRock US Opportunities	104	1,428	1,260	84	1	14
LGIM Future World North America Equity Index	538	7,193	4,724	2,398	71	108
LGIM Future World Japanese Equity	299	3,698	3,358	340	0	0
LGIM Future World UK Equity	391	6,192	5,821	368	3	0

Source: Investment Managers.

Note: Insight Short Dated Buy and Maintain Fund, LGIM Sterling Liquidity Fund, Ninety-One Emerging Markets Sustainable Blended Debt Fund, LGIM Over 15-year Gilts Fund and NB US Put-Writing strategy do not have voting data. Figures may not sum due to rounding or votes which require a choice i.e. pay frequency votes.

United Nations Principles for Responsible Investment

The Fund engages with all of its asset managers to ensure that they are fully aware of their responsibilities with regard to sustainability, and one of the ways in which the fund management industry can demonstrate that it takes its responsibilities seriously is to become a signatory to the UN Principles for Responsible Investment (UN PRI). Firms that are signatories to the UN PRI are required to commit to a set of six principles promoting and incorporating Environmental Social and Governance (ESG) principles into all aspects of its work. The Fund's major asset managers are all UN PRI signatories. For sake of completeness, Russell are not considered a direct manager of assets as they manage a portfolio of underlying investment managers. These underlying investment managers are being encouraged to become signatories to the UN PRI.

Private Market Holdings

A summary of each of the private market holdings within each asset class is provided at the end of the section.

During the year, the following commitments were made to local/ impact or sustainable funds:

Private Market Manager	Fund Name	Capital Committed (£m)	Description of Investment
Octopus	Octopus Affordable Housing	10	Octopus Affordable Housing is a UK real estate fund predominantly targeting regulated affordable housing tenures. The fund focuses on General Needs affordable housing with selective investments in Older Persons Housing, sometimes with external care provision.
LGT	LGT Crown Impact Private Debt	~10	LGT Crown Impact Private Debt is an impact private credit fund lending to companies whose activities are focused on the three impact-oriented themes 1) climate action, 2) healthcare and 3) inclusive growth. For investments to be considered in the portfolio, they will need to meet impact related hurdles based on a proprietary “Impact Framework” assessment and an external review by a third-party ESG specialist.
Mercer	Mercer Private Investment Partners VIII Global Impact	45	PIP VIII Global Impact is a diversified private markets solution that aims to deliver positive environmental and social impacts targeting underserved needs across multiple themes, topics and regions while providing attractive risk-adjusted returns across a well-diversified portfolio of companies and assets with strong ESG credentials.

Note: Where appropriate, Euro (€) denominated commitment amounts have been converted into Sterling (£) commitment amounts using the exchange rates at the time the commitment was made.

Social Impact

In 2024, the Fund engaged ‘The Good Economy’ (TGE) to assess the social impact of the Fund’s UK private market investments as at 31st March 2024. Using TGE’s Place-Based Impact Reporting Framework, TGE mapped and classified the local, regional and national contributions to inclusive economic development that the Fund’s portfolio of investments is making. This allows the Fund to communicate its social impact clearly and effectively to stakeholders of the Fund.

A summary of some of the key highlights from the report are noted below:

- £217 million committed to place-based investments (8.7% of Clwyd Pension Fund value)
- £60 million has been committed to funds investing exclusively in Wales
- £115.5 million is currently invested in 204 assets across the UK
- Of this, £27 million is invested in 24 assets across Wales
- In the last year £19.7 million has been invested in Wales and a further £16 million in the rest of the UK

Further information as well as further examples of how investment is supporting Wales, and the UK is detailed in full within the full report from TGE.

The Fund has since engaged TGE to re-assess the Fund, however, at the time of writing the analysis was in progress.

Private Market Fund Holdings: Summary

Please see below table for a summary of the private market holding of the Fund as at 31st March 2025.

Asset Class	Number of Funds
Property Open Ended Holdings	5
BlackRock UK Property	1
CCLA (LAMIT)	1
Hermes	1
Legal & General	1
Schroders	1
Property Closed Ended Holdings	17
Aberdeen	1
ARA	3
BlackRock	2
Columbia Threadneedle	1
Darwin	2
Newcore	2
North Haven	3
Paloma	2
Partners Group	2
Timber	4
BGT Pactual Timberland	1
Stafford	3
Agriculture	2
Insight	1
TRG Farmland	1
Infrastructure	23
Access Capital	1
Arcus	1
Brookfield	1
Carlyle	1

Copenhagen	1
Federated Hermes	1
Goldman Sachs	1
HarbourVest	1
InfraRed	3
Infravia	1
Innisfree	1
JP Morgan	1
Marine Capital	1
North Haven (Morgan Stanley)	3
Pantheon	1
Partners Group	1
Q Energy	1
Sandbrook	1
WPP Infrastructure (GSM Grosvenor)	1
Private Equity Direct Funds	30
Access Capital	1
Activate	1
Apax	5
Astorg	1
August Equity	2
Blue Owl	1
Capital Dynamics	3
Carlyle Group	1
Charterhouse	2
Capvest	1
ECI	3
FSN	1
Livingbridge	1
Neuberger Berman	1
North Haven (Morgan Stanley)	1
Oakley Capital	1
Partners Group	2
Permira	1
Unigestion	1
Private Equity Fund of Funds	28
Access Capital	4
Capital Dynamics	4
HarbourVest	4
JP Morgan	1
Partners Group	9
Standard Life	2
Unigestion	2
WPP Private Equity (Schroders)	2
Local / Impact	27
Aviva (Infrastructure)	1

Bridges (Private Equity, Property)	7
Capital Dynamics (Infrastructure)	1
Circularity (Private Equity)	1
Development Bank of Wales (Private Credit)	1
Environmental Technologies (Private Equity)	3
Federated Hermes (Infrastructure)	1
Foresight (Private Equity)	2
Generation (Private Equity)	1
Harbour Vest (Private Equity)	1
Impax (Infrastructure)	2
Infrared (Infrastructure)	1
Mercer (Private Equity, Infrastructure)	2
Octopus (Property (Affordable Housing))	1
Partners Group (Private Equity, Infrastructure)	1
Private Debt	11
Ambienta	1
BlackRock	1
Bridgepoint	1
Carlyle Group	2
LGT Capital	1
Neuberger Berman	2
Permira	1
Pinebridge	1
WPP Private Debt (Russell Investments)	1

Appendix 4: Funding and Flightpath Review

An update from the Actuary

I am delighted to provide my annual update from an actuarial perspective on the activities of the Clwyd Pension Fund (the Fund) during 2024/2025. In the Appendix, I have set out the Funding Strategy Statement objectives and key policies along with how they have been applied over 2024/2025.

2024/2025 Commentary

This continued to be an interesting and challenging period given the continued higher interest rate environment and the decline of inflation expectations from some of its highest levels. The ongoing economic and political challenges across the world saw volatility continue, as seen post-financial year end in early April 2025 when the US announced its new trade tariffs on Liberation Day.

It is again pleasing to see the continued resilience of the Fund, which has resulted in improved financial health due to the Risk Management Framework in place, supported by the strong Governance Framework which allows decisions to be made quickly and effectively. Despite the economic environment, the Fund has been resilient both financially and operationally over this period, which is testament to the strong governance and oversight in place. It is pleasing to see that the estimated funding position remains above 100%, at the end of March 2025 at 107%, based on a roll forward of the 2022 valuation, which is c4% ahead of the expected funding level. This will be formally reviewed as part of the 2025 actuarial valuation, which will be a key project for the Fund and employers over the coming year. The results and employer contributions will be formally signed off in March 2026, with the new contributions coming into effect from 1st April 2026.

The Risk Management Framework has been integral in achieving and maintaining a strong funding position over the year and will help provide overall contribution stability. The challenge now is to consider how we can maintain the strong financial position through a combination of the investment strategy and sustainable employer contributions, particularly in light of the ongoing global economic uncertainty and the UK inflationary pressures. This is a delicate balance, as providing more certainty may result in lower investment returns being achieved over the long term, which in turn would impact on the funding position, and increase contribution requirements in the future.

We will consider the sustainability of contributions in the longer term, taking into account budgetary constraints and their impact on local services as part of the 2025 valuation. We will also need to be cognisant of other material risks such as the impact of climate change on the assets and liabilities of the Fund. Achieving the right balance needs careful planning, ongoing monitoring supported by a clear but nimble governance framework, which needs to take into account the changes expected from the new Pensions Bill expected later in 2025.

Risk Management Framework

A critical aspect of managing risk relates to the Risk Management Framework, which is central to providing stability of funding and employer contribution rates in the long term. This strategy has been in operation from 2014 and the original objective was to reach a 100% funding level by 2026. This objective has been met and exceeded, and the main focus is to sustain and improve this position over time within the overall objectives of the Fund as set by the Committee.

As noted above, the funding position was estimated to be 107% as at 31st March 2025 (the date of the accounts) based on an update from the 2022 actuarial valuation, which showed a funding level of 105% at 31st March 2022. The funding position will be recast at the 2025 valuation allowing for updated membership at 31st March 2025 and the final actuarial assumptions agreed.

Whilst monitoring the funding position is central to my role, it is also important that we ensure the operational aspects of the Risk Management Framework, which are run by Insight Investment Management (Insight), are working as intended as this is vital to the success of the strategy. We continue to monitor the framework on a monthly basis using a red/amber/green (“RAG”) rating system and the summary as at March 2025 is shown below. As can be seen, all aspects of the Framework were in line with expectations.

Executive summary



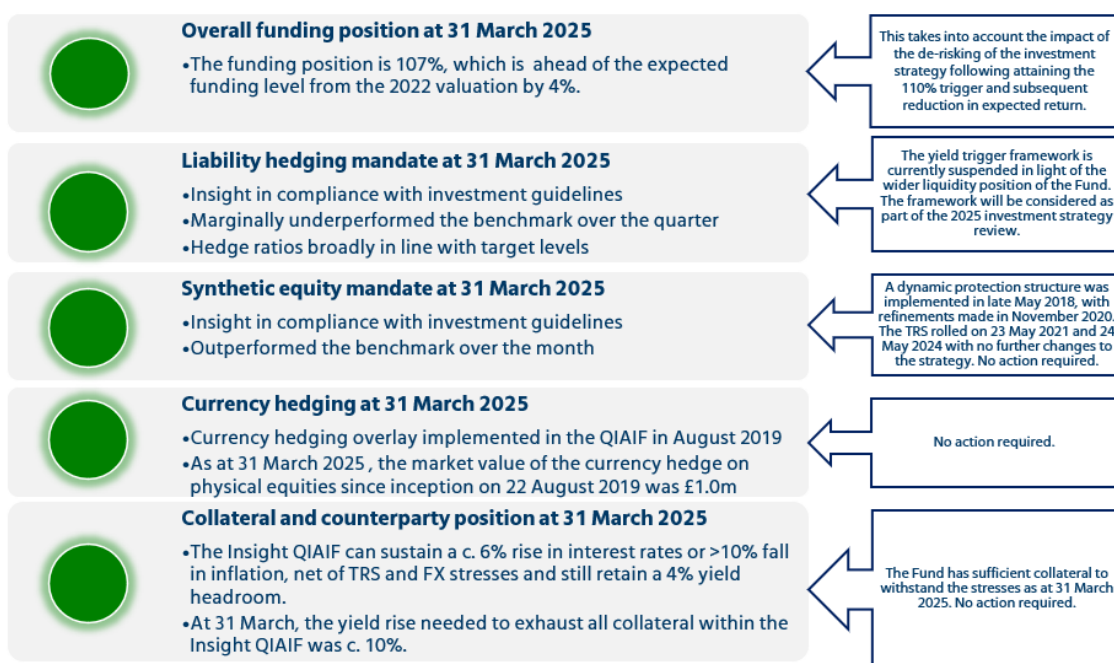
= as per or above expectations



= to be kept under review



= action required



How has the Risk Management Framework evolved over the year?

Over the year, the Risk Management Framework evolved to align more closely with the Fund's climate beliefs and Net Zero ambitions. In March 2025, the regional equity exposure was switched into sustainable equity exposure referencing the MSCI World Climate Paris Aligned Benchmark index.

As was the case during the prior year, the yield trigger framework remains paused pending further review, and will be considered as part of the 2025 investment strategy review.

The Risk Management Framework will continue to be monitored as part of the regular Funding and Risk Management Group (FRMG) meetings between Officers and advisers in line with the delegations from the Committee.

In summary, there have been more challenges to navigate but the Fund has been resilient and remains in a strong financial position. Whilst there are uncertainties for both the Fund and employers, I remain confident that we remain able to respond to these uncertainties given the strong financial and governance frameworks in place.

Going forward, a key action for the Fund will be to develop further the overall risk/return objectives and investment beliefs, taking into account the key objective for employer contributions to remain sustainable and affordable in the longer term. In the new pooling environment emerging from the Government's Fit for the Future consultation and its new Pensions Bill, it will be important for the Fund to set clear objectives in terms of the investment and funding strategy so the pool can advise and implement the Fund's investments in line with these objectives. The formalisation of these objectives and beliefs will be done in conjunction with the 2025 actuarial valuation and investment strategy review, ahead of the new Regulations coming into force from 1st April 2026.

Paul Middleman FIA

Fund Actuary and Pensions Advisory Panel member

Appendix 5: Compliance with Funding Strategy Statement (FSS)

The aims of the Fund's FSS are:

- manage employers' liabilities effectively and ensure that sufficient resources are available to meet all liabilities as they fall due.
- enable employer contribution rates to be kept at a reasonable and affordable cost to the taxpayers, scheduled, designated and admitted bodies, while achieving and maintaining fund solvency and long term cost efficiency, which should be assessed in light of the profile of the Fund now and in the future.
- maximise the returns from investments within reasonable risk parameters taking into account the above aims and the risk controls in place under the Flightpath Strategy.

These can be found in the current FSS [here](#).

The existing FSS is fully compliant with the statutory guidance enforced at time of preparation (March 2023).

However, new guidance was released in January 2025 and therefore the current FSS is being reviewed and updated as part of the 2025 actuarial valuation, in line with this new guidance to ensure fully compliant.

The Fund applied the FSS policies during the year in line with the purpose and aims set out in Section 3. All policies have and requirements have been complied with.

In 2024/2025, the following events occurred which led to the application of the existing FSS policies:

1. Employers queried their options for their current secondary contribution requirements and discussions were held in line with Appendix B.
2. Two new employers joined the Fund in line with Appendix C.
3. A number of employers exited the Fund in line with Appendix D.
4. One employer's membership transferred to another employer in the Fund in line with Appendix G.

Section 6: Administration

Introduction

This section of the report describes the way in which the Fund delivers its administration related services to members and employers. It identifies current and potential future challenges and explains the way in which the Administration Team is meeting them. The report also includes Key Performance Indicator information and some information on the membership of the Scheme.

The work of the Administration Team is driven by the Fund's Administration and Communications Strategies.

Our Pensions Administration Strategy ensures that both the Fund and the employers are fully aware of their responsibilities under the Scheme and outlines the performance standards they are expected to adhere to, to ensure the delivery of a high-quality, timely and professional administration service.

Our Communication Strategy outlines how we communicate with scheme members and prospective members, scheme employers, the Clwyd Pension Fund Committee, the Clwyd Pension Fund Board, Clwyd Pension Fund staff and other interested organisations.

The chosen methods of communication are monitored and reviewed to ensure they are effective. The main means of communication with the above stakeholders are outlined in the Communications Strategy focusing on ensuring communications are more relevant to the audience and the use of technology to provide quicker and more effective communication. The Communication Strategy and Pensions Administration Strategy are available to view on the Fund's website.

<https://clwydpensionfund.org.uk/en/Governance/Strategies-and-Policies/home.aspx>

How our service is delivered

The day-to-day administration service is provided by the Pension Administration Team via a hybrid combination of both home and office working. The Team consists of a total of 53.8 Full Time Equivalent (FTEs) members of staff including a Pension Administration Manager which currently has 2.6 current vacant positions.

It is split between:

- an Operational Team
- a Technical and Payroll Team
- a Regulations and Communications Team
- an Employer Liaison Team (ELT)
- a McCloud Team (temporary)
- a Project Team

It is separate from the Finance Team which manages the Fund's investment portfolio, collects pension contributions from employers and maintains the Fund's accounts.

The Operational Team delivers a pensions service for over 50,000 scheme members. This includes the calculation of various benefits, transfers in and out with other pension arrangements, refunds of contributions and maintenance of individual scheme member records. The Team not only calculate pensions for members but also survivor benefits to spouses, civil and cohabiting partners and children.

The Technical and Payroll Team implements and maintains the pension software systems (including the on-line facilities of Member Self-Service, and I-Connect for employer data uploads), collects and reconciles member data from all Fund employers and provides a pensioner payroll service for over 17,400 pensioners and dependents paying more than £9 million per month including lump payments.

The ELT provides assistance to Fund employers in providing accurate and complete notifications to the Fund ensuring business as usual responsibilities are met in addition to ad hoc project work.

The Project Team officially formed in June 2024 and is mainly responsible for the preparation of data in readiness for the launch of the National Pensions Dashboard. The team also assists with specific pieces of work allowing the Operational Team to focus on member driven events.

The Regulation and Communications Team provides guidance on regulatory matters to all stakeholders including members and employers via the website and other various methods. The team provides training to employers explaining their responsibilities whilst also ensuring the Communication Strategy is adhered to in all aspects of communication.

The McCloud judgment refers to an age discrimination court case where protections for older members, introduced during the Government's reforms of public service pension schemes in 2014 and 2015, were deemed to result in unlawful age discrimination. Implementing the McCloud remedy has involved a large-scale retrospective data collection exercise, which is nearing completion. It has had a significant impact on our administration processes and systems, and has required regular communications with employers and scheme members. Due to the significant additional resource requirements, the Fund has a dedicated McCloud team.

Summary of Activity

In addition to this day-to-day work during 2024/2025 the Pension Administration Team has been managing other major pieces of work and projects as described below.

Data Quality

Data quality requirements are embedded in the Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations in 2014 and The Pensions Regulator (TPR) has oversight of this area within the LGPS. The Administration Team collectively work to the data improvement plan in readiness for the annual review of common and scheme specific data, the results of which are reported to TPR. The effect of the time and effort that is dedicated to ensuring good data quality has led to high common and scheme specific data scores over recent years (see table

below). Address tracing exercises for those members where the Fund does not hold an up-to-date address will be completed in preparation for on-boarding to the Pension Dashboard. This will increase the Common Data score.

	Common Data %*	Scheme Specific Data %*
2024 / 2025	97	98
2023 / 2024	97	98
2022 / 2023	98	98
2021 / 2022	98	98
2020 / 2021	98	97
2019 / 2020	97	97
2018 / 2019	97	93

*The score is the % of data that has met specific targets set by TPR in relation to Common Data (NINO, Name, Address etc.) and Scheme Specific Data (Member benefits, Member details, His Majesty's Revenue and Customs (HMRC) details etc.). The score is reported back to TPR and a data improvement plan is put in place to improve scores where it is relevant to do so.

Key Performance Indicator Monitoring

The Fund measures and reports monthly performance to ensure timescales are being met, as set out in the Fund's Administration Strategy. The Fund currently measures 13 categories of workflow, separately considering timescales in relation to legal requirements (where appropriate), the overall member experience and the Fund's internal target.

Monthly employer reports are produced to assist with identifying employers who have or have not met their Service Level Agreement timescales. This measure has helped the Fund and employers understand what is being achieved and where improvements are required.

The fund has now implemented an escalation process to ensure that the results of the monthly Key Performance Indicators are measured against the Service Level Agreement (SLA) that is set out in the Pension Administration strategy. This ensures that the fund can correctly identify and escalate where Employers may be failing to meet their SLA and offer support.

i-Connect

i-Connect is an electronic data system which ensures timely and accurate data is provided to the Fund on a monthly basis and replaces the historical year end return process. The functionality includes the notification of new starters, leavers, name changes, address changes and job changes. The system allows member details extracted from their employer's payroll systems to be directly uploaded to the Funds administration system. Currently 98% (54 out of 55 employers) submit data relating to active members via i-Connect. The last remaining employer is transitioning to a new payroll provider and part of that process includes on-boarding to i-Connect. Training is provided to all new employers to the Fund as they are required to submit data via i-Connect as detailed in the Administration Strategy.

Clwyd Pension Fund Website

The Clwyd Pension Fund website contains information about the Fund and the scheme for both current and prospective members along with information for Fund employers. All the Fund's policies and strategies as well as information on the investments of the Fund are available on our website at <https://clwydpensionfund.org.uk>

Within the website there are multiple sections to help users navigate their way around and to find the information that they are looking for:

- Latest News
- About Us
- Member Self Service
- LGPS
- LGPS (Councillor)
- Employer information
- Investments, Governance and GDPR
- Videos
- Quick links: which includes editable forms, guides, factsheets, and various online calculators
- Help and Guidance
- Contact Us

These sections give a better user experience in navigating the website; making content easier to find. The Clwyd Pension Fund's web content is also formatted into plain language with a reading age of nine in mind.

Usage of the website is monitored and quarterly reports are generated to establish how many visits the website has had and what information members are interested in by identifying the pages members visit. The Fund is also able to report on the number of views that our videos achieve. These reports are included in the report pack provided to Pension Board.

In line with the website accessibility regulations, public sector websites are required to meet national accessibility standards and to publish an accessibility statement on their websites. To meet the government's requirements, websites must achieve level A of the Web Content Accessibility Guidelines (WCAG 2.2). This means that websites should be accessible to people with impairments to their vision, hearing, mobility and thinking and understanding. Accessibility should also be considered for those visiting websites via a tablet, mobile phone or other devices.

To ensure compliance with WCAG 2.2, the Fund continues to work with a company who provides reporting software which allows each page on the Fund's website to be automatically analysed on a weekly basis. The reports allow us to see where our scores can be improved and where areas of the website need to be amended or fixed in order to be compliant.

The table below shows 31st March 2025 scores compared to 31st March 2024 in relation to certain areas within website accessibility. Over the year, the accessibility and search engine

optimisation dropped slightly, whilst the digital certainty index and quality insurance either remained the same or improved. All percentages are meeting the highest standard required.

	31/03/2024	31/03/2025
Digital Certainty Index	89%	89%
Quality Assurance	93%	95%
Accessibility	92%	91%
Search Engine Optimisation	82%	80%

2025/2026 will see a change in host to the Clwyd Pension Fund website. This is currently a work in progress and will be reported on in the 2025/2026 annual report.

Communications policy

The Clwyd Pension Fund's communication policy sets out communication targets with members and employers. Our policy can be found in Section 7 of this annual report. Member communications are issued based on each members' communication preference. This can be either postal or electronic via our Member Self Service online portal. The Fund also provides in-person and online events for members such as 121s and webinars.

The Clwyd Pension Fund has recently started to engage with optants out of the LGPS. This engagement includes a letter explaining that LGPS is an important part of their employment package with many benefits to it, e.g. ill Health cover and life cover. Opt in forms are included with the covering letters that are issued to the optants out.

Our website also includes a section for eligible employees who are thinking about joining the LGPS: <https://clwydpensionfund.org.uk/en/LGPS/Thinking-about-joining/home.aspx>

The Clwyd Pension Fund has also issued multiple member communications during 2024/2025:

	Active members	Deferred members	Pensioner members
Newsletters	December 2024	November 2024	April 2024
Annual Benefit Statements, guide and video	August 2024		
Deferred Benefit Statements, guide and video		June 2024	
Pension Saving Statements	October 2024		
Pensions Increase / Lifetime Allowance letters			April 2024
Onboarded LGPS Councillor Members onto Member Self Service	October 2024	October 2024	October 2024
Issued Previous Public Sector forms (for the McCloud Remedy)	August 2024	June 2024	April 2024
Retirement visual roadmap and video	March 2025	March 2025	

In addition to the above mentioned communications, the Clwyd Pension Fund has guides and factsheets available all year round which can be found on the website

<https://clwydpensionfund.org.uk/en/LGPS/Forms-and-Resources/home.aspx>

Member 1-2-1 Sessions

Member 1-2-1 sessions are available all year round on request either online (over the phone or via Microsoft Teams) or face to face.

For 2024/2025, the Communications Team met with a number of both active and deferred members. Below are the statistics for 2024/2025:

No of 1-2-1 appointments booked (active members)	55
No of 1-2-1 appointments booked (deferred members)	2
No of 1-2-1 appointments booked (member was both active and deferred)	8
No of 1-2-1 appointments booked (TOTAL)	65
Members attending their scheduled appointment	65
Members not attending their scheduled appointment	0

Of the two deferred appointments, both were phone call appointments. Of the 63 active appointments:

- 12 were phone call appointments
- 28 were in person appointments
- 23 were online Teams meeting appointments

Communications with our employers

Employers receive their communications and LGPS updates from the Fund via email. These updates are sent using an employer email distribution list. Each employer should inform us of any changes.

The Fund also hosts bi-annual employer engagement sessions allowing employers to share best practice ideas and have face to face discussions. During 2024/2025, these sessions were held at County Hall on 17/09/2024 and 27/02/2025.

Twelve on-line LGPS training sessions were also provided to various employers throughout the year.

Employer Liaison Team (ELT) Services

During 2024/2025 the ELT has worked with the employers to troubleshoot the issues of delayed data and provide feedback in order to address the areas for improvement. The Key Performance Indicators (KPIs) of the ELT and the ELT employers will continue to be a focus for the coming year.

The McCloud Programme is now almost complete with just the final tranches of query data being reviewed and the most complex parts of the data being collated. The ELT remains on hand to assist with any additional data needed to complete the programme.

The Team experienced some staff changes during the year which has driven a significant amount of training across the whole team. Reviewing and documenting procedures has been a key part of this to comply with The Pension Regulator code.

The ELT currently assists employers who account for 68% of the Active Fund membership with a further employer taking up the services provided resulting in the Fund achieving the target of 100% of employers using iConnect.

Scheme changes and national developments affecting administration and communications

McCloud Remedy Case

The Court of Appeal ruling in the McCloud court case determined that the protections given to older members on the introduction of the new CARE schemes for Firefighters and Judges in April 2015 were unlawful age discrimination. The case impacts other public service pension schemes including the LGPS where the new CARE scheme from April 2014 included a statutory underpin for older members. The Ministry for Housing Communities and Local Government (MHCLG) issued a consultation in July 2020 setting out its proposals for implementing the McCloud judgment in the LGPS. The remedy proposals of the 2020 consultation focused on the removal of any direct age discrimination from the onset of the 2014 scheme.

To remove the discrimination, the LGPS Regulations were updated with effect from 1st October 2023, providing all qualifying members with protection for the remedy period (1st April 2014 to 31st March 2022). The regulations require administering authorities to include remediable service information in the Annual Benefit Statements (ABS) for the 2024/2025 scheme year (issued by 31st August 2025). The period up to 31st August 2025 is known as the implementation phase. Therefore, the focus for the McCloud team has been getting the data ready for issuing the 2025 ABS's for active and deferred members so that the affected members have the underpin included. The regulations also require administering authorities to conclude retrospective amendments to members pensions and other rights needed as a consequence of the McCloud remedy by 31st August 2025 (the end of the implementation phase). It is anticipated that some of the pensioners due a retrospective increase to their pension will be written to before 31st August 2025, but it is not expected that all retrospective amendments will be made in this time frame.

The McCloud team are developing a clear and realistic action plan to ensure that complete and accurate remediable service information is included in the 2025/2026 ABS for the members affected by the application of this discretion along with an action plan to ensure that all retrospective amendments to members pensions and other rights will be concluded as soon as possible but no later than 31st August 2026.

The overall programme has been more time consuming and complex than originally thought. The McCloud Programme Management Group (PMG) along with the Pension Committee and Board are provided with regular updates including progress reports.

National Pensions Dashboard

The National Pensions Dashboard is a Government initiative intended to allow all pension savers in the UK access to view the values of all their pension pots, including state pension, through one central platform. All pension schemes must connect to the dashboard infrastructure by their “staging date” as determined by the Department for Work and Pensions (DWP) with the dashboards made publicly available shortly after schemes have onboarded. The staging date for all public sector pension schemes including the LGPS is 31st October 2025.

In accordance with the guidance set by the Pensions Regulator the Project Team has successfully established a Programme Management Group (PMG) to ensure appropriate governance is in place in relation to decision making. The PMG has made several important decisions to date to ensure the staging date of 31st October is met. These decisions include the appointment of an Integrated Software Provider (ISP), the approach in relation to the presentation of member’s Additional Voluntary Contribution (AVC) data with the AVC providers and the creation and regular review of a risk register.

The main priority for the Project Team in relation to Pension Dashboard is to continue cleansing member data to ensure the maximum number of matches possible when members are able to log in and view their pension benefits therefore reducing member queries and providing an overall better member experience

The Pensions Administration Manager continues to attend regular meetings with both Heywood (the ISP and administration software provider) and the Pension and Lifetime Savings Association (PLSA) as part of a PLSA project team.

TPR’s General Code of Practice

TPRs new General Code of Practice came into force on 28th March 2024 and Fund officers have been considering and assessing compliance with the requirements of the Code. Many of the Code’s modules include areas relating to legal requirements that must be adhered to whilst other areas are good practice. Good progress has been made with regular updates being provided to the Pension Board and Committee. Work in this area will continue into 2025/2026.

Other Expected National Changes

There are a number of further changes that are expected in due course but the final details of the impact of them and the timescales are not yet available. These include the following changes that are detailed below. . The outcome of the Access and Fairness consultation is not yet known but is also expected to bring changes in relation but not limited to survivor benefits, refunds, gender pension gap reporting, forfeiture and members who opt-out of the scheme.

Cost Management

The Government Actuary’s Department has now also completed the 2020 cost management process, and neither the SAB or Treasury process has recommended any benefit or contribution changes. The Government Actuary’s Department is currently in the process of collecting the data in order to carry out the 2024 cost management calculations. Any

changes to benefits or member contributions arising from the 2024 process are expected to apply from 1st April 2027.

From an administrative perspective, should there be changes to member benefits and/or contributions as a result of the 2024 cost management process, this could have a significant impact on administration processes and systems as well as requiring a robust communication exercise with employers and scheme members.

In addition, in October 2021 the SAB set out its determination to revisit third tier ill health and contributions for the lowest paid members with the view to making recommendations in these areas separately to the cost management process. These recommendations have not yet been made but would lead to additional work for the operations team if they were to be taken forward.

Increase in minimum retirement age

The Finance Act implements previous proposals to increase the normal minimum pension age from 55 to 57 in April 2028. This change is designed to maintain a 10 year gap between normal minimum pension age and state pension age, as confirmed as part of Government policy in 2014. The Finance Act does provide for protected pension ages for members meeting certain conditions, but for this protection to apply the LGPS regulations must be amended.

The Fund needs to keep a note of any protected pension ages to which new members may be entitled, which will generally be due to existing scheme membership or a transfer-in from another pension arrangement.

Strategy Measures

Member and employer feedback 2024/2025

Every year the Fund carries out a satisfaction survey with members and employers to supply feedback on whether it is achieving its aims and objectives as set out within the Fund's Administration and Communication Strategies. The results for surveys completed in 2025 are shown in the charts below.

Results of member survey

	Posted	Emailed	Total
Sent out	7,643	19,514	27,157
Responses received	766	259	1,025
Percentage responses	1.0%	1.33%	3.78%

In terms of responses received split by statuses these were as follows:

Active members	2.09%	196
Deferred members	1.41%	77
Pension / dependant members	6.10%	752

Therefore, this needs to be considered in the context of the survey results.

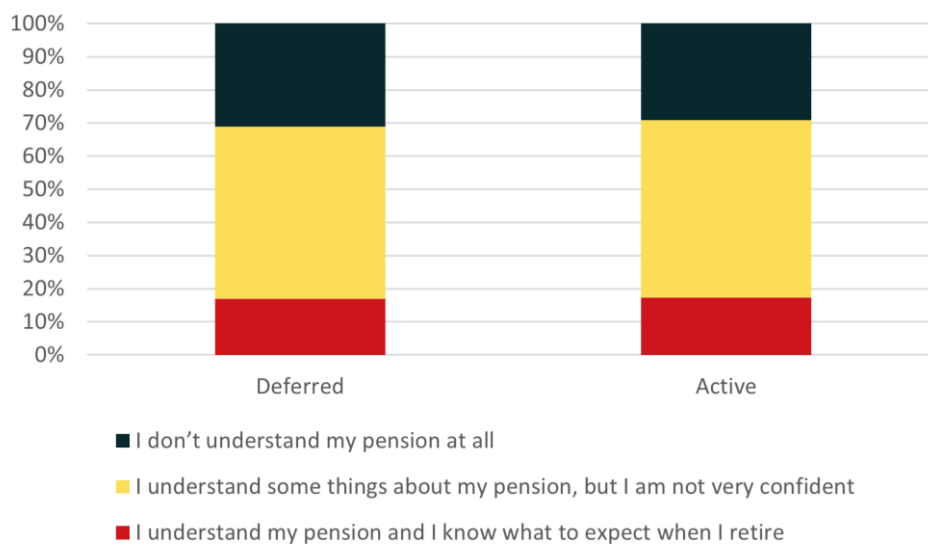
The graphs below represent the results from the surveys and show how we are performing from a member perspective with regards to increasing awareness and understanding of how both the Scheme and Fund works.

Results of employer survey

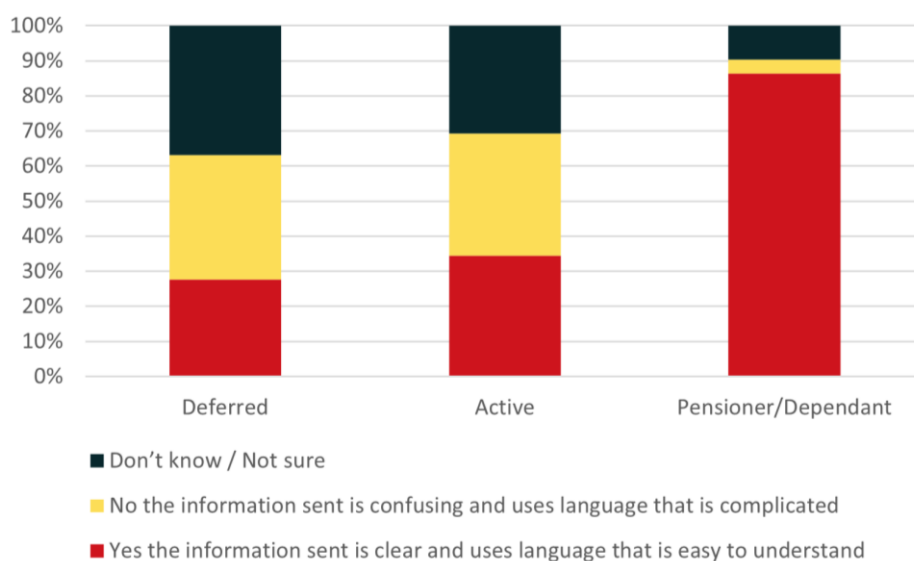
Issued	116
Received	13
Percentage responses	11%

Note: pensioners/dependants were not asked question 1.

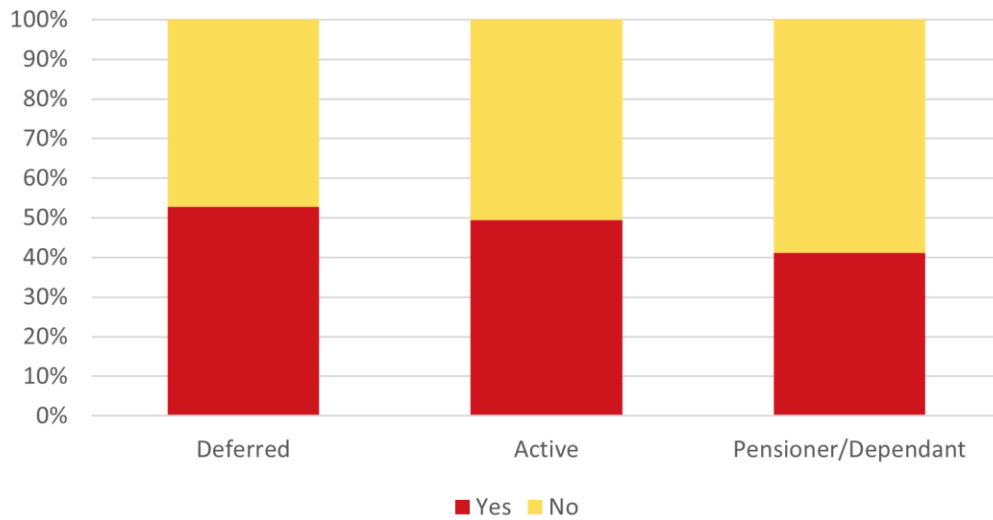
1. How well do you understand your Local Government Pension Scheme (LGPS) benefits and options?



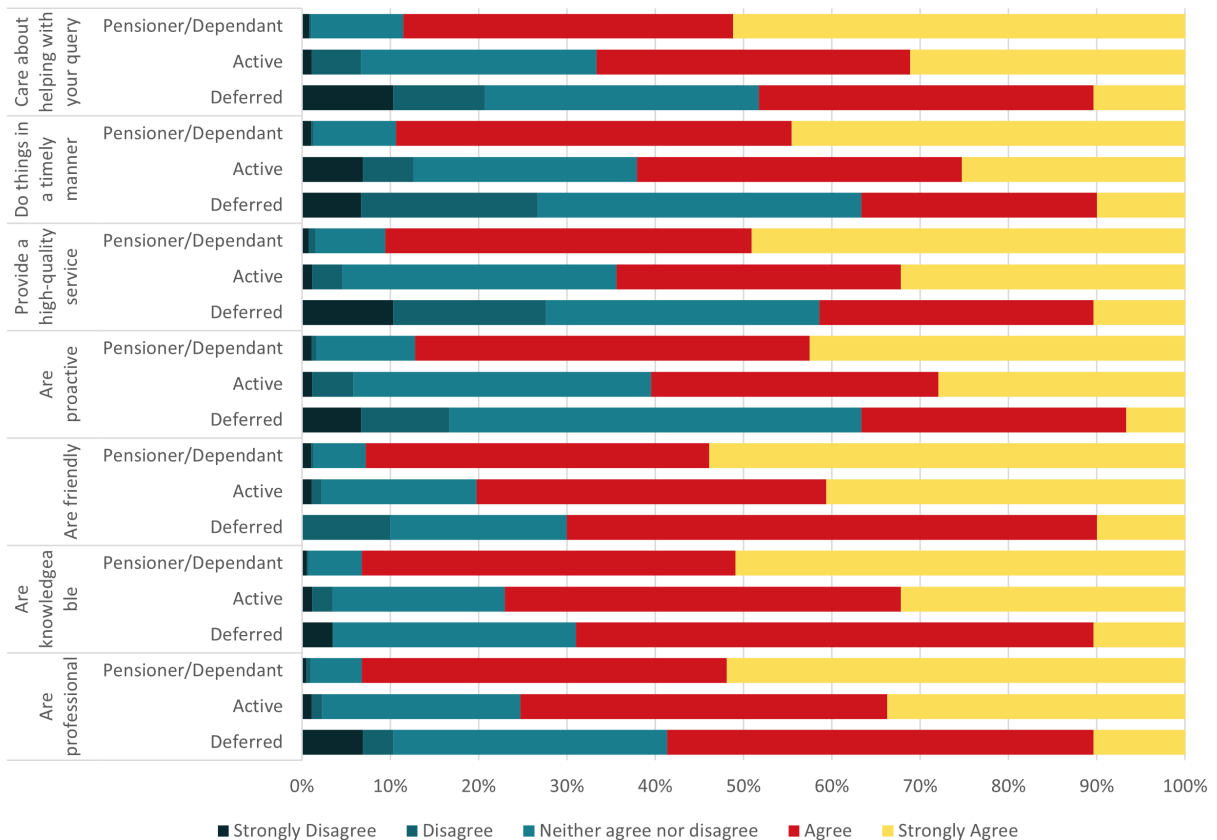
2. Do you think the information we send you helps you understand your LGPS benefits?



3. Have you ever been in touch about your LGPS benefits by phone, email, letter or in person?

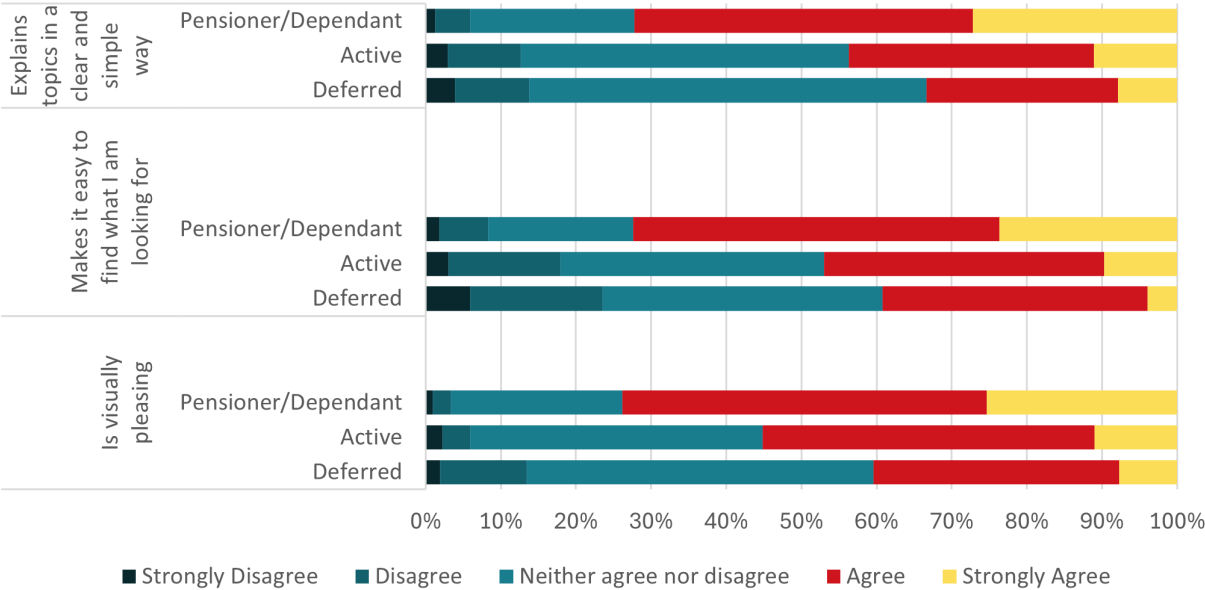


4. The Clwyd Pension Fund are...

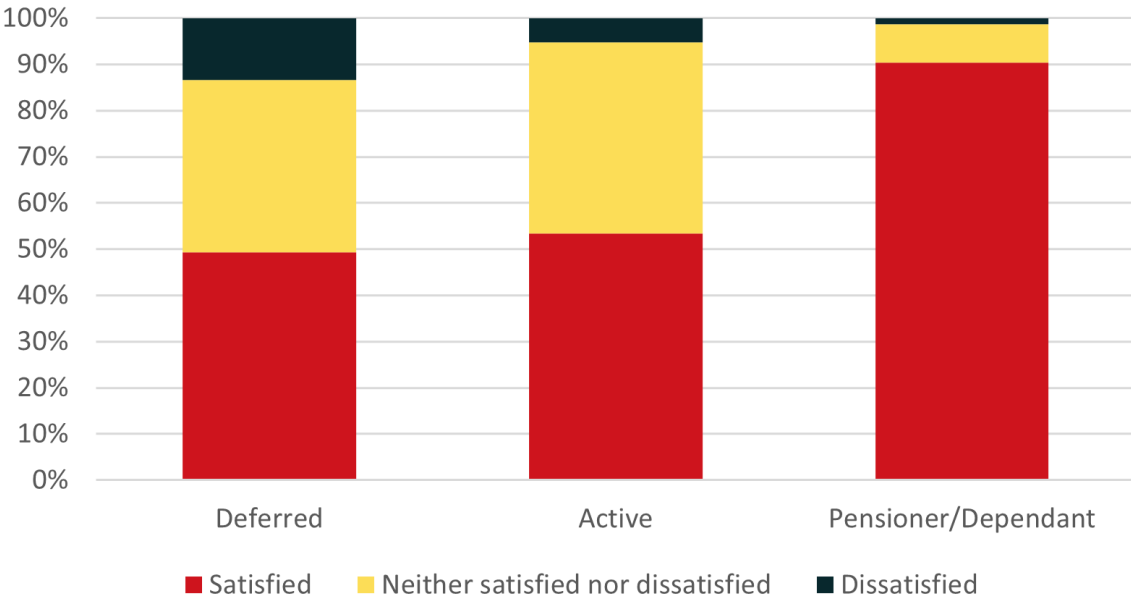


5. The Fund has made many updates to our website to make the information you need easier to find and understand.

mss.clwydpensionfund.org.uk ...



6. Overall, how satisfied are you with the services provided by the Clwyd Pension Fund?



Comments from member survey

Whenever I contact the Pension Department they always answer my questions. Thank you very much. Always friendly and helpful

Very pleased to get Clwyd Catch Up in paper form. It's very interesting and helpful.

Must let you know, a member of staff was most helpful in sending me information and has told me I can have a face to face appointment if necessary. Something I will arrange soon as information I received is not clear to me. Thankyou.

As I do not use my computer, I find the written information very satisfying. It's not much, but, thank you!

You seem to be taking great care of us, thank you for respecting the Welsh language

I find everything to do with pensions very confusing with language I don't understand. I feel it's a generation thing sorry!

1.7% increase is a disgrace well below inflation

Simple language backed by figures would be helpful

You send out these letters it would be easier to say plainly what the increase is e.g. £80.00 - now £81.30! Don't need all this literature?

Would like to have received this notification sooner. Although new pension started 7 April I didn't receive letter until 24th April.

Very re-assuring to know that Clwyd Pension Service is looking after our interests and are always accessible!

Do not send me a copy in Welsh - waste of resources

(1) I believe that CPF to be a good product for its members (2) well managed and run efficiently (3) I am glad that I joined when I began working for FCC (4) carry on the good work

Response times are long, I've chased a query I submitted in September four times and still no reply with an outcome.

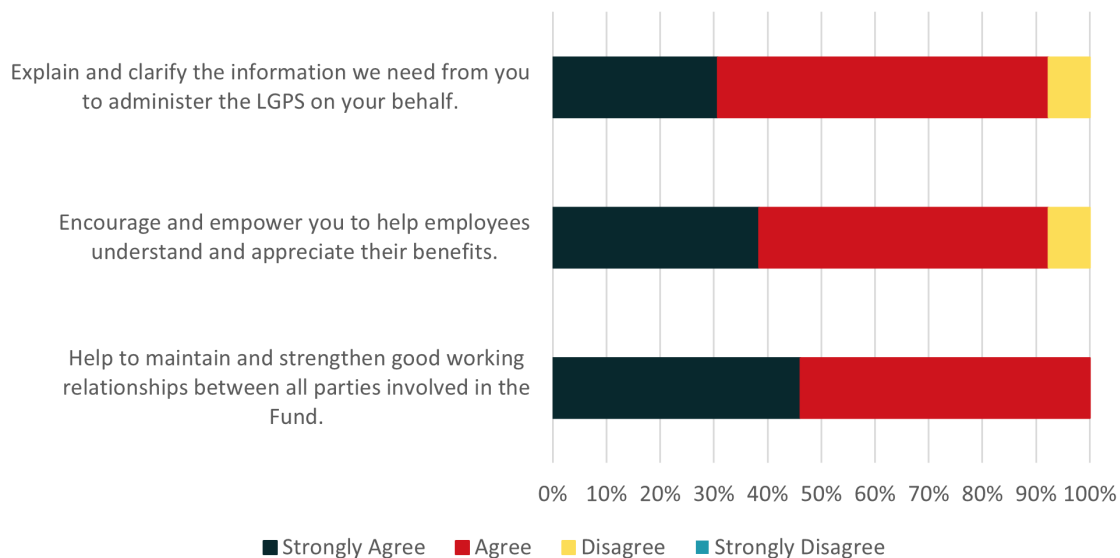
Finding the way around the website is still difficult but one you are where you need to be the functions and information are good

I'm more concerned about your investment policies. Climate change is an existential threat that is to say our very existence is threatened by it. I want there to be a world when I retire so stop investing in fossil fuels. Disinvest now not slowly over time. Now. Short term

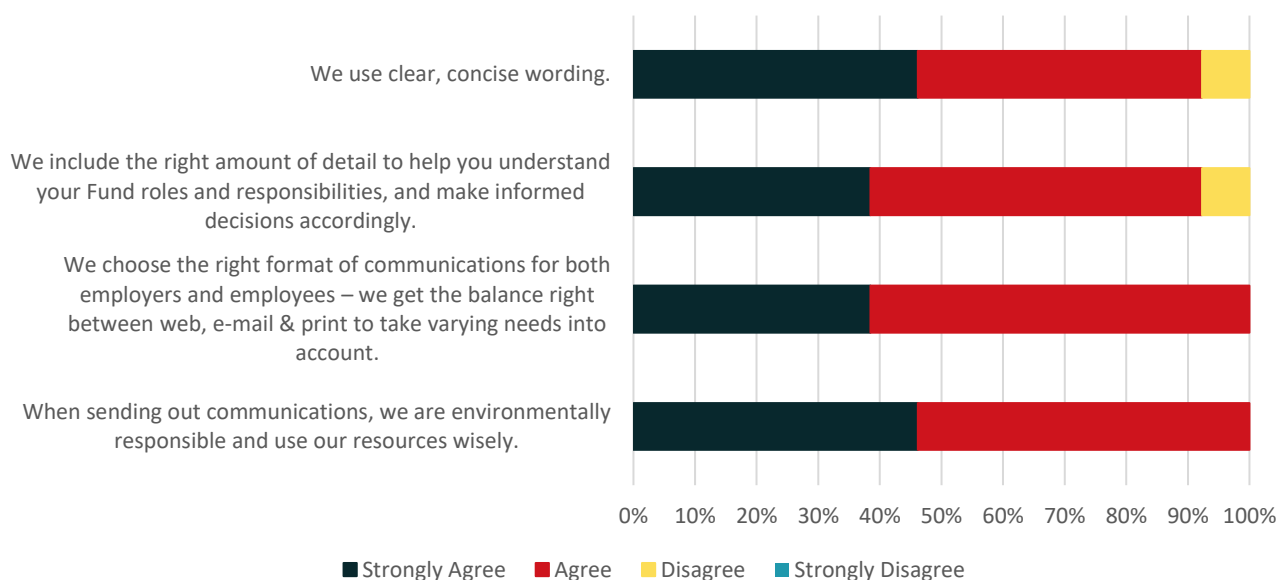
Results of employer survey

We collated the following results from our employers who were asked the following questions:

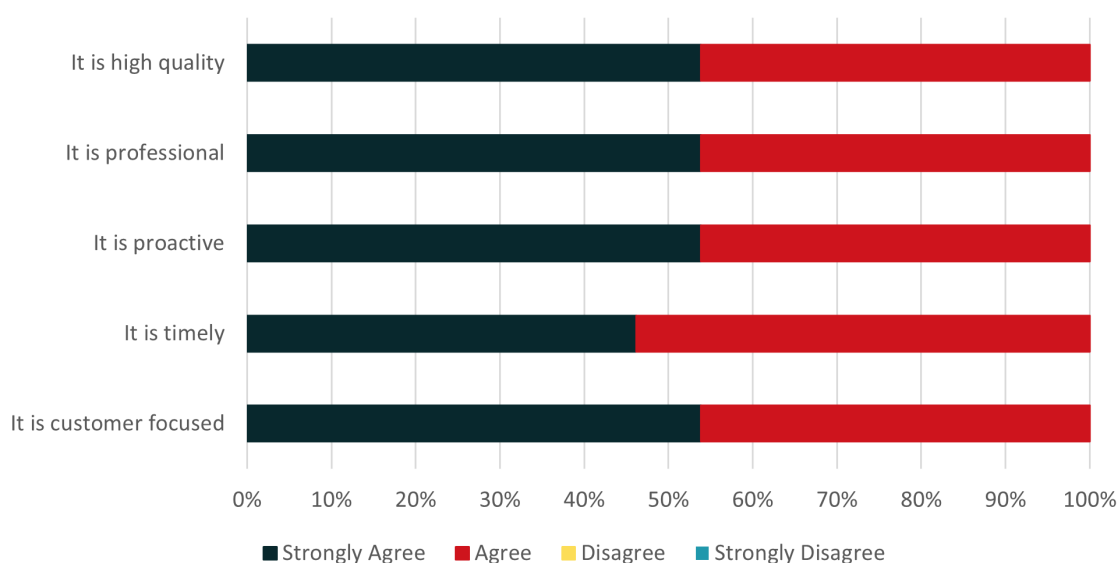
1. The materials we send you...



2. What do you think of the way we communicate?



3. What do you think of our administration service?



Member Self-Service (MSS)

MSS allows scheme members to log into a secure web area to view the information which is held on their pension account.

MSS enables our members to:

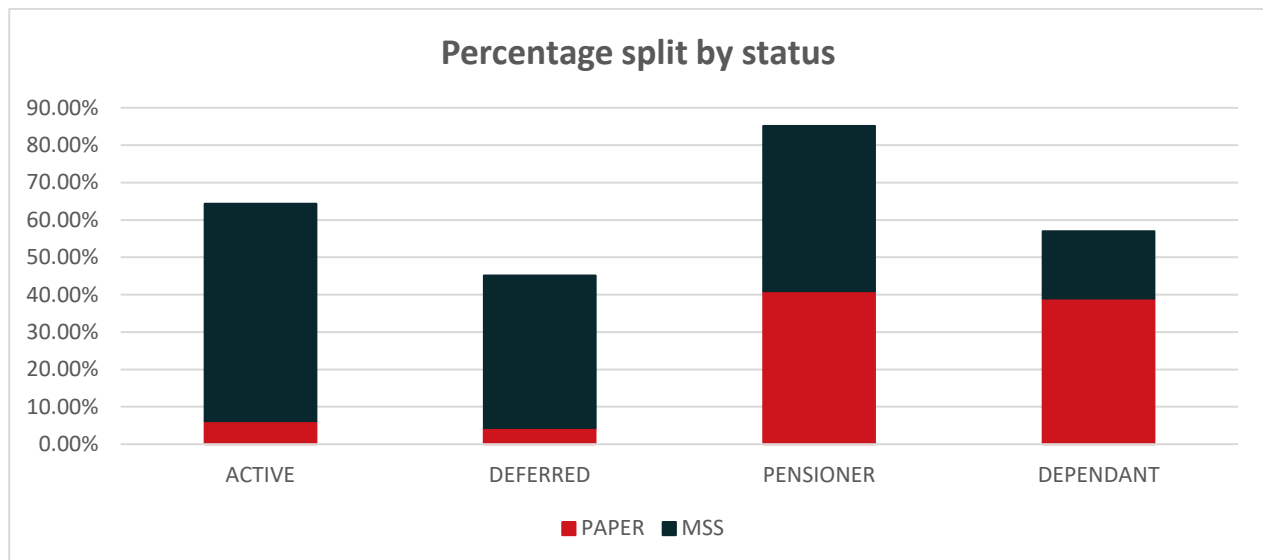
- update their personal details
- run estimates for retirement using their chosen retirement dates
- amend their death grant beneficiaries
- request retirement packs for deferred members who want to start receiving their pension
- view all member specific documents (for example, annual benefit statements) and
- upload completed forms for Clwyd Pension Fund to process
- process their retirement online by uploading certificates and forms through a task that is set up on their MSS record

Members who use MSS receive their correspondence electronically, automatically uploaded to their account. They are notified by email each time information is uploaded.

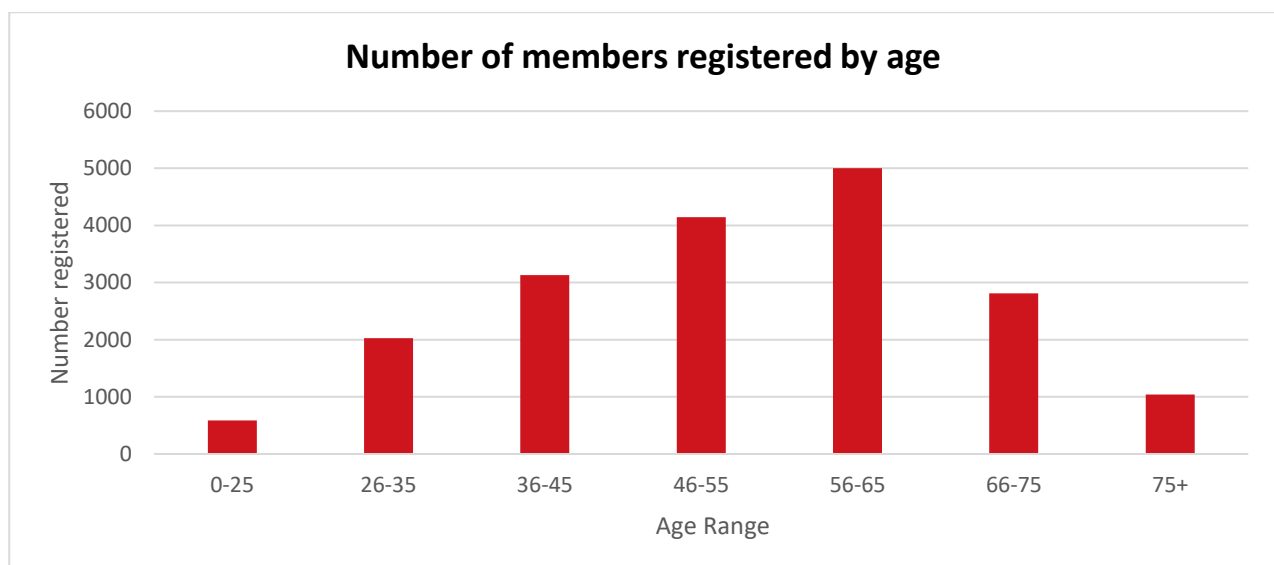
As of 31st March 2025, 58% of the Fund's membership had registered for MSS compared to 55% as at 31st March 2024. During the period 01/04/2024 to 31/03/2025 31% of registered members logged on to MSS. As of 31st March 2025, 21% of the Fund's membership had registered for paper post compared to 19% as at 31st March 2024.

In summary, 79% of our membership are engaged and have chosen either MSS or paper post for communication purposes. The Clwyd Pension Fund endeavours to engage with members who have not chosen a communications preference to ensure they do not lose contact with us. The Fund regularly carries out MSS promotional exercises to encourage members to make a communication preference.

The ratio of paper versus MSS communication preference can be broken down into the different membership status types as seen in the following graph.



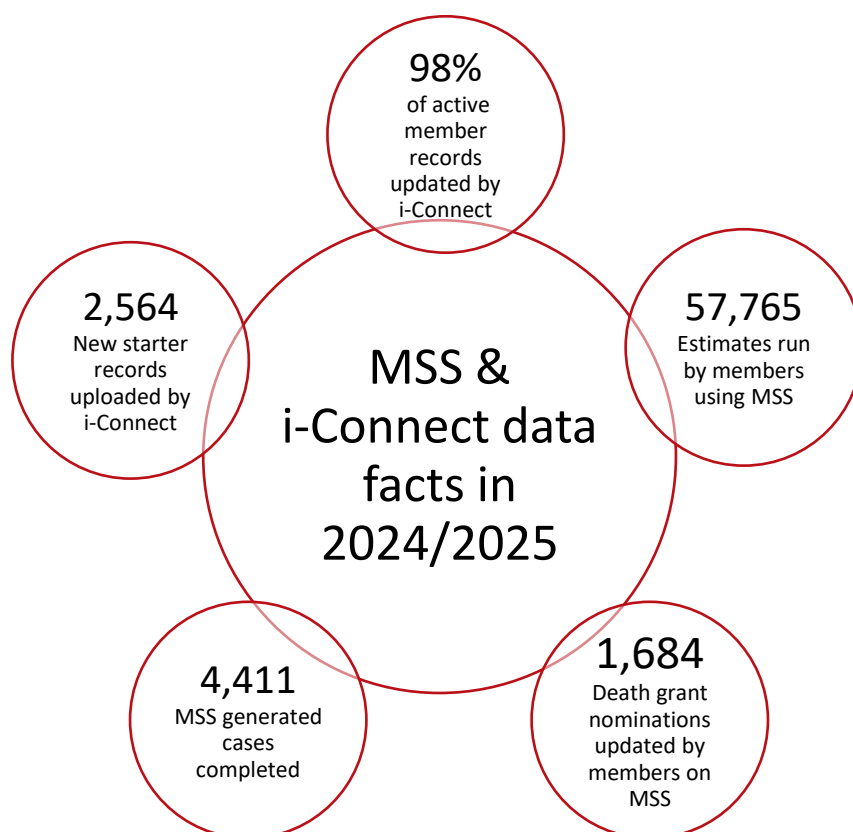
Of those members who are registered to use MSS, their age ranges vary across the board. The graph below shows the age demographic of our MSS users.



MSS continues to be an effective method of communication, allowing Clwyd Pension Fund to upload documents such as retirement packs and estimates to members' MSS accounts. This means that members receive their correspondence from us more quickly and securely compared to having it posted to them.

Members are also able to upload completed forms to their MSS accounts for the Fund to then progress payment of their benefits quicker. Ongoing improvements to the functionality and promotion of MSS will continue during the next 12 months. One of the biggest changes will be the migration from MSS to ENGAGE. This is still a Heywood's product, but it is the next step up in the evolution of their online portal facilities.

MSS and i-Connect Statistics



Scheme Membership details

This section includes a range of information relating to the numbers of staff, employers and scheme members during 2024/2025.

Full time equivalent staff in the Pension Administration Team 42*	Total Fund members 52,950	Ratio of staff to members of Fund 1:1,260	Average cases completed per member of staff 804
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*Excluding ELT and McCloud

Summary of Employers as at 31st March 2025

Employers	Active	Ceased	Total
Scheduled bodies	36	20	56
Admitted bodies	19	22	41
Total	55*	42	97

*excluding the 3 unitary authorities for Councillor Scheme members only

New Pensioners 2024/2025

Retirement Type	Number of Retirements
Ill Health	34
Early	693
Normal Retirement Age (NRA)	127
Late	94
Redundancy / Efficiency	59
Flexible	27
Trivial Commutation	72
Total	1,106

Member Trends

Year	Contributors	Deferred (including undecided & frozen refunds)	Pensioners	Dependant Pensioners	No. of Redundancy & Efficiency enhanced benefits	No. of Ill Health enhanced benefits: Tier 1 only
2021/2022	17,073	17,888	12,613	1,921	25	34
2022/2023	17,671	18,424	13,161	1,990	16	20
2023/2024	17,813	18,377	14,416	2,258	21	28
2024/2025	17,145	18,385	15,137	2,283	27	30

Analysis of Pension Overpayments and Write Offs

	2024/2025		2023/2024		2022/2023		2021/2022	
	Amount	Cases	Amount	Cases	Amount	Cases	Amount	Cases
Amounts under £100	£6,531	161	£5,563	146	£5,906	162	£6,516	166
Overpayments Recovered	£48,619	115	£56,710	121	£46,954	103	£38,056	92
Overpayments Written Off	£235	1	£0	0	£0	0	£0	0

The Fund has a policy in which it does not seek to recover any overpayments of pensioner payroll payments which are under £100. Details of those are shown above. Every effort is made to recover any payroll overpayments above £100. In some circumstances these may be written off with agreement from the Section 151 Officer.

Key Performance Indicators (KPI)

The Fund measures several administration tasks against agreed service standards. These KPIs help ensure we are providing information to our scheme members in a timely manner. Previously the fund reported on seven measures, however, the Fund has developed further measurements of service provision to increase the transparency of performance and are now reporting on 13 measures. The KPI requirements can be found in the Fund's Administration Strategy and include targets of 90% of the agreed service standard for the Clwyd Pension Fund administration element and 100% for the legal requirement element.

The new measures in the table below are marked with a *, please note not all of these measures have a legal requirement and therefore will have 'N/A' in the legal requirement fields.

The 'Time taken to process casework' table below shows the percentage of cases achieved within the legal & fund targets and the 'Total number of casework' table shows the number of case completed overall taking in to account cases brought forward from the previous year.

Time Taken to Process Casework

Process	No. of cases completed cases 2024/2025	Legal Requirement	% of cases completed within target (Legal) 2024/2025	CPF Administration element target	% of cases completed within target (CPF) 2023/2024	% of cases completed within target (CPF) 2024/2025
To send a Notification of Joining the LGPS to a scheme member	2,784	2 months from date of joining (assuming notification received from the employer), or within 1 month of receiving jobholder information where the individual is being automatically enrolled / re-enrolled	93%	30 working days from receipt of all information	99%	99%
To inform members who leave the scheme of their leaver rights and options	1,480	As soon as practicable and no more than 2 months from date of initial notification (from employer or from scheme member)	90%	15 working days from receipt of all information	98%	93%
*Obtain transfer details for transfer in, and calculate and provide quotation to member	366	2 months from the date of request	41%	20 working days from receipt of all information	43%	50%
*Provide details of transfer value for transfer out, on request	426	3 months from date of request (CETV estimate)	68%	20 working days from receipt of all information	23%	36%

Process	No. of cases completed cases 2024/2025	Legal Requirement	% of cases completed within target (Legal) 2024/2025	CPF Administration element target	% of cases completed within target (CPF) 2023/2024	% of cases completed within target (CPF) 2024/2025
*Notification of amount of retirement benefits	2,038	1 month from date of retirement if on or after Normal Pension Age or 2 months from date of retirement if before Normal Pension Age ⁴	87%	10 working days from receipt of all information	92%	97%
Calculate and notify dependant(s) of amount of death benefits	169	As soon as possible but in any event no more than 2 months from date of becoming aware of death, or from date of request by a third party (e.g. personal representative)	69%	10 working days from receipt of all information	69%	76%
*Calculate and Notify member of CETV for Divorce/Dissolution Quote	134	3 months from the date of request	99%	20 working days from receipt of all information	87%	100%
*Calculate and Notify members of Actual Divorce Share	9	4 months from the date of the pension sharing order, or the date where all sufficient information is received to implement the order	89%	15 working days from receipt of all information	100%	78%

Process	No. of cases completed cases 2024/2025	Legal Requirement	% of cases completed within target (Legal) 2024/2025	CPF Administration element target	% of cases completed within target (CPF) 2023/2024	% of cases completed within target (CPF) 2024/2025
*Providing quotations on request for retirements	927	N/A		15 working days from receipt of all information	87%	85%
Calculate and pay a Refund of contributions	359	N/A		10 working days from receipt of all information	98%	54%
Calculate and Pay retirement lump sum	833	N/A		15 working days from receipt of all information	95%	100%
*Calculate and Notify member of Deferred Benefits	1,163	N/A		30 working days from receipt of all information	45%	72%
Initial letter acknowledging death of member	435	N/A		3 working days from receipt of all information	80%	92%

*These KPIs were affected by regulatory changes, awaited GAD guidance, and additional complexity due to the McCloud Remedy which has resulted in processes taking longer to complete.

Total number of Casework

Process	Total number of cases open as at 31/03/2023	Total number of cases open as at 31/03/2024	Total number of cases created 01/04/2023 – 31/03/2024	Total number of cases created 01/04/2024 – 31/03/2025	No. of cases completed 2023/2024	No. of cases completed 2024/2025	% of cases completed 2023/2024	% of cases completed 2024/2025
To send a Notification of Joining the LGPS to a scheme member	1	43	3,435	2,780	3,436	2,784	100%	98%
To inform members who leave the scheme of their leaver rights and options	33	6	1,805	1,490	1,813	1,480	99%	99%
Obtain transfer details for transfer in, and calculate and provide quotation to member	3	26	326	37	289	366	88%	91%
Provide details of transfer value for transfer out, on request	5	7	470	451	235	426	49%	98%
Notification of amount of retirement benefits	1	123	1,737	2,042	1,738	2,038	100%	94%
Providing quotations on request for retirements	138	34	1,124	919	992	927	79%	97%
Calculate and notify dependant(s) of amount of death benefits	1	0	200	187	171	169	85%	89%
*Calculate and Notify member of CETV for Divorce/Dissolution Quote	3	8	132	141	115	134	85%	90%
*Calculate and Notify members of Actual Divorce Share	4	0	4	9	3	9	38%	100%

Process	Total number of cases open as at 31/03/2023	Total number of cases open as at 31/03/2024	Total number of cases created 01/04/2023 – 31/03/2024	Total number of cases created 01/04/2024 – 31/03/2025	No. of cases completed 2023/2024	No. of cases completed 2024/2025	% of cases completed 2023/2024	% of cases completed 2024/2025
*Calculate and pay a Refund of contributions	0	2	435	325	359	324	83%	99%
*Calculate and Pay retirement lump sum	0	10	999	1,171	833	1,173	83%	99%
*Calculate and Notify member of Deferred Benefits	0	0	1,163	1,119	1,163	1,119	100%	100%
*Initial letter acknowledging death of member	2	3	445	399	435	399	97%	99%

Other performance information

The total number of cases completed in 2024/2025 has increased compared to the previous year. This reflects the on-going training and the bedding in of new processes. A number of high priority processes (e.g. retirements) continue to take longer to complete due to the added complexity that the McCloud ruling has brought which is now business as usual. A number of transfer cases had been on hold pending new GAD guidance being issued. Guidance has been received and the team continue to work through the backlog of cases whilst managing current workloads. The team are working to complete the backlog.

Work continues in all areas to drive performance. there has been a positive effect on the performance levels achieved across most areas. In order to satisfy legal requirements the KPIs noted above are measured at a specific point within the case. These numbers will, therefore, not match the completed cases shown below which also include other areas of work.

Completed Cases 2024/2025

Case Type	Cases
New Starters	2,302
Address changes (including via MSS)	2,105
Defers	1,330
Refunds	908
Retirements (all types)	1,987
Estimates (all types)	1,071
Deaths (deferred, active and pensioners)	518
Transfers In	464
Transfers Out	492
Divorce Quote	143
Divorce Share	9
Aggregation	1,768

2022/2023

Total cases
completed

34,733

2023/2024

Total cases
completed

32,870

2024/2025

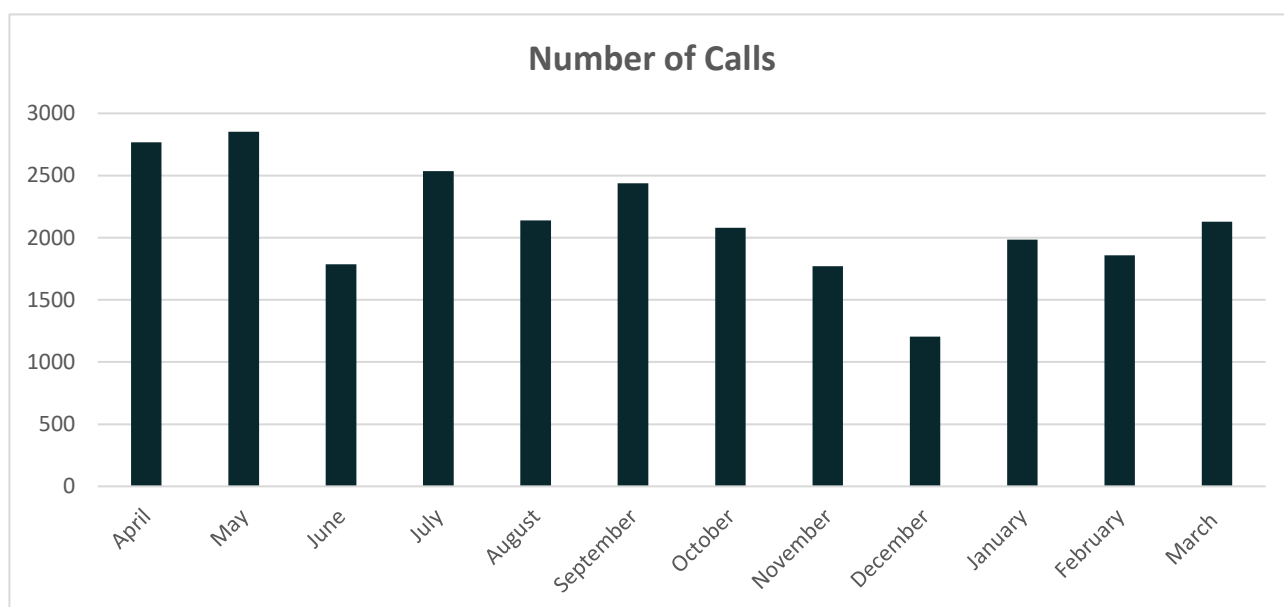
Total cases
completed

33,776

Case Movement 2024/2025

	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Start Total	5,861	6,285	6,284	6,548	6,650	6,304	6,668	6,197	6,123	6,007	5,856	5,959
Completed	2,772	2,759	2,271	3,019	2,916	3,245	3,410	3,044	2,266	3,114	2,531	2,429
Received	3,198	2,760	2,538	3,118	2,579	3,620	2,983	2,995	2,164	2,978	2,635	2,377
Deleted	2	2	3	3	9	11	44	25	14	15	1	25
Remaining	6,285	6,284	6,548	6,650	6,304	6,668	6,197	6,123	6,007	5,856	5,959	5,882

Phone call statistics 2024/2025



Address & email statistics 2024/2025

Status	Total members	% gone away	% with email address
Active	17,145	0.3%	68%
Pensioner & Dependant	17,420	0.2%	62%
Deferred (Inc. undecided & frozen refund)	18,385	9.5%	51%

Value for Money Statement

The Fund measures Value for Money by achieving its objectives set out in both the Administration Strategy and the Communication Strategy and particularly the following objectives:

- Administer the Fund in a cost effective and efficient manner utilising technology appropriately to obtain value for money
- Ensure the correct benefits are paid to, and the correct income collected from, the correct people at the correct time
- Maintain accurate records
- Ensure we use the most appropriate means of communication, taking into account the different needs of different stakeholders, but with a default of using electronic communications where efficient and effective to do so
- Look for efficiencies and environmentally responsible ways in delivering communications through greater use of technology and partnership working

To successfully deliver these objectives there is a robust Business Plan and Data Improvement Plan in place, risk management is integrated into our day-to-day business and we continually measure success against these objectives in various ways such as through our KPIs, satisfaction surveys and our Breaches Register. Progress updates on each of these are regularly reported to the Committee and the Board.

Some of the key measures to demonstrate Value for Money are as follows:

- The quality of data is fundamental to both the valuation of the Fund's liabilities and how this is subsequently reported in the Fund's accounts. As mentioned earlier, our common and scheme specific data quality scores are 97% and 98% respectively, evidencing that data is now of a high quality.
- We have a long-term target of 75% of all of the membership being registered on Member Self-Service. As at March 2025 more than 57% of members had registered for MSS and over 20% had opted for paper correspondence.
- We strive to use digital communications as a default in all situations unless there are valid reasons not to do so for efficiency or effectiveness reasons.
- We regularly review our progress against a wide range of KPIs (including legal timescales, overall process timescales and internal Fund turnaround times), workload case numbers (received, completed and outstanding) and our business plan requirements to ensure our resources are appropriate to meet our objectives.

Furthermore, in 2024/2025 the administration of the Fund was achieved within the agreed budget.

Complaints Procedure

The Fund's complaints procedure is officially known as the Internal Dispute Resolution Procedure (IDRP).

Usually, before IDRP is instigated, an 'informal' complaint is raised by a member and the Pensions Administration Manager or Principal Pensions Officers will attempt to resolve the complaint and confirm this in writing where possible. If the complaint is against an employer decision, it is the

employer's responsibility to attempt to resolve this complaint. If the member is dissatisfied with the response, they may appeal.

The Clwyd Pension Fund keeps a log of all complaints received directly to the Fund and how these complaints have been resolved, all of which are reported to the Pension Board.

Formal Complaints: non IDRП

During the 2024/2025 scheme year only one formal complaint was received.

IDRP

The appeal process is known as IDRП and has a two-stage process under LGPS regulations. Written appeal applications must be made using the Fund's official IDRП forms and must be returned to the Fund within six months of the date of the decision that the member is appealing against.

Stage One of the appeal's process requires the Fund's 'nominated person' to investigate the complaint. For Stage One, this nominated person is the Business Development Manager for West Yorkshire Pension Fund. He reviews the dispute and makes a determination as to whether the decision reached was made in line with the Scheme regulations. Should the member remain dissatisfied with the outcome they can make an application under Stage Two which can be forwarded to the Fund. Stage Two appeals are heard by the Monitoring Officer of Flintshire County Council.

If still dissatisfied, members may take their dispute to the MoneyHelper service and then on to the Pensions Ombudsman. The table below summarises the IDRП requests the Fund received in 2024/2025 versus 2023/2024 and their outcomes:

	Stage 1: Employers	Stage 1: Administering Authority	Stage 2: Employers	Stage 2: Administering Authority
Received 2023/2024	2	0	1	0
Received 2024/2025	4	0	2	0
Upheld 2023/2024	0	0	0	0
Upheld 2024/2025	1	0	0	0
Rejected 2023/2024	1	0	1	0
Rejected 2024/2025	3	0	2	0
Ongoing 2023/2024	1	0	0	0
Ongoing 2024/2025	1	0	0	0

We have not been made aware of any members referring their complaint to the Pensions Ombudsman when they have lost stages one and two IDRП.

More information about the appeal process can be found in our Internal Dispute Resolution Procedure Pack at:

<https://clwydpensionfund.org.uk/en/LGPS/Forms-and-Resources/home.aspx>

Contact Details

For further information on this section of the Annual Report please contact:

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Section 7: Additional Information

Appendix 6: Annual Governance Statement

Roles and Responsibilities

Flintshire County Council (the Council) is responsible for administering the Clwyd Pension Fund (the Fund), on its own behalf and on behalf of 2 other local authorities (Wrexham and Denbighshire) and 50 other large and small employers in North East Wales. Two of these employers left the Fund during the scheme year.

The main activities involved in managing the Fund are to make and manage investments and to administer the payment of scheme benefits. This is carried out in accordance with the requirements of the Local Government Pension Scheme (LGPS) Regulations 2013, the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 and the Public Service Pensions Act 2013.

The Council is responsible for ensuring that all its business, including that of the Fund, is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for and that there are proper arrangements to use money economically, effectively and efficiently. The Council is also required to ensure that the Fund is managed to deliver best value.

Governance & Delegation

The governance framework of the Council comprises an underlying set of legislative requirements, good practice principles and management processes, which supports the philosophy of the Council's operations, the standards it sets itself, the behaviours it expects of itself and the principles it follows.

To help ensure that the governance framework is robust, the Council has developed a Local Code of Corporate Governance (the Code) which defines the principles that underpin the governance of the organisation and is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) Framework: Delivering Good Governance in Local Government. The Code forms part of the Council's constitution and is available on the Council's website. The operation of the Fund is governed by this code. The Council produces its own Annual Governance Statement which reviews the effectiveness of its control environment.

The Fund has its own Governance Policy in place. This policy sets out the Fund's governance arrangements, including its governance structure and operational procedures for the delegation of responsibilities. It also sets out the Fund's aims and objectives relating to its governance. In accordance with the requirements of the Public Services Pensions Act 2013, the Fund has established a Local Pension Board (the Board) to act as a partner in assisting the Fund to meet its statutory and regulatory requirements and in administering the Fund effectively.

The Council discharges its duty as administering authority by delegation to the Clwyd Pension Fund Committee (the Committee). The Committee is made up of 5 of the Council's own councillors and 4 co-opted members, representing the other 2 local authorities, other employers

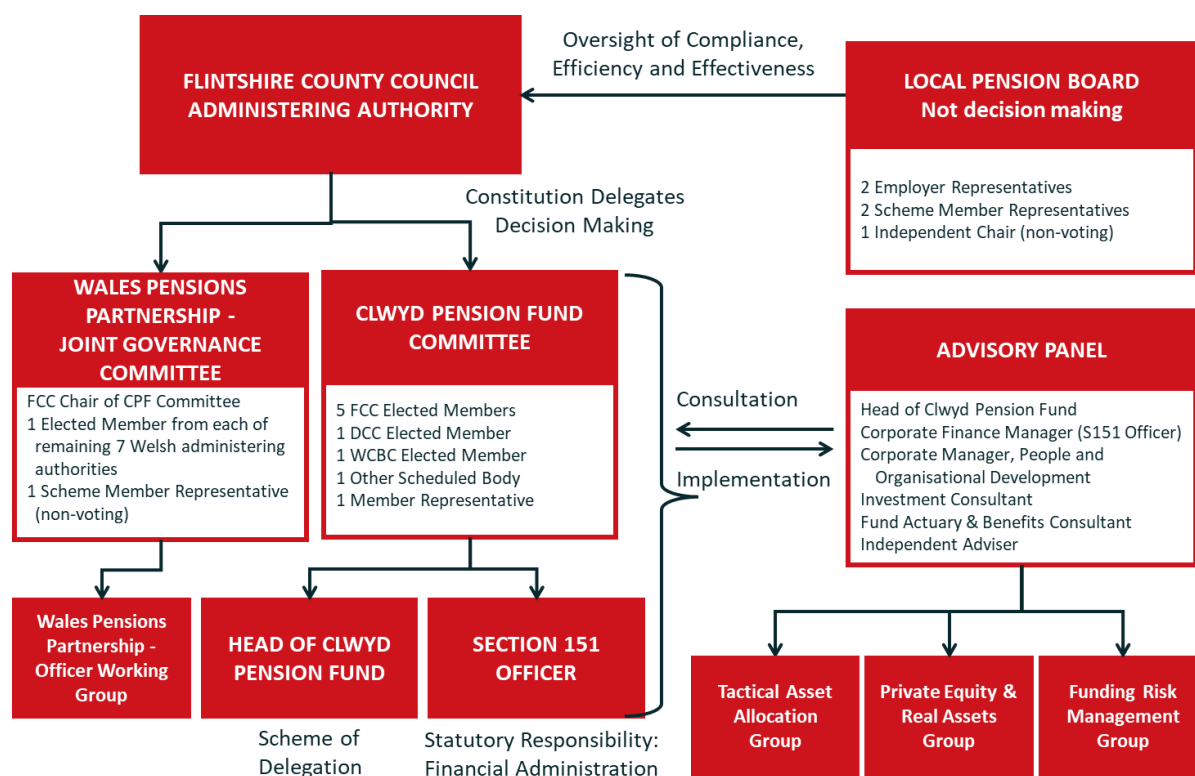
and the scheme members. The Committee receives advice from the Clwyd Pension Fund Advisory Panel (the Panel) which is made up of officers of the Council and advisors to the Fund.

The Head of Clwyd Pension Fund has overall responsibility for the activities of the Fund. This includes ensuring that the arrangements for the investment of assets, the receipt of contributions and the payment of benefits are properly managed.

The Council's Corporate Finance Manager as Section 151 Officer is responsible for arranging the proper administration of the financial affairs of the Fund. He is CIPFA qualified and is suitably experienced to lead the finance function.

In addition, under an inter-authority agreement, there is delegation to the Wales Pension Partnership Joint Governance Committee to reflect the move to the pooling of pension fund assets across the 8 Welsh LGPS pension funds.

The governance structure for the Fund is shown below. The bodies to which responsibility is formally delegated are supported by the Board, and also an Advisory Panel and a number of working groups.



Strategy & Policy

The LGPS regulations require the Fund to maintain a number of strategy and policy documents which are available on its website. Key amongst these are the Governance Policy Statement and Compliance Statement, Funding Strategy Statement, Investment Strategy Statement, Communications Strategy, and Administration Strategy. These documents describe the Fund's objectives together with the main risks facing the Fund and the key controls which mitigate them. In addition, the Fund has a number of other key documents and policies which support the governance framework including:

- Business Plan
- Recording Breaches of the Law Procedure
- Risk Management Policy
- Conflicts of Interest Policy
- Knowledge and Skills Policy
- Equality, Diversity and Inclusion Policy
- Cyber Strategy
- Business Continuity Policy
- Anti-Fraud and Corruption Policy

Many of these can be found on the Fund's website at:

<http://clwydpensionfund.org.uk/en/Governance/Strategies-and-Policies/home.aspx>

Use of financial data

Financial data is used and managed by the Fund in a number of different ways:

- There is a triennial actuarial valuation which determines long term cash flows, fund liabilities and contributions. In addition, monthly funding projections are also produced by the actuary to help the Fund keep abreast of its funding position.
- Detailed investment records are held and maintained by external partner investment managers including the Wales Pension Partnership (WPP) and the Fund's global custodian. There is quarterly performance reporting to the Fund of the position on investments.
- Economic and market forecast data is used to inform the Fund's investment strategy, which is designed to support the requirements of the Fund's funding strategy.
- The Fund prepares an annual statement of accounts, a business plan (including a budget and cash flow) and financial monitoring reports. The Fund uses the Council's Masterpiece financial ledger system to maintain its financial information.
- The Fund uses the Altair management system to manage the payment of benefits to beneficiaries. Payments to beneficiaries are made through the Council's bank account and are transferred immediately from the Pension Fund's bank account. Annual Benefit Statements are prepared and distributed to members. The Fund has a Member Self Service system, which allows members of the Fund to access their own membership information.

Annual audit reports and statements of internal control are obtained from the investment managers by the Fund and are reviewed by officers to provide assurance that the investments are managed in an adequate control environment. Any significant issues that these reports disclose are reported to the Committee on an exception basis.

Risk Management

The Fund recognises that effective risk management is an essential element of good governance. The Fund has an effective policy and risk management strategy which:

- Demonstrates best practice
- Improves financial management
- Minimises the effect of adverse conditions
- Identifies and maximises opportunities that might arise
- Minimises threats
- Demonstrates best practice in governance
- Ensures high quality administration
- Improves financial management
- Minimises the risk and effect of adverse conditions
- Identifies and maximises opportunities that might arise
- Minimises threats

A review of the Fund's approach to risk management and risk register was undertaken in 2023/2024 and the revised Risk Management Policy was approved in March 2024. This updated policy has been implemented in 2024/2025, and all risks are now reviewed on a monthly basis and continue to be presented to the Pension Fund Committee quarterly.

Risks relating to pension funds are often outside the Fund's control. The Fund's risk management focuses on measuring the current risk against the Fund's agreed target risk and identifying further controls and actions that can be put in place. These actions are then implemented as part of the day to day management or through the Fund's Business Plan.

The risks currently identified as key risks are shown in the section of the Fund's Annual Report which deals with the overall fund management (Section 1).

Review of effectiveness

The Committee is responsible for ensuring the continued effectiveness of the governance framework and system of internal control within which the Fund operates. In discharging this responsibility it relies on the assurances of officers, financial monitoring and other reports, the work of internal audit and the work of the external auditors.

The Board assists the Committee in securing compliance with the LGPS Regulations and any other legislation relating to the governance and administration of the scheme, and with ensuring the effective and efficient governance of the Fund.

The Fund has in place an Independent Advisor, part of whose role is to carry out an annual review which is included in the Fund's Annual Report (Appendix 1).

The Fund's Annual Report includes a governance compliance statement. This measures the extent to which the Fund's governance arrangements comply with statutory guidance.

As part of his duties, the Corporate Finance Manager ensures that the Council receives an internal audit of the control environment of the Council and the Fund. The audit coverage reviews the

control environment within which the Fund operates and helps to ensure that robust arrangements are in place to:

- Safeguard the contributions made by employees and employers used to fund the pension liabilities
- Ensure control is maintained over partner investment managers who are responsible for ensuring that funds are maximised in order to meet liabilities
- Ensure that accurate and timely payment is made to retired members and beneficiaries of the Fund

Update on significant governance issues previously reported

There were no significant governance issues in 2023/2024 specific to the Fund, and there was no internal audit of the Fund in 2024/2025. The next internal audit will be in 2025/2026.

Certification

It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the systems of governance which operate on the Clwyd Pension Fund. We consider the governance and internal control environment operating during 2024/2025 to provide reasonable and objective assurance that any significant risks impacting the Fund's ability to achieve its objectives will be identified and actions taken to avoid or mitigate their impact.

Philip Latham

Head of Clwyd Pension Fund

Cllr Christopher Bithell

Chair of the Clwyd Pension Fund Committee

Appendix 7: Glossary

Active member	A current employee who is paying contributions to the Fund.
Actuary	An independent professional who advises the Administering Authority on the financial position of the Fund. Every three years the Actuary values the assets and liabilities of the Fund and determines the funding level and the employers' contribution rates. Both to meet the cost of any future benefit accrual, and also rectify any difference in assets and liabilities for accrued benefits.
Additional Voluntary Contributions (AVC)	An option available to active members to secure additional pension benefits by making regular contributions to separately held investment funds managed by the Fund's AVC provider.
Administering Authority	Flintshire County Council is the Administering Authority of the Clwyd Pension Fund and is responsible for managing and administering the LGPS in relation to its members. This includes maintaining and investing the Fund's assets.
Admitted Body	An organisation who has entered into a service agreement with a Scheme employer. Flintshire County Council, as the Administering Authority, and the relevant parties to the service agreement enter into an admission agreement to allow the staff who transferred to the new organisation to participate in the LGPS.
Alternatives	An alternative investment is an asset that is not one of the conventional investment types, such as stocks, bonds and cash. Alternative investments include private equity, hedge funds, managed futures, real estate, commodities and derivatives contracts.
Asset Allocation	The apportionment of a fund's assets between different types of investments (or asset classes). The asset allocation is monitored on a regular basis depending on the agreed tolerances set out in the Investment Strategy. The long-term strategic asset allocation of a fund will reflect the fund's investment objectives.
Benchmark	A measure against which the investment policy or performance of an investment manager can be compared.
Consumer prices index (CPI)	CPI is a measure of inflation with a basket of goods that is assessed on an annual basis. Pension increases in the LGPS are linked to the annual change in CPI. Currently CPI is lower than RPI (see RPI comment below).
CPIH	This is a broader measure of inflation based on CPI including owner occupiers' housing costs.
Corporate Bonds	Fixed interest securities and index-linked securities issued by companies registered either in the UK or overseas. They represent 'loans' to the companies which are repayable on a stated future date (for definitions of "fixed interest" and "index-linked" see 'Fixed

	Interest Government Securities’ and ‘Index-linked Government Securities’).
Custodian	This is a financial institution that holds customers’ securities for safekeeping to minimise the risk of theft or loss. Most custodians also offer account administration, transaction settlements, collection of dividends and interest payments, tax support and foreign exchange.
Deferred Members	Scheme members who have left employment or ceased to be an active member of the Scheme whilst remaining in employment, but retain an entitlement to a pension from the Scheme.
Direct property	Direct investment in property is buying all or part of a physical property. Property owners can receive rent directly from tenants and realise gains or losses from the sale of the property.
Diversified Growth Funds (DGF)	An alternative way of investing in shares, bonds, property and other asset classes.
Employer Contribution Rates	The percentage of the salary of members that employers pay as a contribution towards the members’ pension.
Equities	Ordinary shares in UK and overseas companies traded on a stock exchange. Shareholders have an interest in the profits of the company and are entitled to vote at shareholders’ meetings.
Equity risk premium	Also referred to as simply equity premium, this is the excess return that investing in the stock market provides over a risk-free rate, such as the return from government treasury bonds. This excess return compensates investors for taking on the relatively higher risk of equity investing.
Fixed Interest Securities	Investments, mainly in government stocks, which guarantee a fixed rate of interest. The securities represent loans which are repayable at a future date but which can be traded on a recognised stock exchange in the meantime.
Funding Strategy Statement	This is a formal document setting out how the Administering Authority will determine employers’ contributions to the Fund and how it will manage its funding risks. The statement should be kept under review, at least every three years with any amendments being subject to consultation with stakeholders.
Hedge Funds	Also known as “absolute return funds’, these funds have as their objective a performance target expressed as a margin above the return which can be achieved on cash deposits.
Index	A calculation of the average price of shares, bonds, or other assets in a specified market to provide an indication of the average performance and general trends in the market.

Indexed-Linked Government Securities	Investments in government stocks (UK and overseas) where both the annual interest payment and the capital sum repayable by the Government are adjusted to allow for inflation. Investments in government stocks which are repayable on a stated future date.
Investment Strategy Statement	This is a formal document setting out the Administering Authority's objectives and attitude to investment risk and sets out what the long term investment strategy will be i.e. how the Fund's assets will be distributed among different asset classes. The statement should be kept under review, at least every three years with any amendments being subject to consultation with stakeholders.
Liability Driven Investment (LDI)	LDI is a risk management strategy that aims to mitigate the Fund's exposure to interest rate and inflation risks.
Market Value	The price at which an investment can be bought or sold at a given date.
Multi Asset Credit	The price at which an investment can be bought or sold at a given date.
Passive Investing (Indexation)	An investment strategy whereby the manager replicates an index in order to generate a rate of return in line with the index. The manager has no discretion over stock selection within the index. If it is a multi-asset portfolio, the asset proportions are prescribed within the mandate.
Pooled Funds	Funds which manage the investments of more than one investor on a collective basis. Each investor is allocated units which are revalued at regular intervals. Income from these investments is normally returned to the pooled fund and increases the value of the units.
Private equity	Private equity is the ownership of companies that are not listed on a public stock exchange.
Retail Price Index (RPI)	A measure of the general level of inflation based on the change in the price of a fixed basket of goods and services, such as food, energy, petrol, travelling costs, mortgage interest payments and Council Tax. From 2030 onwards, the calculation of RPI will be more closely aligned with that of CPIH.
Return	The total gain from holding an investment over a given period, including income and any increase or decrease in market value.
Risk Management Framework	The Fund has established a framework with the aim of providing stability of funding and employer contribution rates in the long term. The framework includes the following strategies that seek to manage a variety of financial risks: Funding Level Monitoring, Liability Hedging, Synthetic Equities, Currency Hedging, Collateral Management, Realisation of Investments, Cash Management and Stock Lending.

Scheduled Body	An organisation that has the right to become a member of the LGPS under the scheme regulations. Such an organisation does not need to be admitted as its right to membership is automatic.
Unrealised Gains/Losses	The increase or decrease in the market value of investments held by the fund since the date of their purchase.
Wales Pension Partnership (WPP)	An investment pool comprising of the Welsh LGPS Funds. WPP is one of eight LGPS investment pools in England and Wales. LGPS investment pools aim to increase pension fund investment efficiency and make it easier to access more asset classes.

Appendix 8: Regulatory Documents

Below are links to the regulatory documents which form part of the Governance and Performance framework within which the Fund operates:

Governance Policy and Compliance Statement (November 2022)

<https://www.clwydpensionfund.org.uk/SiteElements/Documents/finance/en/Governance-Policy-and-Compliance-Statement.pdf>

Funding Strategy Statement (March 2023)

<https://www.clwydpensionfund.org.uk/SiteElements/Documents/finance/en/Funding-Strategy-Statement.pdf>

Investment Strategy Statement (March 2024)

<https://www.clwydpensionfund.org.uk/SiteElements/Documents/finance/en/Investment-Strategy-Statement.pdf>

Communications Strategy (June 2022)

<https://www.clwydpensionfund.org.uk/SiteElements/Documents/archive/en/Communications-Strategy.pdf>

Other best practice documents are also available on Clwyd Pension Fund website. A list of these documents and the website address can be found on the contents page of the report.



clwydpensionfund.org.uk

Clwyd Pension Fund, Tŷ Dewi Sant, St. Davids Park, Ewloe, Flintshire, CH5 3FF

Please note that Flintshire County Council is the administrative authority of the Clwyd Pension Fund and we use your personal data in accordance with Data Protection legislation to provide you with a pension administration service. For more information about how we use your data, who we share it with and what rights you have in relation to your data, please visit the Privacy Notice on our website.