

**MEETING OF THE PENSIONS COMMITTEE
OF TORFAEN COUNTY BOROUGH COUNCIL
Held on Monday, 3 July 2017 at 10am
In the Council Chamber, Civic Centre, Hanbury Road, Pontypool, NP4 6YB**

MINUTES

Attendance: Members of the Committee

Councillors:

Glyn Caron (Chair)
Huw Bevan
Joanne Gauden
Jon Horlor

Officers:

Nigel Aurelius, Assistant Chief Executive Resources (ACER)
Tim James, Interim Chief Legal Officer (ICLO)
Mary Rollin, Pensions Manager (PM)
Paul Rowles, Pension Investments Manager (PIM)
Graeme Russell, Head of Pensions (HoP)
Geraint Thomas, Senior Business Support Officer (SBSO)

Also attending the meeting

Elizabeth Carey, Deputy Independent Investment Advisor (DIIA)
Aoifinn Devitt, Independent Investment Advisor (IIA)
Julie Masci, Associate Director Grant Thornton (ADGT)
Jackson Murray, Audit Manager Grant Thornton (AMGT)

Observing from the public gallery

4 Pension Board Members

Action

1 Attendance and Apologies

- 1.1 The Chair welcomed all to the meeting.
- 1.2 Apologies were received from Councillors Ronald Burnett and Peter Jones.

2 Declarations of Interest

- 2.1 Members confirmed the following declarations of personal interest as read by the Interim Chief Legal Officer (ICLO):

Councillor	In Receipt of Pension	Contributor
Huw Bevan	NONE	Self
Glyn Caron	NONE	Self
Joanne Gauden	NONE	Self and daughter
Jon Horlor	NONE	NONE

2.2 The ICLO left the meeting.

3 Minutes 13/3/17

3.1 All members and officers introduced themselves, as 5 members were new to the committee.

3.2 Cllr Bevan was the only member who attended the previous committee meeting; therefore the committee was not in a position to confirm the minutes.

3.3 The committee noted the minutes.

4 For information: draft minutes of the Pension Board meeting of 26/4/17

4.1 The Head of Pensions (HoP) outlined the governance arrangements in place regarding the Fund, highlighting the advisory and scrutiny role of the Pension Board.

4.2 The committee noted the minutes.

5 Pension Fund Annual Report and Accounts 2016/17

5.1 The HoP explained to new members how the Greater Gwent (Torfaen) Pension Fund formed part of the Local Government Pension Scheme (LGPS). Locally, the Fund was the administrator for approximately 57,000 members and was valued at approximately £2.7bn. He explained that appropriate governance arrangements were in place and that the Fund was responsible for paying benefits and safeguarding assets.

5.2 The HoP confirmed that the report was a good signposting document and contained information on accounts and investments, a health check from the Fund's actuary and a first annual report from the Pension Board.

5.3 The HoP highlighted the following key headlines from the report:

- The membership profile was changing, with numbers increasing but active members decreasing. 40% of members were active, 32% were deferred and 28% were pensioners.
- Investment returns fluctuate each year, with this year's return of 22.84% being very welcome. He added that diversification of investments was essential to help spread risk.
- The value of the Fund had increased by approximately £500m during the last year.
- Pay-out to pensioners was in excess of £100m per annum.
- Income received via contributions and investments was over £100m per annum.
- The actuarial valuation, which took place during the last year, was a very

long-term health check of the Fund.

- The actuarial valuation sets contribution levels from employers.
- The investment manager changes were determined by the committee.
- Pooling of investments was being led by central government. Under these requirements, investment strategy would be set locally but implemented collaboratively, on an all-Wales basis via the Wales Pension Partnership.
- The accounts would also be tabled at Audit Committee and would be discussed during agenda item 6.

5.4 The HoP explained that the LGPS was administered by the Department for Communities and Local Government (DCLG) and they had the power to redesign the benefits of the scheme, which would impact on contributions. Therefore the scheme was subject to regular change.

5.5 The committee noted the report.

6 Audit of Annual Report and Accounts 2016/17 (Grant Thornton ISA 260 Report)

6.1 The Associate Director Grant Thornton (ADGT) provided the following headlines from the report:

- The report reflected the outcomes of the work conducted by the external auditors for 2016/17.
- The audit forms part of the whole audit of Torfaen County Borough Council, by the Auditor General for Wales.
- The authority-wide audit would be presented to Audit Committee on 5th July and Council on 18th July for approval.
- The summary report was outlined and it was added that any errors found would require adjustments to be made by managers.
- A post balance sheet review would be required, right up until the moment of the audit being signed off.
- The key message was an unqualified report which was good in terms of an audit, as it meant that a clean report had occurred.

6.2 The Audit Manager Grant Thornton (AMGT) added the following:

- The risk of management override of controls was present in all entities and was considered to be a significant risk and was therefore the reason why there was always an audit focus on this area.
- The recommendation around controls could be seen in appendix 4.
- The material classification error in terms of benefits payable had been amended and had no impact upon the Fund Accounts or Net Assets Statement.
- Risks around member data were down to a timing issue only, as the audit was conducted quickly, sticking to tight deadlines.
- Despite the audit plan outlining that controls testing in relation to membership data would take place, it was quickly realised that this was not an efficient approach to use and a substantive testing strategy was used instead.

- Journals below £200,000 were not subject to review and this was a theoretical risk.
- Appendices 1-4 were outlined.

6.3 The ADGT explained that validation of all controls of the Fund had been explored and that no specific issues existed regarding the management of the Fund. She added that the journals issue was a theoretical risk and that the level of £200,000 was the choice of management.

6.4 The Pensions Manager (PM) explained why a payment in excess of £5m to Rhondda Cynon Taff Pension Fund was still outstanding in regards to paragraph 15. She stated that the interim payment of £40m had been paid when the money was available and not tied up in investments, with the remaining sum not yet finalised. She was confident that the remaining figure would be paid in the near future.

6.5 The Assistant Chief Executive Resources (ACER) confirmed that Torfaen County Borough Council would be the first authority in Wales to have its accounts signed off this year. He added that this was one of the cleanest audit reports that members would see and for that reason it should give them a lot of confidence. He thanked Grant Thornton for their diligence and the timely manner of their work.

6.6 The committee noted the report.

6.7 The ADGT and the AMGT left the meeting.

7 Wales Pension Partnership (LGPS Investment Pooling and Collaboration Update)

7.1 The HoP outlined the timeline of events since the Minister's decision in 2015 for LGPS funds to collaborate in terms of investments. He explained that the two main strands of work being conducted were in terms of formal governance arrangements and the appointment of an external FCA regulated operator.

7.2 In regards to the appointment of an external operator, the HoP confirmed that six companies were in the frame and that the Joint Governance Committee (made up of the eight Chairs of the Welsh pension funds) would select its preferred choice and make a recommendation in a report to the committee which would follow, on 25th September 2017.

7.3 The role of the pool and individual funds was highlighted in paragraphs 5.4 and 5.5 of the report. The HoP explained that each fund retained its own sovereignty regarding investment strategy but the pool would then implement the investment decisions made. Officers' roles would evolve due to this, with more of an arm's length role occurring. Pooling would achieve economies of scale and cost efficiencies.

7.4 The HoP concluded by explaining to members that the operator would report to the pool and the funds. Each fund was then able to hold the operator and investment managers to account.

7.5 Following questions from the committee, the HoP made the following points:

- The Fund had a strategy in place, with a goal of achieving investments of 70% in equities, 20% in fixed interest and 10% in alternatives investments. He added that pooling may offer different investment opportunities and that it was appropriate to wait for greater clarity with pooling developments, before any further review of the overall investment strategy.
- It was the intention of central government that eventually 100% of each fund's investments would be pooled; however this would take a number of years as some investments were long-term. It would therefore be detrimental to cancel them in the short-term. He added that some existing arrangements may be able to move from the Fund to the pool.
- Investing in infrastructure was a key desire of the Minister and funds viewed infrastructure as an attractive possibility, given the right opportunity. The Fund had not to date found such opportunities, once due diligence had taken place, as this was a complex asset class. Pooling of investments would therefore create an opportunity and hence ambition to invest in infrastructure, as the combined value of the pool would be £15bn.
- In terms of cash management, money in and out of the Fund was broadly the same and therefore the Fund held little cash. The Fund may need to keep hold of higher levels of cash once pooling starts, in order to continue to manage the Fund.

7.6 The Chair reminded the committee that pooling and pensions were not devolved issues and therefore investments in infrastructure could take place anywhere within the UK.

7.7 The Pensions Committee agreed:

- (i) To note the current position and the recommendations of Council; and**
- (ii) That further reports would be brought to Committee in accordance with the required processes.**

8 Quarterly Investment Performance Report to 31st March 2017

8.1 The Pension Investments Manager (PIM) provided the following headlines from the report:

- The report was a standing item on the agenda and the four major areas were market performance, investment managers' performance, the value of the Fund and investment activity.
- At the end of March 2017, the value of the Fund stood at almost £2,705 million, an increase of around £125 million from the end of December 2016.
- Markets had helped regarding the growth seen above, as had the

performance of passive and active external investment managers.

- The information contained within the table in paragraph 5.1 was explained to new members.
- Despite early market volatility during the previous 12 months, global markets had recovered well and a positive momentum could be seen.
- The overall positive benchmark (market) return for the Fund was +4.51% for Quarter 1 of 2017, with the performance for the last 12 months seeing a very positive overall benchmark (market) return of +21.74%.
- The overall positive (absolute) return for the Fund in Quarter 1 stood at +4.84% with a return of 22.84% over the last 12 months.
- The Fund was performing above the benchmark in terms of the last 1, 3 and 5 years but was slightly below the benchmark in terms of the last 10 years.
- Regular contact and scrutiny of investment managers took place, with the assistance of the Independent Investment Advisor (IIA) and the Deputy Independent Investment Advisor (DIIA).
- April and May 2017 had seen the Fund value rise to just over £2,777 million, which was a new milestone for the Fund.
- Investments in equities stood at 77% due to their success, however it was noted that the strategy of the Fund aimed to reduce investments in equities to 70%. He added that this could be done via existing investment managers, as this would be within the spirit of pooling.

8.2 Following questions from the committee, the following points were made:

- The DIIA explained that multi-asset re-allocation could take place, however a lot of research was required in order to establish true diversification.
- The HoP explained that investments in equities should reduce to 72-73% in the near future, with more reduction opportunities to follow once the pooling arrangements were in place.

8.3 The IIA provided the following headlines from appendix 2 of the report:

- Global markets were uncertain but optimistic. Resilience could be seen following recent European elections and the triggering of Article 50, however uncertainties existed as Brexit had not yet begun and a number of European countries were run by minority governments.
- The weaker Sterling had an effect on the Fund's returns.
- In terms of central banks, the US saw an upwards trajectory and the UK was holding still.
- Inflation in May 2017 was at a 4-year high but this had yet to be felt by consumers.
- Equities provided a good inflation hedge but it was noted that equity markets appeared desensitised and complacent.
- Given the political occurrences, terrorist attacks and ransomware attacks in recent months, the high level of optimism seen in markets had not been expected.
- Local government investment requires a diversified asset mix, which

pooling would provide and she did not believe it was possible to perfectly time entry and exit from markets.

- She hoped to see caution from investment managers where success had been higher than normal and that due to interest rate rises, any exposure to this required thought.

8.4 The DIIA added that the Fund could take advantage of longer-term investment periods, which could be well matched to a liability stream such as LGPS pensions. She also confirmed that the Fund could take advantage of a spread of liquidity provisions, which could result in higher and more diverse return streams.

8.5 The Pensions Committee agreed to:

- (i) Note the investment performance that had taken place during the first quarter of 2017 and provide comment and consider issues arising; and**
- (ii) Note recent investment activity and consider any further appropriate course of action required.**

9 Scheme Advisory Board - Local Pension Board Survey

9.1 The PM provided the following headlines from the report:

- The Scheme Advisory Board (SAB) had requested for a survey to be returned, regarding the work of the Local Pension Board.
- The SAB was a point of liaison between the DCLG and individual funds, offering guidance to the DCLG and feedback to funds.
- The survey aimed to establish how the Local Pension Board had performed and whether any guidance or changes to regulations were required.
- One joint response from each fund was acceptable, rather than separate responses from the Pensions Committee and the Local Pension Board.
- It would be difficult for the committee to have much input at this stage, as five of the six committee members were new to the role. The Committee therefore noted the draft response and agreed the Board should finalise its own response and submit it within the deadline of 28th July 2017.
- The report contained a draft response from the Chair of the Local Pension Board and it was noted this would be considered by the Pension Board at their next meeting on 19th July 2017.

9.2 Following a question from the committee, the PM confirmed that indemnity insurance was not currently available to Board members. She added that it had been difficult to determine what they would be insured against as it was not a decision-making body but work was ongoing with Insurers in order to provide cover.

9.3 The Pensions Committee agreed to:

- (i) The draft survey to be considered at the Local Pension Board meeting on 19th July 2017; and**

- (ii) Officers to table a final report of the Local Pension Board's response at the next Pensions Committee meeting, including any suggested actions arising that would develop the relationship between the Pensions Committee and the Local Pension Board.**

10 Elected Members - Continuing Professional Development Update

10.1 The HoP provided the following headlines from the report:

- Pensions Committee membership required a continuous rolling programme of training and was unlike membership of any other local authority committee.
- Knowledge, skills and understanding of such a specialist area was a government requirement. Members needed to show compliance to this, via the training log attached to the report.
- Following the induction training held in June 2017, members would be able to attend a 3-day Fundamentals training course in the autumn.
- Online training was available via Standard Life.
- Specialist training topics could be explored, depending on the appetite of the committee.
- Joint training of the Pensions Committee and the Local Pension Board was also a possibility and would provide a financial benefit.

10.2 The Chair re-emphasised that Pensions Committee was very different to the other committees that members served on and that members therefore needed to take full advantage of all of the training available to them.

10.3 The committee noted the training update provided within the report for information, comment and views on developing a programme of training and education that meets members' requirements.

11 Date of Next Meeting 25/9/17

11.1 The next meeting is scheduled to take place on 25th September 2017.

11.2 The meeting closed at 12.30pm.

CYFARFOD PWYLLGOR PENSIYNAU CYNGOR BWRDEISTREF SIROL TORFAEN
A gynhaliwyd ar ddydd Llun, 3 Gorffennaf 2017 am 10am
Yn Siambr y Cyngor, Y Ganolfan Ddinesig, Heol Hanbury, Pont-y-pŵl, NP4 6YB

COFNODION

Yn bresennol: Aelodau'r Pwyllgor

Cynghorwyr:

Glyn Caron (Cadeirydd)
Huw Bevan
Joanne Gauden
Jon Horlor

Swyddogion:

Nigel Aurelius, Prif Weithredwr Cynorthwyol Adnoddau (PWCA)
Tim James, Prif Swyddog Cyfreithiol Dros Dro (PSCDD)
Mary Rollin, Rheolwr Pensiynau (RhP)
Paul Rowles, Rheolwr Buddsoddiadau Pensiwn (RhBP)
Graeme Russell, Pennaeth Pensiynau (PP)
Geraint Thomas, Uwch Swyddog Cymorth Busnes (USCB)

Hefyd yn mynychu'r cyfarfod

Elizabeth Carey, Dirprwy Ymgynghorydd Buddsoddi Annibynnol (DYBA)
Aoifinn Devitt, Ymgynghorydd Buddsoddi Annibynnol (YBA)
Julie Masci, Cyfarwyddwr Cyswllt Grant Thornton (CCGT)
Jackson Murray, Rheolwr Archwilio Grant Thornton (RhAGT)

Yn Arsylwi o'r oriel gyhoeddus

4 o Aelodau'r Bwrdd Pensiynau

		<u>Gweithred</u>															
1.	Presenoldeb ac Ymddiheuriadau																
1.1	Croesawodd y Cadeirydd pawb i'r cyfarfod.																
1.2	Derbyniwyd ymddiheuriadau gan y Cynghorwyr Ronald Burnett a Peter Jones.																
2.	Datganiadau o Fuddiant																
2.1	Cadarnhaodd yr aelodau'r datganiadau o fuddiant personol a ganlyn fel y'u darllenir gan y Prif Swyddog Cyfreithiol Dros Dro (PSCDD): <table border="1" data-bbox="172 1854 1283 2038"><thead><tr><th>Cynghorydd</th><th>Yn Derbyn Pensiwn</th><th>Cyfrannwr</th></tr></thead><tbody><tr><td>Huw Bevan</td><td>DIM</td><td>Hunan</td></tr><tr><td>Glyn Caron</td><td>DIM</td><td>Hunan</td></tr><tr><td>Joanne Gauden</td><td>DIM</td><td>Hunan a merch</td></tr><tr><td>Jon Horlor</td><td>DIM</td><td>DIM</td></tr></tbody></table>	Cynghorydd	Yn Derbyn Pensiwn	Cyfrannwr	Huw Bevan	DIM	Hunan	Glyn Caron	DIM	Hunan	Joanne Gauden	DIM	Hunan a merch	Jon Horlor	DIM	DIM	
Cynghorydd	Yn Derbyn Pensiwn	Cyfrannwr															
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Glyn Caron	DIM	Hunan															
Joanne Gauden	DIM	Hunan a merch															
Jon Horlor	DIM	DIM															

		<u>Gweithred</u>
2.2	Gadawodd y PSCDD y cyfarfod.	
3.	Cofnodion 13/3/17	
3.1	Fe wnaeth yr holl aelodau a swyddogion gyflwyno'u hunain, am fod 5 aelod yn newydd i'r pwyllgor.	
3.2	Y Cyng. Bevan oedd yr unig aelod a fynychodd gyfarfod blaenorol y pwyllgor; felly nid oedd y pwyllgor mewn sefyllfa i gadarnhau'r cofnodion.	
3.3	Fe wnaeth y pwyllgor nodi'r cofnodion.	
4.	Er gwybodaeth: cofnodion drafft cyfarfod y Bwrdd Pensiynau 26/4/17	
4.1	Amlinellodd y Pennaeth Pensiynau (PP) y trefniadau llywodraethu sydd ar waith o ran y Gronfa, gan amlygu rôl ymgynghori a chraffu'r Bwrdd Pensiynau.	
4.2	Fe wnaeth y pwyllgor nodi'r cofnodion.	
5.	Adroddiad Blynyddol a Chyfrifon y Gronfa Bensiwn 2016/17	
5.1	Eglurodd y PP i'r aelodau newydd sut mae Cronfa Bensiynau Gwent Fwyaf (Torfaen) yn ffurfio rhan o Gynllun Pensiwn Llywodraeth Leol (CPLIL). Yn lleol, roedd y Gronfa'n gweinyddu am tua 57,000 o aelodau a'i fod gwerth tua £2.7bn. Eglurodd bod trefniadau llywodraethu priodol ar waith a bod y Gronfa yn gyfrifol am dalu budd-daliadau a diogelu asedau.	
5.2	Cadarnhaodd y PP bod yr adroddiad yn ddogfen gyfeirio dda a'i bod yn cynnwys gwybodaeth am gyfrifon a buddsoddiadau, gwiriad iechyd gan actwari'r Gronfa ac adroddiad blynyddol cyntaf gan y Bwrdd Pensiynau.	
5.3	Amlygodd y PP y penawdau allweddol a ganlyn o'r adroddiad: <ul style="list-style-type: none"> • Mae proffil yr aelodaeth yn newid, gyda niferoedd yn cynyddu ond bod aelodau gweithredol yn gostwng. Mae 40% o'r aelodau yn weithgar, 32% wedi eu gohirio ac mae 28% yn bensiynwyr. • Mae adenillon buddsoddi yn amrywio bob blwyddyn, a chroesawyd y canran o 22.84% eleni fel ffigwr derbyniol iawn. Ychwanegodd fod amrywio'r buddsoddiadau yn hanfodol i helpu i ledaenu'r risg. • Mae gwerth y Gronfa wedi cynyddu tua £500 miliwn yn ystod y flwyddyn ddiwethaf. • Talwyd swm o dros £100m y flwyddyn i bensiynwyr. • Mae incwm a dderbyniwyd drwy gyfraniadau a buddsoddiadau dros £100m y flwyddyn. • Roedd y prisiad actiwaraid, a gynhaliwyd yn ystod y flwyddyn 	

		<u>Gweithred</u>
5.4	<p>ddiwethaf, yn wiriad iechyd tymor hir da iawn ar gyfer y Gronfa.</p> <ul style="list-style-type: none"> • Mae'r prisiad actiwaraid yn gosod lefelau cyfraniadau gan gyflogwyr. • Y pwyllgor bennodd newidiadau'r rheolwr buddsoddi. • Llywodraeth ganolog sy'n arwain ar gronni buddsoddiadau. O dan y gofynion hyn, byddai'r strategaeth fuddsoddi yn cael ei gosod yn lleol ond ei gweithredu ar y cyd, ar sail Cymru gyfan trwy Bartneriaeth Pensiwn Cymru. • Mae'r cyfrifon hefyd yn cael eu cyflwyno yn y Pwyllgor Archwilio a'u trafod yn ystod eitem 6 ar yr agenda. <p>Eglurodd y PP fod Cynllun Pensiwn Llywodraeth Leol yn cael ei weinyddu gan yr Adran Cymunedau a Llywodraeth Leol (DCLG) a bod ganddynt y grym i ail-ddylunio manteision y cynllun, a fyddai'n effeithio ar gyfraniadau. Felly, mae'r cynllun yn destun newid yn rheolaidd.</p>	
5.5	Nododd y pwyllgor yr adroddiad.	
6.	Archwiliad o Adroddiad Blynyddol a Chyfrifon 2016/17 (Adroddiad ISA 260 Grant Thornton)	
6.1	<p>Cyflwynodd Cyfarwyddwr Cysylltiol Grant Thornton (CCGT) y penawdau canlynol o'r adroddiad:</p> <ul style="list-style-type: none"> • Mae'r adroddiad yn adlewyrchu canlyniadau'r gwaith a wnaed gan yr archwilyr allanol ar gyfer 2016/17. • Mae'r archwiliad yn ffurfio rhan o'r archwiliad cyfan ar gyfer Cyngor Bwrdeistref Sirol Torfaen, gan Archwilydd Cyffredinol Cymru. • Byddai'r archwiliad ar draws yr awdurdod yn cael ei gyflwyno i'r Pwyllgor Archwilio ar 5 Gorffennaf a'r Cyngor ar 18 Gorffennaf i'w gymeradwyo. • Amlinellwyd yr adroddiad cryno ac ychwanegwyd y byddai angen i reolwyr wneud addasiadau pe ganfuwyd unrhyw wallau. • Byddai angen adolygiad ôl-fantolen, hyd at y funud y byddai'r archwiliad yn dod i ben. • Y neges allweddol oedd adroddiad diamod a oedd yn dda o ran archwiliad, gan ei fod yn golygu adroddiad glân. 	
6.2	<p>Ychwanegodd RhA Grant Thornton (RhAGT) y canlynol:</p> <ul style="list-style-type: none"> • Mae'r risg o rheolwyr yn diystyru rheolaethau yn bodoli yn yr holl endidau ac ystyriwyd ei fod yn risg sylweddol a dyna'r rheswm y mae ffocws archwilio bob amser ar y maes hwn. • Mae'r argymhelliad ynghylch rheolaethau i'w gweld yn atodiad 4. • Mae'r gwall o ran dosbarthiad perthnasol o ran y buddion sy'n daladwy wedi cael ei newid ac nid yw wedi cael unrhyw effaith ar Gyfrifon y Gronfa na'r Datganiad Asedau Net. • Mae'r risgiau o ran data aelodau yn fater amseru yn unig, gan fod yr archwiliad wedi cael ei gynnal yn gyflym, gan gadw at derfynau amser tynn. 	

		<u>Gweithred</u>
	<ul style="list-style-type: none"> • Er bod y cynllun archwilio yn amlinellu y byddai angen profi rheolaethau mewn perthynas â data aelodaeth, sylweddolwyd yn fuan nad oedd hyn yn ddull effeithlon i'w ddefnyddio felly defnyddiwyd strategaeth brofi sylweddol yn lle hynny. • Nid yw cyfnodolion dan £200,000 yn cael eu hadolygu ac roedd hyn yn risg ddamcaniaethol. • Amlinellwyd Atodiadau 1-4. 	
6.3	Eglurodd y CCGT fod dilysu holl reolaethau'r Gronfa wedi cael ei archwilio ac nad oedd unrhyw faterion penodol yn bodoli ynghylch rheoli'r Gronfa. Ychwanegodd fod mater y cyfnodolion yn risg ddamcaniaethol ac mai dewis y reolwyr oedd y lefel o £200,000.	
6.4	Eglurodd y Rheolwr Pensiynau (RhP) pam fod taliad o fwy na £5 miliwn i Gronfa Bensiwn Rhondda Cynon Taf dal yn ddyledus mewn perthynas â pharagraff 15. Dywedodd fod y taliad interim o £40m wedi cael ei dalu pan oedd yr arian ar gael ac nid ei glymu i fyny mewn buddsoddiadau, gyda'r swm sy'n weddill heb ei gwblhau eto. Roedd yn hyderus y byddai'r ffigur sy'n weddill yn cael ei dalu yn y dyfodol agos.	
6.5	Cadarnhaodd y Prif Weithredwr Cynorthwyol Adnoddau (PWCA) mai Cyngor Bwrdeistref Sirol Torfaen fydd yr awdurdod cyntaf yng Nghymru i gael ei gyfrifon wedi'u cymeradwyo eleni. Ychwanegodd fod hwn yn un o'r adroddiadau archwilio glanaf y byddai'r aelodau yn ei weld ac am y rheswm hwnnw dylai rhoi llawer o hyder iddynt. Diolchodd i Grant Thornton am eu diwydrwydd a'r modd amserol y cwblhawyd eu gwaith.	
6.6	Nododd y pwyllgor yr adroddiad.	
6.7	Gadawodd y CCGT a'r RhAGT y cyfarfod.	
7.	Partneriaeth Pensiwn Cymru (Diweddariad ar Gydweithio a Gronni Buddsoddiadau CPLIL)	
7.1	Amlinellodd y PP linell amser y digwyddiadau ers penderfyniad y Gweinidog yn 2015 i gronfeydd CPLIL gydweithio o ran buddsoddiadau. Eglurodd fod y ddau brif faes o waith sy'n cael ei wneud yn ymwneud â threfniadau llywodraethu ffurfiol a phenodi gweithredwr allanol a reoleiddir gan yr FCA.	
7.2	O ran penodi gweithredwr allanol, cadarnhaodd y PP fod chwe chwmni amlwg a byddai'r Cydbwyllgor Llywodraethu (sy'n cynnwys yr wyth o Gadeiryddion y cronfeydd pensiwn yng Nghymru) yn dewis yr opsiwn a ffafrir ac yn gwneud argymhelliad mewn adroddiad i'r pwyllgor a fyddai'n dilyn, ar 25 Medi 2017.	
7.3	Amlygwyd rôl y gronfa a'r cyllid unigol ym mharagraffau 5.4 a 5.5 yr adroddiad. Eglurodd y PP fod pob cronfa yn cadw ei sofraniaeth eu hunain o	

		<u>Gweithred</u>
	<p>ran strategaeth fuddsoddi, ond yna byddai'r gronfa ar y cyd yn gweithredu'r penderfyniadau buddsoddi a wneir. Byddai rôl Swyddogion yn esblygu o ganlyniad i hyn, gyda mwy o rôl hyd braich. Byddai cronni yn sicrhau darbedion maint ac arbedion effeithlonrwydd.</p>	
7.4	<p>Fe orffennodd y PP drwy egluro i aelodau y byddai'r gweithredydd yn adrodd i'r gronfa a'r cyd-gronfeydd. Yna byddai pob cronfa yn gallu dal y gweithredwr a'r rheolwyr buddsoddi i gyfrif.</p>	
7.5	<p>Yn dilyn cwestiynau gan y pwyllgor, fe wnaeth y PP y pwyntiau a ganlyn:</p> <ul style="list-style-type: none"> • Mae gan y Gronfa strategaeth yn ei lle, gyda'r nod o gyflawni buddsoddiadau o 70% mewn ecwiti, 20% mewn llog sefydlog a 10% mewn buddsoddiadau amgen. Ychwanegodd y gallai cronni gynnis gwahanol gyfleoedd buddsoddi a'i bod yn briodol i aros am fwy o eglurder o ran y datblygiadau cyfuno, cyn adolygu'r strategaeth fuddsoddi gyffredinol ymhellach. • Y Bwriad gan lywodraeth ganolog yn y pen draw oedd y byddai 100% o fuddsoddiadau pob cronfa yn cael ei gronni; fodd bynnag, byddai hyn yn cymryd nifer o flynyddoedd am fod rhai buddsoddiadau yn hirdymor. Byddai felly yn niweidiol i'w canslo yn y tymor byr. Ychwanegodd efallai y byddai modd symud rhai trefniadau presennol o'r gronfa at y gronfa ar y cyd. • Mae'r Gweinidog yn awyddus i fuddsoddi mewn seilwaith ac mae'r cronfeydd yn ystyried seilwaith yn bosibilrwydd deniadol, os caiff y cyfle iawn. Hyd yma, nid oedd y Gronfa wedi cael hyd i'r fath gyfleoedd, unwaith y bu diwydrwydd, gan fod hwn yn ddsbarth o asedau cymhleth. Byddai cyfuno buddsoddiadau felly yn creu cyfle ac felly uchelgais i fuddsoddi mewn seilwaith, gan y byddai gwerth cyfunol y gronfa yn £15 biliwn. • O ran rheoli arian parod, mae arian i mewn ac allan o'r Gronfa yn fras yr un fath, ac felly ychydig o arian parod sy'n cael ei ddal gan y Gronfa. Efallai y bydd angen i'r Gronfa ddal gafael ar lefelau uwch o arian unwaith y bydd y cronni yn dechrau, er mwyn parhau i reoli'r Gronfa. 	
7.6	<p>Atgoffodd y Cadeirydd y pwyllgor nad oedd cronni a phensiynau yn faterion datganoli ac felly byddai modd buddsoddi mewn seilwaith unrhyw le o fewn y DU.</p>	
7.7	<p>Cytunodd y Pwyllgor Pensiynau:</p> <p>(iii) I nodi'r sefyllfa bresennol ac argymhellion y Cyngor; a</p> <p>(iv) Byddai adroddiadau pellach yn cael eu dwyn gerbron y Pwyllgor yn unol â'r prosesau gofynnol.</p>	
8.	Adroddiad Perfformiad Chwarterol ar Fuddsoddi hyd at 31 Mawrth 2017	
8.1	<p>Fe wnaeth y Rheolwr Buddsoddi Pensiynau (RhBP) amlygu'r penawdau canlynol o'r adroddiad:</p>	

		<u>Gweithred</u>
	<ul style="list-style-type: none"> • Mae'r adroddiad yn eitem sefydlog ar yr agenda a'r pedwar prif faes oedd perfformiad y farchnad, perfformiad rheolwyr buddsoddi, gwerth y Gronfa a gweithgarwch buddsoddi. • Ar ddiwedd mis Mawrth 2017 gwerth y Gronfa oedd bron i £2,705 miliwn, cynnydd o tua £125 miliwn o ddiwedd Rhagfyr 2016. • Mae marchnadoedd wedi helpu o ran y twf a welwyd uchod, yn yr un modd â pherfformiad rheolwyr buddsoddi allanol goddefol a gweithredol. • Eglurwyd y wybodaeth yn y tabl ym mharagraff 5.1 i'r aelodau newydd. • Er gwaethaf anwadalrwydd y farchnad yn gynnar yn ystod y 12 mis blaenorol, mae marchnadoedd byd-eang wedi gwella yn dda ac mae momentwm cadarnhaol i'w gweld. • Adenillion meincnod cadarnhaol (y farchnad) yn gyffredinol ar gyfer y Gronfa oedd + 4.51% ar gyfer Chwarter 1 o 2017, gyda'r perfformiad ar gyfer y 12 mis diwethaf yn gweld adenillion meincnod cyffredinol (y farchnad) cadarnhaol iawn o + 21.74%. • Roedd adenillion (absoliwt) cyffredinol ar gyfer y Gronfa yn Chwarter 1 yn bositif iawn ar + 4.84% gyda dychweliad o 22.84% yn ystod y 12 mis diwethaf. • Mae'r Gronfa yn perfformio yn uwch na'r meincnod o ran y flwyddyn 1af, 3ydd a'r 5ed diwethaf, ond roedd ychydig yn is na'r meincnod o ran y 10 mlynedd diwethaf. • Mae meithrin cyswllt a chraffu ar reolwyr buddsoddi yn digwydd yn rheolaidd, gyda chymorth yr Ymgynghorydd Buddsoddi Annibynnol (YBA) a'r Dirprwy Ymgynghorydd Buddsoddi Annibynnol (DYBA). • Yn Ebrill a Mai 2017 gwelwyd gwerth y Gronfa yn cynyddu i ychydig dros £2,777 miliwn, a oedd yn garreg filltir newydd i'r Gronfa. • Mae buddsoddiadau mewn ecwitiau yn sefyll ar 77% oherwydd eu llwyddiant, fodd bynnag, nodwyd mai strategaeth y Gronfa oedd anelu i leihau buddsoddiadau mewn ecwiti i 70%. Ychwanegodd y gallai hyn gael ei wneud drwy gyfrwng y rheolwyr buddsoddi presennol, gan y byddai hyn o fewn ysbryd 'cronni'. 	
8.2	<p>Yn dilyn cwestiynau gan y pwyllgor, gwnaed y pwyntiau a ganlyn:</p> <ul style="list-style-type: none"> • Eglurodd y DYBA y byddai modd o fynd ati i ailddyrranu aml-asedau, fodd bynnag, roedd angen llawer o waith ymchwil er mwyn sefydlu gwir arallgyfeirio. • Eglurodd y PP y dylai buddsoddiadau mewn ecwiti ostwng i 72-73% yn y dyfodol agos, gyda mwy o gyfleoedd i leihau i ddilyn unwaith y byddai'r trefniadau cronni yn eu lle. 	
8.3	<p>Amlygodd yr YBA y penawdau canlynol o atodiad 2 yr adroddiad:</p> <ul style="list-style-type: none"> • Mae marchnadoedd byd-eang yn ansicr ond yn optimistaidd. Gellir gweld gwytnwch yn dilyn etholiadau Ewrop yn ddiweddar a'r camau i gychwyn Erthygl 50, fodd bynnag, mae ansicrwydd yn bodoli gan nad yw Brexit wedi dechrau eto ac mae nifer o wledydd Ewropeaidd yn cael eu rhedeg gan lywodraethau lleiafrifol. 	

		<u>Gweithred</u>
8.4	<p>Ychwanegodd y DYBA y gallai'r Gronfa fanteisio ar gyfnodau buddsoddi tymor hwy, y gellid eu cyfateb yn dda i ffrwd atebolrwydd megis pensiynau CPLIL. Cadarnhaodd hefyd y gallai'r Gronfa fanteisio ar amrediad o ddarpariaethau hylifedd, a allai arwain at ffrydiau adenillion uwch a mwy amrywiol.</p> <p>8.5 Cytunodd y Pwyllgor Pensiynau i:</p> <p>(iii) Nodi'r perfformiad buddsoddi a oedd wedi digwydd yn ystod chwarter cyntaf 2017, darparu sylwadau ac ystyried materion sy'n codi; a</p> <p>(iv) Nodyn gweithgarwch buddsoddi diweddar ac ystyried unrhyw gwrs priodol arall o weithredu sy'n ofynnol.</p>	<ul style="list-style-type: none"> • Roedd gan y Sterling gwannach effaith ar adenillion y Gronfa. • O ran banciau canolog, gwelodd yr Unol Daleithiau daflwybr am i fyny ac roedd y DU yn parhau'n llonydd. • Roedd chwyddiant ym Mai 2017 ar ei uchaf am 4 blynedd ond nid oed defnyddwyr wedi teimlo'r effaith hyd yma. • Mae cyfranddaliadau yn darparu gwrych chwyddiant da ond nodwyd bod marchnadoedd ecwiti yn ymddangos wedi'u ddadsensiteiddio a hunanfodlon. • O ystyried y digwyddiadau gwleidyddol, ymosodiadau terfysgol ac ymosodiadau ar gyfrifiaduron yn y misoedd diwethaf, ni ddisgwylwyd i weld y lefel uchel o optimistiaeth a welwyd mewn marchnadoedd. • Mae buddsoddiad o du llywodraeth leol yn gofyn am gyfuniad o asedau amrywiol, a fyddai'n cael ei darparu wrth gronni ac nid oedd yn credu ei bod yn bosibl i amseru mynediad i mewn ac allan o farchnadoedd yn berffaith. • Mae hi'n gobeithio gweld y rheolwyr buddsoddi yn dangos gofal lle mae llwyddiant wedi bod yn uwch na'r arfer ac oherwydd cynnydd mewn cyfraddau llog, mae angen meddwl cyn gadael yn agored i'r cysyniad hyn.
9.	Bwrdd Ymgynghorol y Cynllun - Arolwg Bwrdd Pensiynau Lleol	
9.1	<p>Amlygodd y RhP y penawdau canlynol o'r adroddiad:</p> <ul style="list-style-type: none"> • Roedd Bwrdd Ymgynghorol y Cynllun (BYC) wedi gofyn am ddychwelyd arolwg ynghylch gwaith y Bwrdd Pensiynau Lleol. • Roedd y BYC yn bwynt cyswllt rhwng y DCLG a chronfeydd unigol, gan gynnig arweiniad i'r DCLG ac adborth i gronfeydd. • Roedd yr arolwg yn anelu i bennu sut oedd y Bwrdd Pensiynau Lleol wedi perfformio a p'un a oedd angen unrhyw arweiniad neu newidiadau i reoliadau. • Roedd un ymateb ar y cyd gan bob cronfa yn dderbyniol, yn hytrach nag ymatebion ar wahân i'r Pwyllgor Pensiynau a'r Bwrdd Pensiynau Lleol. 	

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9.2	<ul style="list-style-type: none"> • Byddai'n anodd i'r pwyllgor gael llawer o fewnbwn ar hyn o bryd, gan fod pump o'r chwe aelod pwyllgor yn newydd i'r rôl. Felly Nododd y Pwyllgor yr ymateb drafft a chytunwyd y dylai'r Bwrdd gwblhau ei ymateb ei hun a'i gyflwyno o fewn y dyddiad cau, sef 28 Gorffennaf, 2017. • Mae'r adroddiad yn cynnwys ymateb drafft gan Gadeirydd y Bwrdd Pensiynau Lleol a nodwyd y byddai hyn yn cael ei ystyried gan y Bwrdd Pensiynau yn eu cyfarfod nesaf ar 19 Gorffennaf 2017. <p>Yn dilyn cwestiwn gan y pwyllgor, cadarnhaodd y RhP nad oedd yswiriant indemniad ar gael ar hyn o bryd i aelodau'r Bwrdd. Ychwanegodd ei bod wedi bod yn anodd penderfynu beth y byddent yn cael eu hyswiro yn erbyn gan nad oedd yn gorff sy'n gwneud penderfyniadau ond mae'r gwaith yn parhau gydag Yswirwyr er mwyn darparu yswiriant.</p>	
9.3	<p>Cytunodd y Pwyllgor Pensiynau i:</p> <p>(iii) Ystyried yr arolwg drafft yng nghyfarfod y Bwrdd Pensiynau Lleol ar 19 Gorffennaf 2017; a</p> <p>(iv) Swyddogion i gyflwyno adroddiad terfynol ar ymateb y Bwrdd Pensiynau Lleol yng nghyfarfod nesaf y Pwyllgor Pensiynau, gan gynnwys unrhyw gamau gweithredu a fyddai'n datblygu'r berthynas rhwng y Pwyllgor Pensiynau a'r Bwrdd Pensiynau Lleol.</p>	
10.	Aelodau Etholedig – Diweddariad ar Ddatblygu Proffesiynol Parhaus	
10.1	<p>Amlygodd y PP y penawdau canlynol o'r adroddiad:</p> <ul style="list-style-type: none"> • Mae bod yn aelod o'r Pwyllgor Pensiynau yn galw am raglen dreigl barhaus o hyfforddiant ac mae'n wahanol i aelodaeth unrhyw bwyllgor awdurdod lleol arall. • Mae gwybodaeth, sgiliau a dealltwriaeth o faes mor arbenigol yn ofyniad gan y llywodraeth. Mae angen i'r aelodau ddangos cydymffurfiaid â hyn, drwy'r cofnod hyfforddi sydd ynghlwm wrth yr adroddiad. • Yn dilyn yr hyfforddiant ymsefydlu gynhaliwyd ym mis Mehefin 2017 byddai aelodau yn gallu mynychu'r cwrs hyfforddi hanfodol dros 3 diwrnod yn yr hydref. • Mae hyfforddiant ar-lein ar gael trwy Standard Life. • Byddai modd archwilio i bynciau hyfforddi arbenigol, yn dibynnu ar archwaeth y pwyllgor. • Roedd hyfforddiant ar y cyd rhwng y Pwyllgor Pensiynau a'r Bwrdd Pensiynau Lleol hefyd yn bosibilrwydd a byddai'n darparu budd ariannol. 	
10.2	<p>Ail-bwysleisiodd y Cadeirydd fod y Pwyllgor Pensiynau yn wahanol iawn i'r pwyllgorau eraill y mae'r aelodau yn gwasanaethu arnynt ac felly bod angen i'r aelodau fanteisio'n llawn ar yr holl hyfforddiant sydd ar gael iddynt.</p>	

		<u>Gweithred</u>
10.3	Nododd y pwyllgor y diweddariad ar hyfforddiant a ddarperir yn yr adroddiad er gwybodaeth, sylwadau a safbwyntiau ar ddatblygu rhaglen o hyfforddiant ac addysg sy'n bodloni gofynion yr aelodau.	
11.	Dyddiad y Cyfarfod Nesaf 25/9/17	
11.1	Mae'r cyfarfod nesaf yn cael ei drefnu ar gyfer 25 Medi 2017.	
11.2	Daeth y cyfarfod i ben am 12.30pm.	