

**MEETING OF THE PENSIONS COMMITTEE
OF TORFAEN COUNTY BOROUGH COUNCIL
Held on Monday, 13 March 2017 at 10am
In the Council Chamber, Civic Centre, Hanbury Road, Pontypool, NP4 6YB**

MINUTES

Attendance: Members of the Committee

Councillors:

Mary Barnett (Chair)
Huw Bevan
Pamela Cameron
Nigel Davies
Stuart Evans

Officers:

Nigel Aurelius, Assistant Chief Executive Resources (ACER)
Tim James, Interim Chief Legal Officer (ICLO)
Lisa Pearce, Investment Officer (IO)
Mary Rollin, Pensions Manager (PM)
Graeme Russell, Head of HR and Pensions (HoHR&P)
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)

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 Councillor Stephen Brooks.
- 1.3 The Chair invited all members, officers and board members to stay for refreshments at the end of the meeting, as a farewell to retiring members of the committee.

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
Mary Barnett	Husband	Self
Huw Bevan	NONE	Self
Pamela Cameron	Husband	Self, daughter, 3 son-in-laws and grandson.
Nigel Davies	NONE	Self
Stuart Evans	NONE	Self, son, 2 daughters and son-in-law

2.2 Councillor Barnett also declared a personal interest as she was the Welsh Representative on the LGPS Ministerial Scheme Advisory Board and a member of the Deficit Working Party, had been appointed onto the Executive of LAPFF (Local Authorities Pension Funds Forum), member of LGPC and a Member of UCU Welsh Retired members.

3 Minutes 12/12/16

3.1 The Chair confirmed that her declarations of interest were not recorded. It was agreed for them to be recorded as per 2.1 and 2.2 of this meeting.

3.2 Subject to the above amendment, the minutes of the meeting held on 12th December 2016 were confirmed as an accurate record.

3.3 The ICLO left the meeting.

4 For information: draft minutes of the Pension Board meeting of 25/1/17

4.1 The committee noted the minutes.

4.2 The Chair praised the hard work and regular attendance of board members and stated that other boards around the country had not been so fortunate in regards to the quorum, particularly smaller boards.

5 Greater Gwent (Torfaen) Pension Fund 2017 Audit Plan

5.1 The Associate Director Grant Thornton introduced the report, briefly highlighting the following headlines:

- It sets out how the Auditor General would discharge his duties.
- Outlined the key areas of focus.
- The All Wales collaboration and pooling of investments was not being ignored, but this does not impact on 2016/17.
- The annual report of the Pension Fund would be looked at, not just the accounts of the Fund.
- Continuity would be seen in terms of the fee, team and timetable by the presence of the ADGT and her colleague Jackson Murray.

5.2 The ADGT confirmed that initial audits into individual employers would help meet the challenge around risks in terms of member data. She also explained that further guidance was being sought in terms of the impact

of the Wellbeing of Future Generations (Wales) Act around this audit and that the Auditor General had asked Torfaen County Borough Council to take part in a pilot.

6 Quarterly Investment Performance Report to 31 December 2016

6.1 The Head of HR and Pensions (HoHR&P) introduced the report and provided the following headlines:

- The performance for Quarter 4 exceeded the benchmark.
- Absolute returns of over +3.3% occurred, with a very strong +18% over the last year.
- The overall value of the Fund reached an all-time high of £2.58 billion, despite political upheaval throughout USA, Europe and Asia.
- Investment manager performance, seen in paragraph 5.1 of the report, saw positive performance other than some short-term blips.
- The pure market value of the Fund rose in January 2017 by £11m and again in February 2017 by £68m. The Fund stood at £2.667 billion, which was another all-time high.

6.2 The IIA tabled a supplementary paper regarding Quarter 4 Economics and Market Summary and provided the following headlines:

- Market returns had been beyond expectations.
- The reduction in the value of sterling had been extremely beneficial but it was unlikely to continue for another year.
- Ongoing interest rate rises in the USA had stimulated world markets.
- It had been a good time to be in markets but as current valuations were hard to justify, it may be the time to start being cautious.
- Global uncertainty exists due to the political environment, especially with upcoming European elections.
- UK gilts and corporate bonds were providing ballast and property was relatively stable.

6.3 The IIA responded to Members' questions, making the following main points:

- More inflation was likely going forward and it was rising globally. It would be more pronounced in the UK due to the lower currency value. She added that it was good to have exposure to inflation-linked investment.
- The commodities super-cycle seen prior to 2008 was unlikely to return.
- It was a prime time to de-risk and this would be dealt with in a later report by the HoHR&P.
- Pure commodities could be highly volatile and as a result she would not recommend a Pension Fund to invest in them. On the other hand, it may be a good option to invest in the infrastructure around commodities.

6.4 The DIIA added that the HoHR&P would be discussing multi assets later, where attractive alternatives could be seen.

6.5 The Pensions Committee noted:

- (i) the investment performance that had taken place during the fourth quarter of 2016, provided comment and considered issues arising; and**
- (ii) recent investment activity and considered any further appropriate course of action required.**

6.6 The Chair informed everyone that former Cllr John Marshall had passed away that day and a one minute silence took place.

6.7 The Chair confirmed that a note of condolence would be sent by officers on behalf of the committee.

7 Pension Fund Work Plan 2017/2018

7.1 The Pensions Manager (PM) introduced the report and provided the following headlines:

- It was a standing item that would need to be revisited after the local government elections in May 2017.
- The detail within appendices 1 and 2 were explained, adding that it was a working document.
- Shared training between the committee and the board was preferable and consideration would be required over the next year around collaborations and third parties.
- Training for the new committee would take place in June, prior to the first meeting in July.

7.2 The Chair added that intensive training would probably be required by the new committee, due to at least four current committee members retiring.

7.3 The HoHR&P confirmed that the Pension Board would determine their work plan but this report indicated previous arrangements.

7.4 The Pensions Committee agreed the draft work plan for 2017/18.

8 Pension Fund Cash Management Strategy 2017/2018

8.1 The HoHR&P explained that this report was a standing item for this time of year and related to process and mechanics. It established the ground rules regarding how the Fund uses its cash and what organisations it can lend to, as set out in paragraph 6.2.

8.2 The HoHR&P alerted the committee to paragraph 4.2, explaining that this report was a rolling-over of existing arrangements.

8.3 The Pensions Committee agreed to:

- (i) Note the key messages and the principles and processes that the Pension Fund adopts with regard to the investment of its cash.**
- (ii) Approve the Fund's 2017/18 Cash Investment Strategy detailed within the report.**

9 Pension Fund Financial Forecasts 2017/2018

9.1 The HoHR&P introduced the report and provided the following headlines:

- It was a standing item for this time of year.
- Variables throughout the year can impact upon the Fund, such as when people choose to retire and the variety of associated costs attributed to it.
- Highlighted the list of assumptions made in paragraph 4.4 of the report.
- The essence of the report could be seen in paragraph 5.1, where it showed that income after spending in 2016/17 was virtually the same as the estimate.
- An increase could be seen in 2017/18 due to employer contributions, increase in investments and pension increases. The Fund was just managing to stay cash flow positive.
- Income from investments had been re-invested by the investment managers, however the managers could be asked to pay the dividends back if required.
- Despite the fact that the value of the Fund had risen, management costs had fallen from an estimated £7.9m to £6.9m. This was due to savings made via collaborative arrangements.
- Additional costs regarding oversight and governance could be seen in the table in paragraph 6.2 of the report; however the savings under the All Wales pooling arrangements would far outweigh these costs.
- A sum of £50k had been included as requested by the Pension Board for their annual operating budget.
- Two additional Pension Benefits Officer posts had been required due to an increase in workload.
- Employer contributions reflect the outcomes of the Actuarial Valuation and the PM had engaged with all necessary employers.
- More members were coming in to the Fund but this included more part-time and transient employees.
- Only 0.6% of people had taken up the 50/50 option, compared with the Department for Communities and Local Government (DCLG) estimate of 10% take-up.
- The tactical re-alignment to be considered in agenda item 14 would not impact the Actuary assessment, as the Fund would still be within the tolerances.

9.2 The Chair confirmed that paragraph 4.4(5) pleased her, given the uncertainty in recent years in terms of local government.

9.3 The PM explained that continued interest existed regarding 'Freedom and Choice' but that the majority do not tend to go any further than the initial enquiry. She added that tax loopholes regarding transferring to overseas funds had been tightened up.

9.4 The Pensions Committee noted the report.

10 Pension Fund Policy Statement Updates

10.1 The PM introduced the report and provided the following headlines:

- The four policy documents attached to the report were either required to be updated annually or it was beneficial for them to be.
- The Governance and Compliance Statement had not been updated fully at this stage. It would be finalised after the local government elections in May 2017.
- The consultation of the policy documents was currently with the employers.
- The Funding Strategy Statement had been substantially re-written and the purpose was set out on page 87 of the agenda.
- The Statement of Investment Principles (SIP) had been replaced by a new Investment Strategy Statement (ISS). It was required to be published this year and to be reviewed every three years.
- The ISS gave the Fund more flexibility than the SIP did.
- Further detail regarding employers funding their deficits and issues around guarantors were given, highlighted by the table on page 96 of the agenda.
- The Communications Policy Statement was updated as and when required, it was not an annual requirement. Pensioners would continue to receive payslips, whereas active and deferred members were encouraged to use electronic means.

10.2 The Pensions Committee:

- (i) Noted the current status of the documents;**
- (ii) Noted the revisions made to the Pension Fund's Policy Statements as contained within the attached appendices and as referred to at Committee;**
- (iii) Agreed that the updated documents were published to the Pension Fund and Council websites and thus adopted as the Fund's current policy statements, subject to:**
 - a. Delegated powers being granted to the Assistant Chief Executive (Resources) to make any minor amendments arising from current consultations;**
 - b. Any significant amendments arising from any current consultation processes being reported back to Pensions Committee.**

11 Pensions Pooling and Collaboration Update

11.1 The HoHR&P introduced the report and provided the following headlines:

- The report had already been tabled at Council and the draft agreement was attached to the report.
- Major progress had been made regarding the procurement process and governance arrangements.
- All eight funds had agreed the report, with no changes of any substance

required.

- The Joint Governance Committee would be established soon but a Joint Chairs Group would meet before the end of March.
- The new arrangements would need to be weaved into Torfaen County Borough Council's Constitution.
- Carmarthenshire County Council would be the host authority, providing the administrative support.
- It was anticipated that an operator would be in place by July or August.
- The All Wales Pool would be starting at a low level of 0.3% in terms of investment in infrastructure; however the pooling concept would increase the potential capacity and capability.
- He believed it would be hugely ambitious to expect to achieve 10% investment in infrastructure in the near future.
- Due diligence regarding infrastructure investment would be conducted at the pool level, therefore easing the burden on individual committees.

11.2 The Chair stated that although central government would like to see investment in infrastructure, it should be remembered that the money being used belongs to employers and employees, not central government.

11.3 The Pensions Committee noted the current position and the recommendations of Council.

12 Administration Update - March 2017

12.1 The PM introduced the report and provided the following headlines:

- 27 employers had already signed up for the Employer Self Service and all employers with more than five members would be required to use the online facility to submit their year-end data prior to 30th April 2017.
- Due to the above, fewer queries would arise as the information would be cleansed, therefore speeding up the process.
- Further promotion of My Pension On-Line would take place soon and it was receiving positive feedback, particularly around the online calculator function.
- Hymans Robertson had carried out some improvements to the performance of the system.
- Two additional Pension Benefits Officer posts had been required due to an increase in workload.
- The 2016 Actuarial Valuation had resulted in a major increase to the department's workload this year.
- A lot of development work had taken place in recent years and now there was a need to consolidate and continue to review resources, procedures and processes to keep moving forward.

12.2 The Chair praised the work of the department, reminding everyone that Torfaen was a small authority managing a large fund.

12.3 The Pensions Committee noted the content of the report.

13 Elected Members - Continuing Professional Development Update

- 13.1 The PM provided an update and asked everyone to note the attendance at training and meetings listed within the appendices.
- 13.2 The PM explained that the committee needed to demonstrate that they had the necessary skills and knowledge for the role. She added that the new committee would also need to demonstrate this.
- 13.3 The Chair confirmed that the committee could be pleased with the level of training and development that they had received.

13.4 The Pensions Committee noted the report.

14 Investment Strategy - Tactical Re-alignment

- 14.1 The HoHR&P introduced the report and provided the following headlines:
- In mid-2016 the committee agreed to make changes in regards to some investments, with this money being transferred from former managers to the strategic allocation. The money was currently 'warehoused' with BlackRock.
 - Re-alignment was required due to the imbalance seen regarding Equities, highlighted in paragraph 4.8 of the report.
 - It may be necessary to lock in some of the investment gains and eliminate some of the risks.
 - Further research around multi asset funds was required.
 - An appropriate window existed at present if the Fund wished to go further down the line of property investment.
 - Further examination was required around investments in Private Debt/Credit.
 - One or two interesting propositions existed around investments in Private Equity, which were LGPS specific with advantageous fees and low costs.
 - It would be inappropriate to act now in terms of infrastructure investments, as this was a pool level and national level issue.
 - The Fund was overweight in terms of Equities by 7% and further reports and due diligence were required.
 - The overall package being outlined would take investments in Equities down to 72/73%. A second phase could occur in the future in order to get Equities down to 70%.
- 14.2 The DIIA added that she had conducted research into eight multi asset firms, including analysis of composite returns and management interviews. She explained that volatility was not a major concern, as long as the investments are right more often than not. During her research one firm stood out, however a longer procurement exercise would be required.

14.3 The DIIA stated that research would be required around liabilities in terms of investments in alternatives, adding that any investments in this area would need to show a clear purpose in the portfolio.

14.4 The IIA explained that although the direction of travel was still early in the pooling environment, this level of education was required now as it would play a key role. The Fund would be able to help set the Pool's strategy at officer level with this knowledge.

14.5 The Pensions Committee agreed to:

a. the overall proposal to allow Fund officers to carry out some further tactical re-allocation of up to around £100 million (4% of the Fund) in relatively liquid assets to achieve some further progress in aligning the Fund's long term asset allocation with its agreed strategic direction. This to be achieved by:-

i. Additional allocation(s) to existing manager multi asset funds, to sit alongside GARS, of around £50 million, or around 2% of the Fund.

ii. Additional allocation(s) to existing manager UK Commercial Property funds, to sit alongside current investments, of around £25 million, or about 1% of the Fund.

iii. No specific allocation at this stage to private debt/credit but ongoing consideration with advisors including appropriate raising of knowledge and skills development and evaluating opportunities that may be available within a collaborative approach across Welsh Funds.

iv. To consider and potentially to make a modest commitment to specific collaborative and low cost Private Equity opportunities of up to £10m per annum over a 3 year period, which in aggregate would be £30 million so just above 1% of the total Fund.

v. Though Committee will be kept up to date in terms of such discussion / opportunities around Infrastructure within future reports, it is suggested that no further specific action is taken in respect of infrastructure investment at the present time until the potential All Wales and wider opportunities become clearer.

b. Whilst the Assistant Chief Executive (Resources) already has delegated powers to make individual investments up to 1% of the Fund, given the need to act in the best interests of the Fund, Committee specifically approved delegation to the Assistant Chief Executive Resources to carry out this package of proposed re-alignment of up to £100 million (circa 4% of the total fund) within the Council/Fund's scheme of delegation and subject to further advisor engagement and due diligence as appropriate.

15 Date of Next Meeting 3/7/17

- 15.1 The next meeting is scheduled to take place on 3rd July 2017.
- 15.2 Cllr Evans thanked the Chair for her hard work and support, as this was the final meeting before she retired as a Member.
- 15.3 The Chair praised the work of officers and the cross-party committee.
- 15.4 The meeting closed at 12.45pm.

Signed **Chair** **Date.....**

Minutes produced by Geraint Thomas, Senior Business Support Officer (Democratic Services).

CYFARFOD PWYLLGOR PENSIYNAU
CYNGOR BWRDEISTREF SIROL TORFAEN
A gynhaliwyd ar Ddydd Llun, 13 Mawrth 2017 am 10am
Yn Siambr y Cyngor, Y Ganolfan Ddinesig, Heol Hanbury, Pont-y-pŵl, NP4 6YB

COFNODION

Yn bresennol: Aelodau'r Pwyllgor

Cynghorwyr:

Mary Barnett (Cadeirydd)
Huw Bevan
Pamela Cameron
Nigel Davies
Stuart Evans

Swyddogion:

Nigel Aurelius, Prif Weithredwr Cynorthwyol Adnoddau (PWCA)
Tim James, Uwch Swyddog Cyfreithiol Dros Dro (USCDD)
Lisa Pearce, Swyddog Buddsoddi (SB)
Mary Rollin, Rheolwr Pensiynau (RhP)
Graeme Russell, Pennaeth AD a Phensiynau (PADaPh)
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 Cysylltiol Grant Thornton (CCGT)

Yn arsylwi o'r oriel gyhoeddus

4 Aelod o'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 Cynghorydd Stephen Brooks.	
1.3	Gwahoddodd y Cadeirydd yr holl aelodau, swyddogion ac aelodau'r bwrdd i aros am luniaeth ar ddiwedd y cyfarfod, fel modd o ffarwelio ag aelodau sy'n ymddeol o'r pwyllgor.	
2.	Datganiadau o Fuddiant	
2.1	Cadarnhaodd yr aelodau'r datganiadau o fuddiant canlynol fel y'u darllenwyd gan y Prif Swyddog Cyfreithiol Dros Dro (PSCDD):	

				<u>Gweithred</u>
	Cynghorydd	Yn Derbyn Pensiwn	Cyfrannwr	
	Mary Barnett	Gŵr	Hunan	
	Huw Bevan	NA	Hunan	
	Pamela Cameron	Gŵr	Hunan, merch, 3 mab yng nghyfraith ac ŵyr.	
	Nigel Davies	NA	Hunan	
	Stuart Evans	NA	Hunan, mab, 2 ferch a mab yng nghyfraith	
2.2	<p>Fe wnaeth y Cynghorydd Barnett hefyd ddatgan budd personol gan mai hi yw Cynrychiolydd Cymru ar Fwrdd Ymgynghorol Cynllun Gweinidogol Cynllun Pensiwn Llywodraeth Leol (LGPS) ac yn aelod o'r Gweithgor Diffyg, wedi cael ei phenodi ar Bwyllgor Gwaith LAPFF (Fforwm Cronfeydd Pensiwn Awdurdodau Lleol), aelod o CPLIL ac aelod o UCU Cymru i'r sawl sydd wedi ymddeol.</p>			
3.	Cofnodion 12/12/16			
3.1	<p>Cadarnhaodd y Cadeirydd nad oedd ei datganiadau o fuddiant wedi cael eu cofnodi. Cytunwyd iddynt gael eu cofnodi fel 2.1 a 2.2 y cyfarfod hwn.</p>			
3.2	<p>Yn amodol ar y newid uchod, cymeradwywyd cofnodion y cyfarfod a gynhaliwyd ar 12 Rhagfyr 2016 fel cofnod cywir.</p>			
3.3	<p>Gadawodd y PSCDD y cyfarfod.</p>			
4.	Er gwybodaeth: cofnodion drafft cyfarfod y Bwrdd Pensiynau ar 25/1/17			
4.1	<p>Nododd y pwyllgor y cofnodion.</p>			
4.2	<p>Canmolodd y Cadeirydd y gwaith caled a phresenoldeb rheolaidd aelodau'r bwrdd a dywedodd nad oedd byrddau eraill o amgylch y wlad wedi bod mor ffodus o ran y cworwm, yn enwedig byrddau llai.</p>			
5.	Cynllun Archwilio Cronfa Bensiwn Gwent Fwyaf (Torfaen) 2017			
5.1	<p>Cyflwynodd Cyfarwyddwr Cysylltiol Grant Thornton yr adroddiad , gan amlygu'r penawdau a ganlyn yn gryno:</p> <ul style="list-style-type: none"> • Mae'n nodi sut y byddai'r Archwilydd Cyffredinol yn cyflawni ei ddyletswyddau. • Amlinellodd y prif feysydd ffocws. • Nid oedd cydweithredu Cymru Gyfan a chronni buddsoddiadau yn ael ei anwybyddu, ond nid yw hyn yn effeithio ar 2016/17. • Byddai adroddiad blynyddol y Gronfa Bensiwn yn cael ei ystyried, nid dim ond cyfrifon y Gronfa. • Byddai parhad yn cael ei weld o ran y ffi, y tîm a'r amserlen gan bresenoldeb CCGT a'i chydweithiwr Jackson Murray. 			

		<u>Gweithred</u>
5.2	Cadarnhaodd CCGT y byddai archwiliadau cychwynnol i gyflogwyr unigol yn helpu i ateb yr her o ran risgiau yn nhermau data aelodau. Eglurodd hefyd fod arweiniad pellach yn cael ei geisio o ran effaith Deddf Llesiant Cenedlaethau'r Dyfodol (Cymru) yn cwmpasu'r archwiliad hwn, a bod yr Archwilydd Cyffredinol wedi gofyn i Gyngor Bwrdeistref Sirol Torfaen gymryd rhan mewn cynllun peilot.	
6.	Adroddiad ar Berfformiad Buddsoddi Chwarterol hyd at 31 Rhagfyr 2016	
6.1	<p>Cyflwynodd y Pennaeth Ada Phensiynau (PADaPh) yr adroddiad a darparodd y penawdau a ganlyn:</p> <ul style="list-style-type: none"> • Mae'r perfformiad ar gyfer Chwarter 4 yn rhagori ar y meincnod. • Cafwyd enillion absoliwt o dros + 3.3% gyda + 18% cryf iawn dros y flwyddyn ddiwethaf. • Cyrhaeddodd gwerth cyffredinol y Gronfa ei uchaf o £ 2.58 biliwn, er gwaethaf y cynnwrf gwleidyddol ledled UDA, Ewrop ac Asia. • Gwelwyd perfformiad cadarnhaol gan reolwyr buddsoddi, ym mharagraff 5.1 o'r adroddiad, ac eithrio ambell i fân broblem tymor byr. • Cynyddodd gwerth marchnad pur y Gronfa ym mis Ionawr 2017 o hynny o £11m ac eto ym mis Chwefror 2017 o ryw £68m. Safai'r Gronfa ar £2.667 biliwn, sef y ffigwr uchaf erioed. 	
6.2	<p>Fe wnaeth yr YBA rhestru papur atodol ynghylch Economeg a Chrynodeb y Farchnad Chwarter 4 gan gyfleu'r penawdau a ganlyn:</p> <ul style="list-style-type: none"> • Roedd enillion y Farchnad wedi bod y tu hwnt i ddisgwyliadau. • Mae'r gostyngiad yng ngwerth sterling wedi bod yn fuddiol dros ben, ond nid oedd yn debygol o barhau am flwyddyn arall. • Mae cynnydd parhaus mewn cyfraddau llog yn yr Unol Daleithiau wedi ysgogi marchnadoedd y byd. • Roedd wedi bod yn amser da i fod mewn marchnadoedd ond am fod prisiau cyfredol yn anodd eu cyfiawnhau, gall fod yn amser i ddechrau bod yn ofalus. • Mae yna ansicrwydd byd-eang yn bodoli oherwydd yr amgylchedd gwleidyddol, yn enwedig gydag etholiadau Ewrop sydd ar y gweill. • Mae giliau a bondiau corfforaethol y DU yn creu cadernid ac mae eiddo yn gymharol sefydlog.. 	
6.3	<p>Ymatebodd yr YBA i gwestiynau gan yr aelodau, gan gyfleu'r prif bwyntiau a ganlyn:</p> <ul style="list-style-type: none"> • Mae mwy o chwyddiant yn debygol wrth symud ymlaen ac mae'n cynyddu'n fyd-eang. Byddai'n fwy amlwg yn y DU oherwydd y gwerth arian is. Ychwanegodd ei bod yn dda i gael amlygiad i fuddsoddiad sy'n gysylltiedig â chwyddiant. • Mae'r uwch-gylchred nwyddau a welwyd cyn 2008 yn annhebygol o ddychwelyd. • Roedd yn amser da i ddileu risgiau a byddai hyn yn cael ei drafod mewn adroddiad yn ddiweddarach gan y PADaPh. 	

		<u>Gweithred</u>
6.4	<ul style="list-style-type: none"> Gallai nwyddau pur fod yn hynod ansefydlog ac o ganlyniad nid oedd yn argymhell Cronfa Bensiwn i fuddsoddi ynddynt. Ar y llaw arall, gall fod yn opsiwn da i fuddsoddi yn y seilwaith sy'n gysylltiedig â nwyddau. <p>Ychwanegodd y DYBA y byddai'r PADaPh yn trafod aml-asedau yn ddiweddarach, lle'r oedd modd gweld dewisiadau amgen deniadol.</p>	
6.5	<p>Nododd y Pwyllgor Pensiynau:</p> <p>(iii) Y perfformiad buddsoddi a oedd wedi mynd rhagddo yn ystod pedwerydd chwarter 2016, darparwyd sylwadau ac ystyriwyd materion yn codi; a</p> <p>(iv) Gweithgarwch buddsoddi diweddar ac ystyried unrhyw gamau gweithredu pellach oedd eu hangen.</p>	
6.6	Dywedodd y Cadeirydd wrth bawb bod y cyn-gynghorydd John Marshall wedi marw y diwrnod hwnnw ac aethpwyd ati i gynnal munud o dawelwch.	
6.7	Dywedodd y Cadeirydd y byddai gair o gydymdeimlad yn cael ei gyfleu gan swyddogion ar ran y pwyllgor.	
7.	Cynllun Gwaith Cronfa Bensiynau 2017/2018	
7.1	<p>Cyflwynodd y Rheolwr Pensiynau (RhP) yr adroddiad a chyfleu'r penawdau a ganlyn:</p> <ul style="list-style-type: none"> Roedd yn eitem sefydlog y byddai angen ailedrych arni ar ôl etholiadau llywodraeth leol ym mis Mai 2017. Eglurwyd y manylion yn atodiadau 1 a 2, gan ychwanegu ei fod yn ddogfen weithio. Roedd rhannu'r hyfforddiant rhwng y pwyllgor a'r bwrdd yn well ac byddai cydweithio a thrydydd partion yn cael eu hystyried yn ystod y flwyddyn nesaf. Byddai hyfforddiant ar gyfer y pwyllgor newydd yn digwydd ym mis Mehefin, cyn y cyfarfod cyntaf ym mis Gorffennaf. 	
7.2	Ychwanegodd y Cadeirydd y byddai angen hyfforddiant dwys ar y pwyllgor newydd yn ôl pob tebyg, am fod o leiaf pedwar aelod presennol yn ymddeol.	
7.3	Cadarnhaodd y PADaPh y byddai'r Bwrdd Pensiynau yn pennu'u cynllun gwaith ond nododd yr adroddiad hwn drefniadau blaenorol.	
7.4	Cytunodd y Pwyllgor Pensiynau ar gynllun gwaith drafft ar gyfer 2017/18.	
8.	Strategaeth Rheoli Arian y Gronfa Bensiynau 2017/2018	
8.1	Eglurodd y PADaPh bod yr adroddiad hwn yn eitem sefydlog ar gyfer yr adeg hon o'r flwyddyn a'i fod yn ymwneud â phrosesau a mecaneg. Sefydla'r	

		<u>Gweithred</u>
	rheolau sylfaenol ynghylch sut y defnyddia'r Gronfa ei harian a pha fudiadau y gall fenthyca iddynt, fel y nodir ym mharagraff 6.2.	
8.2	Rhybuddiodd y PADaPh y pwyllgor ynghylch paragraff 4.2, gan egluro bod yr adroddiad hwn yn rholio dros y trefniadau sydd eisoes yn bodoli.	
8.3	Cytunodd y Pwyllgor Pensiynau i: (iii) Nodi'r negeseuon allweddol, yr egwyddorion a'r prosesau y mae'r Gronfa Bensiynau yn eu mabwysiadu o ran buddsoddi ei arian. (iv) Cymeradwyo Strategaeth Buddsoddi Arian y Gronfa ar gyfer 2017/18 y ceir ei manylion yn yr adroddiad.	
9.	Rhagolygon Ariannol y Gronfa Bensiynau 2017/2018	
9.1	Cyflwynodd y PADaPh yr adroddiad a chyfleu'r penawdau a ganlyn: <ul style="list-style-type: none"> • Y mae'n eitem sefydlog gyfer yr adeg hon o'r flwyddyn. • Gall Newidynnau drwy gydol y flwyddyn effeithio ar y Gronfa, megis pan fydd pobl yn dewis ymdeol a'r amrywiaeth o gostau sy'n gysylltiedig. • Amlygodd y rhestr o ragdybiaethau a wnaed ym mharagraff 4.4 o'r adroddiad. • Gellir gweld hanfod yr adroddiad ym mharagraff 5.1, lle dangosodd bod yr incwm sy'n weddill ar ôl gwariant yn 2016/17 fwy neu lai yr un fath â'r amcangyfrif. • Gellir gweld cynnydd yn 2017/18 o ganlyniad cyfraniadau gan gyflogwyr, cynnydd mewn buddsoddiadau a chodiadau pensiwn. Roedd y Gronfa yn llwyddo o drwch blewyn i gadw'n gadarnhaol o ran y llif arian. • Roedd incwm o fuddsoddiadau wedi cael eu hail-fuddsoddi gan y rheolwyr buddsoddi, fodd bynnag, byddai modd gofyn i'r rheolwyr i ad-dalu'r difidendau pe byddai angen. • Er gwaethaf y ffaith bod gwerth y Gronfa wedi codi, roedd costau rheoli wedi gostwng o tua £7.9m i £6.9m. Roedd hyn oherwydd arbedion a wneir drwy drefniadau cydweithio. • Roedd costau ychwanegol o ran amryfusedd a llywodraethu i'w gweld yn y tabl ym mharagraff 6.2 o'r adroddiad; fodd bynnag, byddai'r arbedion o dan drefniadau cyfuno Cymru Gyfan yn llawer mwy na'r costau hyn. • Mae swm o £50k wedi'i gynnwys yn unol â chais y Bwrdd Pensiynau ar gyfer eu cyllideb gweithredu flynyddol. • Roedd dwy swydd Swyddog Buddion Pensiwn ychwanegol wedi bod yn ofynnol o ganlyniad i gynnydd yn y llwyth gwaith. • Mae cyfraniadau cyflogwyr yn adlewyrchu canlyniadau'r Prisiad Actiwaraid ac roedd y RhP wedi ymgysylltu â'r holl gyflogwyr angenrheidiol. • Roedd mwy o aelodau yn dod i mewn i'r Gronfa ond roedd hyn yn cynnwys mwy o gyflogeion rhan-amser a gweithwyr dros dro. 	

		<u>Gweithred</u>
9.2	<ul style="list-style-type: none"> 0.6% o bobl yn unig sydd wedi manteisio ar yr opsiwn 50/50, o gymharu ag amcangyfrif Adran Cymunedau a Llywodraeth Leol (DCLG) o 10%. Ni fyddai ail-alinio tactegol sydd i'w ystyried yn eitem 14 yr agenda yn effeithio ar yr asesiad Actiwari, gan y byddai'r Gronfa yn dal i fod o fewn y goddefiannau. <p>Cadarnhaodd y Cadeirydd bod paragraff 4.4(5) yn ei phlesio, o ystyried yr ansicrwydd yn y blynyddoedd diweddar yn nhermau llywodraeth leol.</p>	
9.3	<p>Eglurodd y RhP fod diddordeb parhaus yn bodoli o ran 'Rhyddid a Dewis', ond nad yw'r mwyafrif yn tueddu i fynd ymhellach na'r ymholiad cychwynnol. Ychwanegodd fod ffyrdd ymwared ynghylch trosglwyddo i gronfeydd tramor wedi eu tynhau.</p>	
9.4	Nododd y Pwyllgor Pensiynau yr adroddiad.	
10.	Diweddariadau i Ddatganiad Polisi y Gronfa Bensiynau	
10.1	<p>Cyflwynodd y RhP yr adroddiad a chyfleu'r penawdau a ganlyn:</p> <ul style="list-style-type: none"> Roedd un ai angen diweddarau'r pedair dogfen bolisi sydd ynghlwm wrth yr adroddiad yn flynyddol neu byddai'n fuddiol i'w diweddarau Nid yw'r Datganiad Cydymffurfio a Rheoli wedi cael eu diweddarau yn llawn ar hyn o bryd. Byddai'n cael ei gwblhau ar ôl etholiadau llywodraeth leol ym mis Mai 2017. Roedd yr ymgynghoriad ar y dogfennau polisi ar hyn o bryd gyda'r cyflogwyr. Mae'r Datganiad Strategaeth Ariannu wedi cael ei ail-ysgrifennu'n sylweddol ac mae'r diben wedi ei nodi ar dudalen 87 yn yr agenda. Mae'r Datganiad o Egwyddorion Buddsoddi (DEB) wedi cael ei ddisodli gan Ddatganiad Strategaeth Fuddsoddi newydd (ISS). Roedd yn ofynnol iddo gael ei gyhoeddi eleni a'i adolygu bob tair blynedd. Rhoddd yr DSF mwy o hyblygrwydd i'r Gronfa na'r DEB. Rhodddwyd manylion pellach ynghylch cyflogwyr yn ariannu eu diffygion a materion yn ymwneud â gwarantwyr, a amlygwyd gan y tabl ar dudalen 96 yn yr agenda. Diweddarwyd y Datganiad Polisi Cyfathrebu yn ôl yr angen, nid oedd yn ofynnol i wneud hynny'n flynyddol. Byddai pensiynwyr yn parhau i dderbyn slipiau cyflog, yn gymaint ag y byddai aelodau actif a gohiriedig yn cael eu hannog i ddefnyddio'r modd electronig. 	
10.2	<p>Y Pwyllgor Pensiynau:</p> <p>(iv) Nodwyd statws presennol y dogfennau;</p> <p>(v) Nodwyd y diwygiadau a wnaed i Ddatganiadau Polisi'r Gronfa Bensiynau fel yr oeddent wedi'u cynnwys yn yr atodiadau ynghlwm ac y cyfeiriwyd atynt yn y Pwyllgor;</p>	

		<u>Gweithred</u>
	<p>(vi) Cytuno bod y dogfennau wedi'u diweddarau yn cael eu cyhoeddi ar wefannau'r Gronfa Bensiynau a'r Cyngor ac felly'n cael eu mabwysiadu fel datganiadau polisi cyfredol y Gronfa, yn amodol ar:</p> <p>c. Pwerau dirprwyedig yn cael eu rheoli i'r Dirprwy Brif Weithredwr (Adnoddau) i wneud unrhyw fân newidiadau sy'n deillio o ymgynghoriadau cyfredol;</p> <p>d. Unrhyw newidiadau sylweddol yn deillio o unrhyw brosesau ymgynghori cyfredol sy'n cael eu hadrodd i'r Pwyllgor Pensiynau.</p>	
11.	Y Diweddaraf ar Gronni Pensiynau a Chydweithredu	
11.1	<p>Cyflwynodd y PADaPh yr adroddiad a chyfleu'r penawdau a ganlyn:</p> <ul style="list-style-type: none"> • Roedd yr adroddiad wedi cael ei drafod eisoes yn y Cyngor ac roedd y cytundeb drafft ynghlwm wrth yr adroddiad. • Gwnaed cynnydd enfawr o ran y broses gaffael a threfniadau rheoli • Roedd pob un o'r wyth cronfa wedi cytuno ar yr adroddiad, ac ni oedd angen newid y cynnwys. • Byddai'r Cyd-bwyllgor Rheoli yn cael ei sefydlu yn fuan ond byddai Grŵp Cyd-gadeiryddion yn cyfarfod cyn diwedd Mawrth. • Byddai angen plethu'r trefniadau eraill i Gyfansoddiad Cyngor Bwrdeistref Sirol Torfaen. • Cyngor Sir Gaerfyrddin fyddai'r awdurdod sy'n ei gynnal, yn darparu unrhyw gymorth gweinyddol. • Rhagwelwyd y byddai gweithredwr yn ei le erbyn Gorffennaf neu Awst. • Byddai Cronfa Cymru Gyfan yn dechrau ar lefel isel o 0.3% yn nhermau buddsoddi mewn seilwaith; fodd bynnag byddai'r cysyniad cronni yn cynyddu'r capasiti a'r gallu posibl. • Credai y byddai'n andros o uchelgeisiol i ddisgwyl cyflawni buddsoddiad o 10% mewn seilwaith yn y dyfodol agos. • Byddai diwydrwydd dyladwy ynghylch buddsoddi mewn seilwaith yn cael ei gynnal ar lefel cronfa, felly'n ysgafnhau'r baich ar bwyllgorau unigol. 	
11.2	Dywedodd y Cadeirydd, er y byddai llywodraeth ganol yn dymuno gweld buddsoddiad mewn seilwaith, dylid cofio mai'r cyflogwyr a'r cyflogeion sydd yn berchen ar yr arian ac nid llywodraeth ganol.	
11.3	Nododd y Pwyllgor Pensiynau y sefyllfa bresennol ac argymhellion y Cyngor.	
12.	Diweddariad Ynghylch Gweinyddiaeth – Mawrth 2017	
12.1	<p>Cyflwynodd y RhP yr adroddiad a chyfleu'r penawdau a ganlyn:</p> <ul style="list-style-type: none"> • Mae 27 o gyflogeion eisoes wedi cofrestru ar gyfer yr Hunanwasanaeth 	

		<u>Gweithred</u>
	<p>i Gyflogwyr a byddai angen i bob cyflogwr sydd â mwy na phum aelod i ddefnyddio'r cyfleuster ar-lein i gyflwyno'u data diwedd-blwyddyn cyn 30 Ebrill 2017.</p> <ul style="list-style-type: none"> • Oherwydd yr uchod, byddai llai o ymholiadau'n codi wrth i'r wybodaeth gael ei chywiro, felly'n cyflymu'r broses. • Byddai Fy Mhensiwn Ar-lein yn cael ei hyrwyddo ymhellach yn fuan ac roedd yn derbyn adborth cadarnhaol, yn enwedig o ran swyddogaeth y cyfrifiannell ar-lein. • Mae Hymans Robertson wedi cwblhau rhai gwelliannau i berfformiad y system. • Roedd angen dwy swydd Swyddog Buddiannau Pensiwn ychwanegol oherwydd y cynnydd yn y baich gwaith. • Mae Prisiad Actiwari 2016 wedi arwain at gynnydd sylweddol i faich gwaith yr adran eleni. • Mae cryn lawer o waith datblygu wedi digwydd yn y blynyddoedd diweddar a nawr mae angen atgyfnerthu a pharhau i adolygu adnoddau, gweithdrefnau a phrosesau i gadw i symud ymlaen. <p>12.2 Canmolodd y Cadeirydd waith yr adran, gan atgoffa pawb yn Nhorfaen mai awdurdod bach yw Torfaen sy'n rheoli cronfa fawr.</p> <p>12.3 Nododd y Pwyllgor Pensiynau gynnwys yr adroddiad.</p>	
13.	Aelodau Etholedig – Diweddariad Ar Ddatblygiad Proffesiynol Parhaus	
	<p>13.1 Cafwyd diweddariad gan y RhP a gofynnodd i bawb i nodi eu presenoldeb yn y sesiynau hyfforddi a'r cyfarfodydd a rhestrwyd yn yr atodiad.</p> <p>13.2 Eglurodd y RhP bod angen i'r pwyllgor ddangos bod ganddynt y sgiliau a'r wybodaeth sydd eu hangen ar gyfer y rôl. Ychwanegodd y byddai hefyd angen i'r pwyllgor newydd ddangos hyn.</p> <p>13.3 Cadarnhaodd y Cadeirydd y gallai'r pwyllgor fod yn fodlon iawn â lefel yr hyfforddiant a datblygu yr oedent wedi eu derbyn.</p> <p>13.4 Nododd y Pwyllgor Pensiynau yr adroddiad.</p>	
14.	Strategaeth Fuddsoddi – Ail-alinio Tactegol	
	<p>14.1 Cyflwynodd y PADaPh yr adroddiad a chyfleu'r penawdau canlynol:</p> <ul style="list-style-type: none"> • Yng nghanol 2016, cytunodd y Pwyllgor i wneud newidiadau o ran rhai buddsoddiadau, gyda'r arian hwn yn cael ei drosglwyddo o gyn-reolwyr i ddyraniad strategol. Ar hyn o bryd mae'r arian yn nwylo BlackRock. • Mae angen ail-alinio oherwydd yr anghydbwysedd a welir o ran Ecwitiâu, a amlygwyd ym mharagraff 4.8 yr adroddiad. • Efallai y bydd angen cloi rhai o'r enillion buddsoddi a dileu rhai o'r risgiau. 	

		<u>Gweithred</u>
	<ul style="list-style-type: none"> • Roedd angen ymchwil pellach o ran cronfeydd aml ased. • Mae ffenestr briodol yn bodoli ar hyn o bryd os bydd y Gronfa yn dymuno dilyn trywydd buddsoddi mewn eiddo nes ymlaen. • Roedd angen archwiliad pellach ynghylch buddsoddiadau mewn Dyled / Credyd Preifat. • Mae un neu ddau o gynigion diddorol yn bodoli o ran buddsoddiadau mewn Ecwiti Preifat, a oedd yn benodol i GPLIL gyda ffioedd Manteisiol a chostau isel. • Byddai'n amhriodol i weithredu nawr o ran buddsoddiadau seilwaith, gan fod hwn yn fater ar lefel cronfa ar lefel genedlaethol. • Mae'r Gronfa yn rhy drwm o ran Ecwitiau a hynny o ryw 7% ac mae angen adroddiadau pellach a diwydrwydd. • Mae'r pecyn cyffredinol sy'n cael ei amlinellu yn cymryd buddsoddiadau mewn Ecwitiau lawr i 72/73%. Gallai ail gam ddigwydd yn y dyfodol er mwyn cael Ecwitiau i lawr i 70%. 	
14.2	<p>Ychwanegodd y DYBA ei bod wedi cynnal ymchwil i wyth cwmni aml-ased, yn cynnwys dadansoddiâu o enillion cyfansawdd a chyfweliadau rheoli. Eglurodd nad oedd ansefydlogrwydd yn peri gofid mawr, ar yr amod bod y buddsoddiadau yn iawn yn fwy aml na pheidio. Yn ystod ei hymchwil roedd un cwmni yn sefyll allan, fodd bynnag byddai angen ymarfer caffael hirach.</p>	
14.3	<p>Nododd y DYBA y byddai angen ymchwil ynghylch atebolrwydd yn nhermau buddsoddiadau mewn dewisiadau amgen, gan ychwanegu y byddai angen i unrhyw fuddsoddiadau yn y maes hwn ddangos pwrpas pendant yn y portffolio.</p>	
14.4	<p>Eglurodd yr YBA, er bod y cyfeiriad braidd yn gynnar yn yr amgylchedd cronfa, roedd y angen y fath lefel o addysg nawr am y byddai'n chwarae rôl allweddol. Byddai'r Gronfa yn medru helpu i sefydlu strategaeth y Gronfa (Pŵl) ar lefel swyddog gyda'r wybodaeth hon.</p>	
14.5	<p>Cytunodd y Pwyllgor Pensiynau :</p> <p>c. y cynnig cyffredinol i ganiatáu i swyddogion y Gronfa ailddyrranu hyd at £100 miliwn (4% o'r Gronfa) ymhellach mewn asedau hylifol cymharol i gyflawni rhywfaint o gynnydd pellach o ran alinio dyrannu asedau tymor hir y Gronfa gyda'i gyfeiriad strategol cytunedig. Bydd hyn yn cael ei gyflawni drwy: -</p> <p>vi. Dyraniad(au) ychwanegol i gronfeydd aml-ased reolwr sy'n bodoli eisoes, i eistedd ochr yn ochr â GARS, o tua £50 miliwn, neu tua 2% o'r Gronfa.</p> <p>vii. Dyraniad(au) ychwanegol i reolwr presennol cronfeydd Eiddo Masnachol DU, i eistedd ochr yn ochr â buddsoddiadau cyfredol, o tua £25 miliwn, neu tua 1% o'r Gronfa.</p> <p>viii.</p>	

		<u>Gweithred</u>
	<p>Dim dyraniad penodol ar hyn o bryd i ddyled / credyd preifat ond ystyriaeth barhaus gyda chynghorwyr yn cynnwys datblygu gwybodaeth a sgiliau priodol a gwerthuso cyfleoedd a allai fod ar gael o fewn ymagwedd gydweithredol ar draws Cronfeydd Cymru.</p> <p>ix. Ystyried ac o bosibl ymrwymo'n gymedrol i gyfleoedd penodol ar y cyd ac Ecwiti Preifat cost isel o hyd at £10m y flwyddyn dros gyfnod o 3 blynedd, a fyddai gyda'i gilydd yn £30 miliwn, felly ychydig yn uwch na 1% o gyfanswm y Gronfa.</p> <p>x. Er y bydd y Pwyllgor yn cael gwybod y wybodaeth ddiweddaraf o ran y fath drafodaeth / cyfleoedd sy'n ymwneud â Seilwaith mewn adroddiadau yn y dyfodol, awgrymir nad yw unrhyw gamau penodol pellach yn cael eu dilyn mewn perthynas â buddsoddi yn y seilwaith ar hyn o bryd hyd nes y bydd cyfleoedd arfaethedig Cymru Gyfan a chyfleoedd ehangach yn dod yn gliriach.</p> <p>d. Er bod y Prif Weithredwr Cynorthwyol (Adnoddau) eisoes wedi dirprwyo bwerau i wneud buddsoddiadau unigol hyd at 1% o'r Gronfa, o ystyried yr angen i weithredu er pennaf les y Gronfa, cymeradwyodd y Pwyllgor y dirprwyaeth i'r Prif Weithredwr Cynorthwyol Adnoddau i gynnal y pecyn hwn o ail-alinio arfaethedig o hyd at £100 miliwn (tua 4% o gyfanswm y gronfa) o fewn cynllun dirprwyo'r Cyngor / Gronfa ac yn amodol ar ymgysylltu pellach gan ymgynghorydd pellach a diwydrwydd fel y bo'n briodol.</p>	
15.	Dyddiad y Cyfarfod Nesaf 3/7/17	
15.1	Mae'r cyfarfod nesaf wedi ei drefnu ar gyfer 3 Gorffennaf 2017.	
15.2	Diolchodd y Cyng. Evans i'r Cadeirydd am ei gwaith dyfal a'i chefnogaeth, am mai dyma'r cyfarfod diwethaf cyn iddi ymddeol fel aelod.	
15.3	Canmolodd y Cadeirydd waith y swyddogion a'r pwyllgor trawsbleidiol.	
15.4	Daeth y cyfarfod i ben am 12.45pm.	

Llofnod..... Cadeirydd Dyddiad.....

Paratowyd y cofnodion gan Geraint Thomas, Uwch Swyddog Cymorth Busnes (Gwasanaethau Democrataidd).