

**MINUTES OF A MEETING OF THE LOCAL PENSION BOARD
OF TORFAEN COUNTY BOROUGH COUNCIL
Held on Wednesday, 27 April 2016 at 10am
In the Committee Room 1, Civic Centre, Hanbury Road, Pontypool NP4 6YB**

In attendance **Members of the Pensions Board**
 Ian Coleman (Independent Chair)
 Bob Campbell
 Ian Coleman
 Steve Harford
 Rhian Hayden
 Cheryl Morgan
 Meirion Rushworth
 Ruth Tucker
 Anthea Wellington
 Jane Waters

Officers

Ros Gwynn, Democratic and Member Support Manager
 Delyth Harries, Assistant Chief Legal Officer and Deputy Monitoring Officer
 Graeme Russell, Head of HR and Pensions

Action

- 1 **Welcome and Apologies / Croeso ac Ymddiheuriadau**
- 1.1 Apologies had been received from Mr John Wright. The Chair welcomed Jan Davies and Jane Waters to the Board meeting. They were the new Employee Representative and Employer Representative respectively.
- 2 **Declarations of Interest / Datganiadau o Fuddiant**
- 2.1 The Assistant Chief Legal Officer and Deputy Monitoring Officer asked the Board Members to confirm their personal interests in the Greater Gwent Pension Fund.

Board Member	In Receipt of Pension	Contributor
Bob Campbell	Self	None
Steve Harford	Self	Sister
Jan Davies	None	Self and Sister
Rhian Davies	Mother	Self and sister
Cheryl Morgan	Partner	Self and Niece
Meirion Rushworth	None	Self
Ruth Tucker	None	Self and son-in-law
Anthea Wellington	Self and husband	Self and daughter

Jane Waters	Contributor	Self
John Wright	Wife and self	Daughter

3 Minutes of meeting held on 27 January 2016 and matters arising / Cofnodion y cyfarfod a gynhaliwyd ar 27 Ionawr 2016 a materion yn codi

3.1 The Democratic and Member Support Manager explained that only one member of the Board had their position added to their name in the minutes due to insufficient data in the agenda management system.

3.2 The Head of HR and Pensions responded to Board members questions:

- There was not an update on the cap on redundancy payments to date
- The Pensions website could not model all scenarios to provide a pensions forecast but the feedback would be passed to the Pensions Manager
- There was not currently a separate risk register and internal audit plan for the Pension Fund but auditors produced separate financial audit reports for the Pension Fund and Torfaen County Borough Council
- Information had been received from the Minister for Local Governments and Communities that only eight pooled funds had made submissions by the deadline and the range of sizes was £8 billion to £40 billion. Permission had been given to seven of these pools to continue to set up a collective investment vehicle
- The Welsh pool would have a value of £12-£13 million. Although this was less than the £25 million target, it was recognised that Welsh pension funds were in an unique position due to political and legislative position. There would be a meeting in May of all the Chairs of Welsh Funds and representatives from the Treasury to develop requirements of the Department for Communities and Local Government (DCLG)
- The Welsh Funds arrangement could be achieved well in advance of government requirements. In addition to looking at active fund management, joint procurement would be discussed to appoint a passive fund manager. If BlackRock was appointed there would be a refund on management fees and a saving for the Pension Fund and it was now clear that investment policy strategy would remain at local level
- No guidelines were available yet but were anticipated shortly

3.3 The Head of HR and Pensions briefly updated the Board on the progress of the one Pool that had already been set up.

3.4 Ruth Tucker joined the meeting and apologised for her lateness. She confirmed her personal interests to the Board.

3.5 It was agreed that the minutes were an accurate record of the meeting.

4 **Action Sheet / Taflen Weithredu**

4.1 The Board noted the Action Sheet.

5 **Consideration of the Pensions Committee papers dated 14 March 2016 / Ystyried papurau'r Pwyllgor Pensiynau dyddiedig 14 Mawrth 2016**

5.1 The Board then considered the agenda papers for the Pension Committee held on 14 March 2016:

Agenda Item 7 - Investment Performance

The Head of HR and Pensions gave the Board a brief update on investment performance:

- Some themes remained the same as in the Pension Committee report with still some uncertainty in the United States and the de-stabilising effect of China's reduced growth. Tension still remained in Europe.
- Quarter 1 had been very turbulent and due to market conditions the value of the Fund had reduced by 5%. Markets had stabilised in recent weeks and the value of the Fund at 31 March 2016 was £2.21 billion
- Investment returns had stabilised over the 12 months
- Robust discussions had taken place with Nomura and Standard Life and meetings with all Fund Managers would take place over the new few weeks and discussions would focus on poorer performance
- Actuarial Valuation had just started and the valuation would allow the Pensions Committee to examine the investment in Equities

The Head of HR and Pensions agreed to circulate the newsletter distributed to the Pensions Committee to the Pension Board

5.2 Agenda Item 8 - Pension Fund Work Plan

The Chair reminded Board Members to complete training logs and forward them to the Pensions Manager at least two weeks before each Board meeting. The training log would be published so the public could see training undertaken by members

5.3 Agenda Item 9 - Cash Investment Strategy

The Board had no comments to add

5.4 Agenda Item 10 – Pension Fund Financial Forecast 2016-17

The budget for the Pension Board would remain at £50,000 as agreed by the Pension Committee. The Head of HR and Pensions explained that there was a £5,000 levy on each Pension Fund that would be spent on specific projects. He added that the Advisory Board was made up of representatives from local authorities and trade unions and Cllr Mary Barnett, Chair of Pensions Committee was the Welsh nomination to the Advisory Board

6 Pension Fund Policy documents consideration (Governance Policy & Compliance Statement; Communications Policy; and draft Pension Fund Risk Register) / Ystyried dogfennau'r Polisi Cronfa Bensiwn (Polisi Llywodraethu a'r Datganiad Cydymffurfio, Polisi Chyfathrebu; a drafft o Gofrestr Risg y Gronfa Bensiwn)

6.1 The Board discussed the Governance Policy and Compliance Statement:

- It was a statutory requirement to have documents in place but they were often in different formats in other funds. There was a requirement to report compliance with Myner's Principles
- The wording needed to be changed to reflect the non-existence of the Greater Gwent Pension Fund Management Group and the establishing of the Pension Board

6.2 The Communications Policy Statement had been updated by the Communications Officer to make it more user-friendly and this would be amended and updated on an annual basis

6.3 The Board was informed that the Pensions Committee had asked for their comments on the Risk Register

- Board members suggested that discussions take place to understand the impact of risks and to link into aspects of materiality. This would be helpful to members of the Board. In response to Board Members' questions, the Head of HR and Pensions explained that local government reorganisation would be likely to mimic membership of the Pension Fund but the situation could not be pre-empted.
- Board members suggested:
 - Could high risks be listed at the start of the document?
 - Colour copies of the risk register would be useful
 - Too much detail was not needed
 - Reputational risk and reduction in fund membership should be included

7 Any other business / Unrhyw fater arall

7.1 Feedback was provided to the Board on the recently attended Goldman Sachs conference:

- ESG issues had now come to the forefront of investment strategy as the younger generation were much more interested in how pension funds were invested
- Some managers were unaware of where some companies invested but a more balanced approach was now being taken

- A list of suitable questions would be provided to enable effective questioning of fund managers

7.2 The Chair commented the Chair of the Pensions Committee and Torfaen were at the forefront of this issue.

7.3 The Board agreed on the following points:

- Training arrangements to be progressed including Pension Regulator's online training
- Dates for Board meetings to be suggested by the Democratic and Member Support Manager so that they would take place 2-3 weeks after the Pensions Committee.
- Reports to be requested for future meetings:
 - Risk register
 - Details of the submission to be made on 15 July 2016 including governance proposals
 - Proposals for a Pension Board work plan and an Annual Report of the Local Pension Board
 - An update on the Actuarial Valuation, including details of any problems experienced in receiving data from employees
 - An update on the scrutiny carried out on Standard Life and Nomura by the Pensions Committee and officers and how this monitoring role was carried out
- The Board requested colour copies of the Governance Statement

8 **Date of Next Meeting / Dyddiad y Cyfarfod Nesaf**

8.1 The next meeting of the Pension Board will be Wednesday 20 July 2016.