

Public Agenda

CHIEF EXECUTIVE
Prif Weithredwr
Alison Ward CBE

TORFAEN COUNTY BOROUGH

BWRDEISTREF SIROL TORFAEN

Your re/Eich cyf:
Our ref/Ein cyf:
Date/Dyddiad: 19.04.2017

Please contact/Cysyllter â Geraint Thomas
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Email: GeraintRhys.Thomas@torfaen.gov.uk

Dear Board Member / Annwyl Aelod o'r Bwrdd

You are invited to attend a meeting of the **LOCAL PENSION BOARD** which will be held in the Civic Centre, Hanbury Road, Pontypool NP4 6YB on **Wednesday, 26 April 2017** at **10.00 am** to consider the business set out in the attached agenda.

Members of the Pension Board are reminded to submit their individual professional development log to Mary Rollin, Pensions Manager via email: Mary.Rollin@torfaen.gov.uk prior to the meeting.

You are welcome to use Welsh at the meeting, a minimum notice period of 3 working days is required should you wish to do so. A simultaneous translation will be provided if requested.

Estynnir gwahoddiad i chi fynychu cyfarfod y **BWRDD PENSIYNAU LLEOL** yn y Ganolfan Ddinesig, Heol Hanbury, Pont-y-pŵl, NP4 6YB ar **Dydd Mercher, 26 Ebrill 2017** am **10.00am** i ystyried y materion a nodwyd yn yr agenda sydd ynghlwm.

Atgoffir Aelodau'r Bwrdd Pensiwn i gyflwyno eu cofnod datblygiad personol unigol i Mary Rollin, Rheolwr Pensiynau drwy ebost: Mary.Rollin@torfaen.gov.uk cyn y cyfarfod.

Mae croeso i chi siarad yn Gymraeg yn y cyfarfod a bydd angen rhybudd o o leiaf 3 diwrnod gwaith os ydych yn dymuno gwneud hynny. Bydd gwasanaeth cyfieithu ar y pryd yn cael ei ddarparu ar gais.

Yours sincerely
Yn gywir

Alison Ward CBE,
Chief Executive / Prif Weithredwr

CIRCULATION:

AELODAU:

Relevant Board Members
Appropriate Officers

Aelodau Perthnasol y Bwrdd
Swyddogion Priodol

LOCAL PENSION BOARD

10.00am

Wednesday, 26 April 2017

AGENDA

- 1 Attendance and apologies
- 2 Declarations of interest
- 3 Minutes 25/1/17
- 4 Action Sheet
- 5 Pensions Committee 13/3/17
[Please click link](#)
- 6 Annual Report of the Local Pension Board 2016-17
- 7 Local Pension Board Insurance
- 8 Any other business
- 9 Date of next meeting 19/7/17

BWRDD PENSIYNAU LLEOL

10.00am

Dydd Mercher, 26 Ebrill 2017

AGENDA

- Croeso ac ymddiheuriadau
- Datganiadau o fuddiant
- Cofnodion 25/1/17 3 - 12
- Taflen Weithredu 13 - 14
- Pwyllgor Pensiynau 13/3/17
[Clicwch y ddolen](#)
- Adroddiad Blynyddol Y Bwrdd Pensiynau Lleol 2016-17 15 - 18
- Yswiriant Y Bwrdd Pensiynau Lleol 19 - 22
- Unrhyw fater arall
- Dyddiad y cyfarfod nesaf 19/7/17

**MINUTES OF A MEETING OF THE LOCAL PENSION BOARD
OF TORFAEN COUNTY BOROUGH COUNCIL
Held on Wednesday, 25 January 2017 at 10am
In Committee Room 1, Civic Centre, Hanbury Road, Pontypool NP4 6YB**

In attendance **Members of the Pension Board**
 Ian Coleman (Independent Chair)
 Bob Campbell
 Jan Davies
 Steve Harford
 Rhian Hayden
 Cheryl Morgan
 Jane Waters
 Anthea Wellington
 John Wright

Officers
 Delyth Harries, Assistant Chief Legal Officer & Deputy Monitoring Officer (ACLO&DMO)
 Mary Rollin, Pensions Manager (PM)
 Graeme Russell, Head of HR and Pensions (HoHR&P)
 Geraint Thomas, Senior Business Support Officer (SBSO)

Action

1 Attendance and apologies

1.1 Apologies were received from Meirion Rushworth and Ruth Tucker.

2 Declarations of interest

2.1 The Assistant Chief Legal Officer & Deputy Monitoring Officer (ACLO&DMO) 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	
Jan Davies		Self and sister
Steve Harford	Self	Sister
Rhian Hayden	Mother	Self and sister
Cheryl Morgan	Partner	Self and niece
Jane Waters	Brother	Self
Anthea Wellington	Self and husband	Self and daughter
John Wright	Self and wife	Daughter

2.2 The ACLO&DMO left the meeting.

3 **Minutes 26/10/2016**

3.1 Regarding paragraph 7.4, the Head of HR and Pensions (HoHR&P) explained that a new hyperlink existed for the Standard Life “Learning Gateway” and that he would email the new link to all Board members.

HoHR&P

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

4 **Action Sheet**

4.1 Regarding paragraph 3.2, the HoHR&P explained that no clear guidance existed nationally regarding indemnity insurance, that Pensions Boards were not decision-making bodies and that there was active ongoing debate, involving the Local Government Association. It was agreed that the HoHR&P and the Pensions Manager (PM) would explore this further and look into the appropriate next steps.

**HoHR&P
and PM**

4.2 Regarding paragraph 3.3, the Chair confirmed that the risk register was updated annually, although any major changes would be updated as they arose. He added that it would be discussed at the next meeting.

4.3 It was noted that paragraph 7.4 had been dealt with earlier in the meeting and that paragraph 12.2 had been completed.

4.4 The Pension Board noted the Action Sheet.

5 **Pensions Committee 12/12/2016**

5.1 The Pension Board considered the agenda papers for the Pensions Committee held on 12th December 2016:

5.2 Agenda Item 6 – Quarterly Investment Performance Report to 30 September 2016

The HoHR&P outlined the following headlines from the report:

- Quarters 3 and 4 had seen large macro events, such as Brexit and the USA Presidential election.
- Markets had surprisingly moved forward since Brexit, mainly due to exchange rates, with the FTSE going up.
- Uncertainty existed with some European banks; however a supportive environment existed in terms of central banks in Europe and Asia.
- Quarter 3 had been a remarkably successful quarter for the Fund, with absolute (sterling) returns of over +8% and almost +20% over the last year.
- Quarter 4 had been strong too, with UK equities up to around 4% and the value of the Fund up to £2.579 billion at the end of December.
- It was unclear what was in store for 2017 in an investment sense but the right amount of challenge and independent advice existed in order to provide confidence for the Fund.

- 5.3 Following a question regarding the high level of funds currently with BlackRock, the HoHR&P confirmed that external legal advice had been used when setting up the investment agreements, that 7 different mandates existed with BlackRock and that the level of funds with them was a temporary situation. He added that £300m was with BlackRock transiently, until pooling arrangements were confirmed, with more funds possibly to follow.
- 5.4 The HoHR&P confirmed that collaboration already existed on an all-Wales basis in terms of passive investments, with all passive funds going to BlackRock, following legal due diligence. He added that once the formal pooling arrangements were confirmed, it could lead to an increased concentration of funds, which would bring its own risks. However, it should be noted that pooling would be seen as an opportunity for some investment managers and that cheaper fees may be charged to funds due to the increased competition.
- 5.5 Agenda Item 7 – LGPS in Wales “Working Together” Collaboration Update
The HoHR&P outlined the following headlines from the report:
- Since the last meeting of the Pension Board, the Wales Pool had met Marcus Jones MP, Minister for Local Government at the Department for Communities and Local Government.
 - The meeting was very positive and the Pool had answered all of the Minister’s questions.
 - The Minister had not been unduly concerned regarding the size of the Wales Pool.
 - The Wales Pool was one of six pools that had been given the greenlight to continue on their direction of travel, with two pools still having ongoing discussions with the Minister.
 - Work around governance was still ongoing, involving legal officers, section 151 officers and Chairs of Pensions Committees from all eight Welsh pension funds. It was hoped that governance arrangements would be finalised by the end of March 2017, prior to the local government election period.
 - The procurement process around selecting an investment operator was explained and that it was hoped that an operator would be in place by early June 2017. It would then take approximately nine months to set up, which would meet the deadline of March 2018.
- 5.6 The HoHR&P confirmed that scheme member representation was under consideration and had been raised at the previous meeting of the Pool.
- 5.7 The HoHR&P agreed with members that significant political upheaval could undermine the Wales Pool; however it was hoped that any issues around process would be sorted out prior to the local government elections, in order to smooth the handover to any new members of pensions committees.
- 5.8 Agenda Item 9 – 2016 Pension Fund Actuarial Valuation Update
The PM outlined the following headlines from the report:

- Since December, positive engagement had occurred between the PM and most employers, in order to confirm that employers understood the valuation and their position.
- A number of employers had seen a substantial rise in their required contributions, partly due to the fact that future investment returns were not anticipated to be as high as in previous years.
- Seven employers would be meeting the Actuary due to individual circumstances that needed to be addressed.
- The exercise had been worthwhile and the PM hoped to report back to the Actuary by the end of January 2017.

In response to a question from the Board the PM confirmed that:

- 62% of the required year end information from employers had been received by the deadline of the end of April 2016, with 64% of those who missed the deadline submitting their data within 10 days of 30th April. This compared to only 36% meeting the deadline in 2015.
- The new employer self-service system had cleansed any incorrect data, prior to it being submitted by the employers. This was followed up by the Pension Fund Actuary cleansing the valuation data via their system too.

- 5.9 Employer representatives on the Pension Board confirmed that feedback had been positive and that the systems in place had reduced the number of queries at the end of the year.
- 5.10 The PM explained the processes around flexible retirement and also freedom and choice, including the documentation, legal advice and independent financial advice involved.
- 5.11 The HoHR&P explained the differences between realistic and optimistic actuaries, which were highlighted once the government actuary examined the data as part of a standardised process. Once this process has been completed, the Statutory Advisory Board examines the future affordability of all of the pension schemes.
- 5.12 The HoHR&P stated that the Fund had started at an underfunded position but the investment returns and mortality rates had been better than expected. He added that the Fund had managed to control most of what it could locally; however national issues, such as future projections of world markets, had not helped regarding the actuarial valuation.
- 5.13 The PM confirmed that ill health retirement was less than 0.2% this year and that this had not changed much during the previous three years. She added that some people had taken early retirement on reduced pensions but this had not impacted greatly on the Fund.
- 5.14 The PM confirmed that the Government Actuary's Department would probably publish the final data in late autumn, once they had engaged with any funds that had encountered issues.
- 5.15 The HoHR&P and PM left the meeting.

6 Any other business

6.1 A discussion took place regarding possible training and development required by members of the Pension Board. The Chair confirmed that he would look into the following topics and report back at a future meeting:

Chair

- Governance – due to the possibility of an inexperienced Pensions Committee after the local government elections in May 2017.
- A further CIPFA / Barnett Waddingham session, following on from the session held in November, preferably for all Welsh pension boards.
- Governance – regarding pooling of investments.
- Environmental, Social and Governance (ESG) strategy.
- LGA Fundamentals course refresher.

6.2 It was agreed that the agenda was far easier to navigate around on this occasion and that the new format should continue for all future meetings.

7 Date of next meeting 26/4/2017

7.1 The next meeting of the Pension Board will be on Wednesday 26th April 2017.

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

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

**COFNODION CYFARFOD BWRDD PENSIYNAU LLEOL
CYNGOR BWRDEISTREF SIROL TORFAEN**
A gynhaliwyd ar ddydd Mercher, 25 Ionawr 2017 am 10am
Yn Ystafell Bwyllgor 1, Y Ganolfan Ddinesig, Heol Hanbury, Pont-y-pŵl NP4
6YB

Yn bresennol **Aelodau'r Bwrdd Pensiynau**
Ian Coleman (Cadeirydd Annibynnol)
Bob Campbell
Jan Davies
Steve Harford
Rhian Hayden
Cheryl Morgan
Jane Waters
Anthea Wellington
John Wright

Swyddogion
Delyth Harries, Prif Swyddog Cyfreithiol Cynorthwyol a Dirprwy Swyddog Monitro
Mary Rollin, Rheolwr Pensiynau
Graeme Russell, Pennaeth AD a Phensiynau
Geraint Thomas, Uwch Swyddog Cefnogi Busnes

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1.	Presennol ac Ymddiheuriadau																												
1.1	Derbyniwyd ymddiheuriadau oddi wrth Meirion Rushworth a Ruth Tucker.																												
2.	Datganiadau o Fudd																												
2.1	Gofynnodd y Prif Swyddog Cyfreithiol Cynorthwyol a Dirprwy Swyddog Monitro i Aelodau'r Bwrdd i gadarnhau eu buddion personol yng Nghronfa Pensiwn Gwent Fawr.																												
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 33%;">Aelod y Bwrdd</th> <th style="width: 33%;">Yn derbyn Pensiwn</th> <th style="width: 33%;">Cyfrannwr</th> </tr> </thead> <tbody> <tr> <td>Bob Campbell</td> <td>Ei hun</td> <td></td> </tr> <tr> <td>Jan Davies</td> <td></td> <td>Ei hun a'i chwaer</td> </tr> <tr> <td>Steve Harford</td> <td>Ei hun</td> <td>Chwaer</td> </tr> <tr> <td>Rhian Hayden</td> <td>Mam</td> <td>Ei hun a'i chwaer</td> </tr> <tr> <td>Cheryl Morgan</td> <td>Partner</td> <td>Ei hun a'i nith</td> </tr> <tr> <td>Jane Waters</td> <td>Brawd</td> <td>Ei hun</td> </tr> <tr> <td>Anthea Wellington</td> <td>Ei hun a'i gŵr</td> <td>Ei hun a'i merch</td> </tr> <tr> <td>John Wright</td> <td>Ei hun a'i wraig</td> <td>Merch</td> </tr> </tbody> </table>	Aelod y Bwrdd	Yn derbyn Pensiwn	Cyfrannwr	Bob Campbell	Ei hun		Jan Davies		Ei hun a'i chwaer	Steve Harford	Ei hun	Chwaer	Rhian Hayden	Mam	Ei hun a'i chwaer	Cheryl Morgan	Partner	Ei hun a'i nith	Jane Waters	Brawd	Ei hun	Anthea Wellington	Ei hun a'i gŵr	Ei hun a'i merch	John Wright	Ei hun a'i wraig	Merch	
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	Monitro y cyfarfod.	
3.	Cofnodion 26/10/2016	
3.1	Mewn perthynas â pharagraff 7.4, esboniodd Pennaeth AD a Phensiynau bod dolen newydd yn bodoli ar gyfer "Porth Dysgu" Standard Life ac y byddai'n e-bostio'r ddolen newydd i holl aelodau'r Bwrdd.	Pennaeth AD a Phensiynau
3.2	Cytunwyd bod y cofnodion yn gofnod cywir o'r cyfarfod.	
4.	Taflen Waith	
4.1	Mewn perthynas â pharagraff 3.2, esboniodd Pennaeth AD a Phensiynau nad oedd canllawiau clir yn bodoli'n genedlaethol mewn perthynas ag yswiriant indemniad, nad oedd Byrddau Pensiynau'n gyrrff sy'n gwneud penderfyniadau ac roedd trafodaeth fywiog yn cynnwys y Gymdeithas Llywodraeth Leol yn mynd yn ei blaen. Cytunwyd i'r Pennaeth AD a Phensiynau a'r Rheolwr Pensiynau edrych i mewn i hyn ymhellach ac edrych ar y camau priodol nesaf.	Pennaeth AD a Phensiynau and PM
4.2	Mewn perthynas â pharagraff 3.3, cadarnhaodd y Cadeirydd bod y gofrestr risg yn cael ei diweddarau'n flynyddol, er y byddai unrhyw newidiadau mawr yn cael eu diweddarau wrth iddyn nhw godi. Ychwanegodd y byddai hyn yn cael ei drafod yn y cyfarfod nesaf.	
4.3	Nodwyd bod paragraff 7.4 wedi ei drin yn gynharach yn y cyfarfod a bod paragraff 12.2 wedi ei gwblhau.	
4.4	Nododd y Bwrdd Pensiynau'r daflen waith.	
5.	Y Pwyllgor Pensiynau 12/12/2016	
5.1	Rhoddodd y Bwrdd Pensiynau ystyriaeth i bapurau'r agenda ar gyfer y Pwyllgor Pensiynau a gynhaliwyd ar 12 ^{fed} Rhagfyr 2016:	
5.2	<u>Eitem 6 ar yr Agenda – Adroddiad Perfformiad Buddsoddiad Chwarterol hyd at 30 Medi 2016</u> Amlinellodd Pennaeth AD a Phensiynau'r penawdau canlynol yn yr adroddiad: <ul style="list-style-type: none"> • Roedd Chwarteri 3 a 4 wedi gweld digwyddiadau macro mawr, megis Brexit ac etholiad arlywyddol UDA. • Er syndod, roedd y marchnadoedd wedi symud ymlaen ers Brexit, yn bennaf oherwydd cyfraddau cyfnewid, gyda'r FTSE yn codi. • Roedd ansicrwydd gyda rhai banciau Ewropeaidd; ond roedd awyrgylch cefnogol o ran banciau canolog yn Ewrop ac Asia. • Roedd Chwarter 3 wedi bod yn chwarter rhyfeddol o lwyddiannus i'r gronfa, gyda derbyniadau absoliwt (sterling) o dros +8% a bron +20% 	

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	<p>dros y flwyddyn ddiwethaf.</p> <ul style="list-style-type: none"> • Roedd Chwarter 4 wedi bod yn gryf hefyd, gyda soddgyfrannau i fyny hyd at tua 4% a gwerth y Gronfa i fyny at £2.579 biliwn ar ddiwedd Rhagfyr. • Roedd yn aneglur beth oedd ar y gweill yn 2017 mewn ystyr buddsoddiad ond roedd y maint cywir o her a chyingor annibynnol yn bodoli er mwyn rhoi hyder i'r Gronfa. 	
5.3	<p>Yn dilyn cwestiwn mewn perthynas â'r lefel uchel o arian ar hyn o bryd gyda BlackRock, cadarnhaodd Pennaeth AD a Phensiynau bod cyngor cyfreithiol allanol wedi ei ddefnyddio wrth sefydlu trefniadau buddsoddi, bod 7 gorchymyn gwahanol yn bodoli gyda BlackRock a bod y lefel o fuddsoddiad gyda nhw yn sefyllfa dros dro. Ychwanegodd bod yna £300miliwn dros dro gyda BlackRock, hyd nes y bydd trefniadau cydrannu wedi eu cadarnhau, gyda mwy o arian, o bosibl, i ddilyn.</p>	
5.4	<p>Cadarnhaodd Pennaeth AD a Phensiynau bod cydweithio eisoes yn digwydd ar lefel Cymru gyfan yn nhermau buddsoddiadau goddefol, gyda phob arian goddefol yn mynd i BlackRock, ar ôl diwydrwydd dyladwy. Ychwanegodd y gallai cydrannu, unwaith y bydd trefniadau cydrannu ffurfiol wedi eu cadarnhau, arwain at gynnydd yng nghrynodiad arian, a fydd yn dod â risg pellach yn ei sgil. Serch hynny, dylid nodi y byddai cydrannu yn cael ei weld fel cyfle i rai rheolwyr buddsoddiad ac mae'n bosibl y bydd costau rhatach i gronfeydd oherwydd y gystadleuaeth ehangach.</p>	
5.5	<p><u>Eitem 7 ar yr Agenda – Diweddariad Cydweithrediad Cynllun Pensiwn Llywodraeth Leol yng Nghymru “Gweithio Gyda'n Gilydd”</u> <u>Amlinellodd</u> Pennaeth AD a Phensiynau'r penawdau canlynol yn yr adroddiad:</p> <ul style="list-style-type: none"> • Ers cyfarfod diwethaf y Bwrdd Pensiynau, roedd Cronfa Cymru wedi cwrdd â Marcus Jones AS, y Gweinidog dros Lywodraeth Leol yn yr Adran Gymunedau a Llywodraeth Leol. • Roedd y cyfarfod yn gadarnhaol ac roedd y Gronfa wedi ateb cwestiynau'r Gweinidog i gyd. • Doedd y Gweinidog ddim yn poeni'n ormodol am faint Cronfa Cymru. • Cronfa Cymru oedd un o chwe chronfa a oedd wedi cael y golau gwyrdd i barhau ar y trywydd presennol, gyda dwy gronfa yn parhau i gael trafodaethau gyda'r Gweinidog. • Roedd gwaith ynglŷn â llywodraeth yn dal i fynd yn ei flaen ac yn cynnwys swyddogion cyfreithiol, swyddogion Adran 151 a Chadeiryddion Pwyllgorau Pensiynau o'r wyth gronfa bensiwn Cymreig. Y gobaith oedd y byddai trefniadau llywodraethol wedi'u cwblhau erbyn diwedd Mawrth 2017, cyn cyfnod yr etholiadau llywodraeth leol. • Esboniwyd y broses caffael o gwmpas dewis gweithredwr buddsoddi a'r gobaith oedd y byddai'r gweithredwr mewn lle erbyn Mehefin 2017. Byddai wedyn yn cymryd tua naw mis i sefydlu a byddai hyn yn cwrdd 	

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	â dyddiad terfyn Mawrth 2018.	
5.6	Cadarnhaodd Pennaeth AD a Phensiynau bod cynrychiolaeth gan aelodau'r cynllun yn cael ei hystyried a chafodd ei chodi yng nghyfarfod blaenorol y Gronfa.	
5.7	Cytunodd Pennaeth AD a Phensiynau gydag aelodau y gallai cyffro gwleidyddol arwyddocaol danseilio Cronfa Cymru; serch hynny gobeithid y byddai unrhyw broblemau o gylch proses yn cael eu setlo cyn yr etholiadau llywodraeth leol, er mwyn esmwytho'r trosglwyddiad i unrhyw aelodau newydd o bwyllgorau pensiwn.	
5.8	<p><u>Eitem 9 ar yr Agenda – Diweddariad Prisiad Actiwaraid y Gronfa Bensiwn 2016</u></p> <p>Amlinellodd y Rheolwr Pensiynau'r penawdau canlynol yn yr adroddiad:</p> <ul style="list-style-type: none"> • Ers Rhagfyr roedd ymgysylltiad cadarnhaol wedi digwydd rhwng y Rheolwr Pensiynau a'r rhan fwyaf o gyflogwyr, er mwyn cadarnhau bod cyflogwyr yn deall y prisiad a'u sefyllfa. • Roedd nifer o gyflogwyr wedi gweld cynnydd yn eu cyfraniadau, yn rhannol oherwydd nad oedd disgwyl i elw yn y dyfodol ar fuddsoddiad fod mor uchel â blynyddoedd blaenorol. • Byddai saith cyflogwr yn cwrdd â'r Actwari oherwydd amgylchiadau unigol y mae angen delio â nhw • Roedd yr ymdrech wedi bod yn werth chweil ac roedd y Rheolwr Pensiynau wedi yn gobeithio adrodd yn ôl i'r Actwari erbyn diwedd Ionawr 2017. <p>Wrth ateb cwestiwn gan y Bwrdd cadarnhaodd y Rheolwr Pensiynau bod:</p> <ul style="list-style-type: none"> • 62% o'r wybodaeth angenrheidiol gan gyflogwyr ar gyfer diwedd y flwyddyn wedi ei derbyn erbyn y dyddiad terfyn o ddiwedd Ebrill gyda 64% o'r rheiny a aeth heibio i'r dyddiad terfyn yn cyflwyno'u data o fewn 10 diwrnod i 30^{ain} Ebrill. Roedd hyn yn cymharu â 36% yn cwrdd â'r dyddiad terfyn yn. • Roedd y system hunan-wasanaeth newydd i gyflogwyr wedi glanhau unrhyw ddata anghywir cyn iddo gael ei gyflwyno gan y cyflogwr. Dilynwyd hyn gan Actiwari'r Gronfa Bensiwn yn glanhau'r data prisio trwy eu system nhw hefyd. 	
5.9	Cadarnhaodd cynrychiolwyr y cyflogwyr ar y Bwrdd Pensiynau bod yr adborth wedi bod yn gadarnhaol a bod y systemau wedi gostwng nifer yr ymholiadau ar ddiwedd y flwyddyn.	
5.10	Esboniodd y Rheolwr Pensiynau'r prosesau o gylch ymddeoliad hyblyg ac hefyd rhyddid a dewis, gan gynnwys y dogfennau, cyngor cyfreithiol a'r cyngor ariannol annibynnol sydd ynghlwm.	
5.11	Esboniodd Pennaeth AD a Phensiynau'r gwahaniaethau rhwng actiwarïaid realistig ac optimistaidd, a gafodd eu hamlygu unwaith yr archwiliodd actiwari	

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	y llywodraeth y data fel rhan o'r broses safoni. Unwaith y mae'r broses yma wedi cael ei chwblhau mae'r Bwrdd Cyngor Statudol yn ymchwilio i fforddiadwyedd y cynlluniau pensiynau yn y dyfodol.	
5.12	Dywedodd y Pennaeth AD a Phensiynau bod y Gronfa wedi dechrau mewn sefyllfa o fod wedi ei thanariannu ond roedd yr elw ar fuddsoddiadau a chyfraddau marwolaeth wedi bod yn well na'r disgwyl. Ychwanegodd bod y Gronfa wedi llwyddo rheoli y rhan fwyaf o'r hyn y gallai yn lleol; serch hynny doedd materion cenedlaethol, fel blaenamcaniadau o farchnadoedd rhyngwladol, ddim wedi helpu mewn perthynas â'r prisiad actiwaraid.	
5.13	Cadarnhaodd y Rheolwr Pensiynau bod ymddeoliad ar sail afiechyd yn llai na 0.2% eleni ac nad oedd hyn wedi newid llawer yn ystod y tair blynedd flaenorol. Ychwanegodd bod rhai pobl wedi ymddeol yn gynnar ar pensiynau llai ond nid oedd hyn wedi effeithio'r gronfa'n fawr.	
5.14	Cadarnhaodd y Rheolwr Pensiynau y byddai Adran Actiwari'r Llywodraeth yn debygol o gyhoeddi'r data terfynol yn hwyr yn yr hydref, unwaith yr oedden nhw wedi ymgysylltu ag unrhyw gronfeydd a oedd wedi cael problemau.	
5.15	Gadawodd y Pennaeth AD a Phensiynau a'r Rheolwr Pensiynau'r cyfarfod.	
6.	Unrhyw Fusnes Eraill	
6.1	Digwyddodd trafodaeth mewn perthynas â'r hyfforddiant a datblygu posibl a oedd angen ar aelodau'r Bwrdd Pensiynau. Cadarnhaodd y Cadeirydd y byddai'n edrych ar y pynciau canlynol ac adrodd yn ôl i gyfarfod yn y dyfodol: <ul style="list-style-type: none"> • Llywodraeth – oherwydd y posibilrwydd o Bwyllgor Pensiynau ddibrofiad ar ôl yr etholiadau llywodraeth leol ym Mai 2017. • Sesiwn CIPFA / Barnett Waddingham pellach, yn dilyn y sesiwn a gynhaliwyd yn Nhachwedd, o ddewis gyda phob Bwrdd Pensiynau Cymreig • Llywodraeth – Mewn perthynas â chydrannu buddsoddiadau. • Strategaeth Amgylcheddol, Gymdeithasol a Llywodraeth. • Cwrs gloywi Hanfodion y Gymdeithas Llywodraeth Leol. 	Cadeirydd
6.2	Cytunwyd bod yr agenda'n llawer haws i ddilyn ar yr achlysur hwn a dylid parhau â'r fformat yma mewn cyfarfodydd yn y dyfodol.	
7.	Dyddiad y Cyfarfod Nesaf 26/04/17	
7.1	Bydd cyfarfod nesaf y Bwrdd Pensiynau ar nos Fercher 26 ^{ain} Ebrill 2017.	

Arwyddwyd.....Cadeirydd Dyddiad.....

Cynhyrchwyd y cofnodion gan Geraint Thomas, Uwch Swyddog Cefnogi Busnes (Gwasanaethau Democraidd).

LOCAL PENSION BOARD ACTION SHEET

NB the action sheet contains decisions previously taken by the Pension Board which require specific follow-up action. Decisions/actions are removed when the Board has been informed that they are complete (or plans are in place for action to be taken, if in the future)

denotes that action has been completed (or plans are in place for action to be taken, if in the future) and that the decision/action will therefore be removed from the next action sheet

Date	Minute para	Action to be taken	By whom and when – if time scale decided	Action taken
27.1.16	9.1	A training plan (based on the workplan) would be drawn up and circulated to members of the Board	Head of HR and Pensions and Pensions Manager	Ongoing
26.10.16 & 25.01.17	3.2 & 4.1	The PM agreed to seek an update from the LGA regarding the indemnity insurance issue. It was agreed that the HoHR&P and the PM would explore this further and look into the appropriate next steps.	Head of HR and Pensions and Pensions Manager	Ongoing
26.10.16	3.3	The PM agreed to find out how frequently the risk register was updated.	Pensions Manager	The Chair confirmed that the risk register was updated annually, although any major changes would be updated as they arose. #
26.10.16	7.4	The PM agreed to contact the Pension Investments Manager in order to obtain access for members of the Pension Board to use the Standard Life “Learning Gateway”.	Pensions Manager	The HoHR&P emailed the new hyperlink to all Board members on 25 January 2017. #
26.10.16	12.2	Bob Campbell enquired about attending the LAPFF Pension Fund Forum conference in December. The Chair confirmed that he was attending and that he would enquire about the possibility of Bob Campbell attending.	Chair	Action completed. #

25.01.17	6.1	A discussion took place regarding possible training and development required by members of the Pension Board. The Chair confirmed that he would look into the topics discussed and report back at a future meeting.	Chair	
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Updated by Geraint Thomas, Senior Business Support Officer (Democratic Services) – 16 February 2017

LOCAL PENSION BOARD

26 April 2017

ANNUAL REPORT OF THE LOCAL PENSION BOARD 2016-17

Report written by: Ian Coleman, Chair, Pension Board

Report submitted by: Ian Coleman, Chair, Pension Board

1. Area Affected

1.1 All employers participating in the Greater Gwent (Torfaen) Pension Fund.

2. Purpose of Report

2.1 To provide members of the Pension Board with a report reviewing the activities and performance of the Pension Board during 2016-17.

3. Key Messages

3.1 That the members of the Pension Board consider the report.

3.2 That, if the report is agreed, it be incorporated into the Annual Report of the Pension Fund.

4. Background

4.1 The Board was constituted under the Public Service Pensions Act 2013 and held its first meeting as required by 31 July 2015. It consists of five representatives of the scheme employers, and five representatives of scheme members. In addition it has a non-voting independent Chair. The members of the Pension Board are:

Independent Chair
Ian Coleman (4)

Employee Representatives
Bob Campbell (4)
Jan Davies (3)
Cheryl Morgan (3)
Anthea Wellington (4)
John Wright (3)

Employer Representatives
Steve Harford (3)
Rhian Hayden (3)
Meirion Rushworth (3)
Ruth Tucker (2)
Jane Waters (4)

4.2 The numbers in brackets indicate the number of Pension Board meetings attended during 2016-17.

4.3 The Pension Board met on four occasions during 2016-17: 27 April 2016, 20 July 2016, 26 October 2016 and 25 January 2017, and each meeting was quorate.

5. Functions and Operation of the Board

5.1 The two primary functions of a Local Pension Board are to assist the Administering Authority to:

- i. Ensure effective and efficient governance and administration of the LGPS
- ii. Ensure compliance with relevant laws and regulations

5.2 The Pension Board has a monitoring, assisting and reviewing purpose, rather than being a decision making body. It could be seen as being a critical friend. As such, the general approach of the Pension Board is to seek assurances, with evidence provided by the Pension Fund and from other sources, that the Fund is meeting its objectives, producing the required statements and managing risks so as to achieve the overall objectives as set out above.

5.3 In so doing, the Pension Board is helping to manage the reputational risk of the Pension Fund, and of the Administering Authority, which is more critical now that the LGPS in England and Wales has both the Department for Communities and Local Government (DCLG) and The Pensions Regulator (TPR) as regulators.

5.4 The Pension Board operates under Terms of Reference which were agreed by Torfaen Council on 3 March 2015.

5.5 The establishment and initial meetings of the Pension Board during 2015-16 coincided with the period of possibly the greatest pressure on senior staff in the recent history of the LGPS, with the Administering Authority having to respond to the DCLG by 19 February 2016 on the critical consultation documents on both the proposed pooling of LGPS investments, and also on revised Investment and Management of Funds Regulations.

5.6 The pressures have not abated in 2016-17 with the Administering Authority having to make a further submission to the DCLG on the pooling of investments by 15 July 2016. A Memorandum of Understanding relating to the procurement of services by the Administering Authorities of the LGPS in Wales was prepared on 11 October 2016 and on 23 November 2016 the DCLG approved the establishment of the all Wales investment pool. In March 2017 an inter authority agreement on the all Wales pension fund investment pooling was signed.

5.7 In addition to the pooling of investments; other major developments in 2016-17 have included the triennial valuation as at 31 March 2016; the preparation of a new statutory document, the Investment Strategy Statement, by 31 March

2017; and increasing involvement by The Pensions Regulator. Given these pressures on the Administering Authority, the Pension Board has attempted to prioritise and limit the number of reports requested.

- 5.8 There is a financial budget for the Pension Board of £50,000, within the overall budget of the Pension Fund. The travelling and training expenses relating to Scheme Member and Employer representatives are charged to this budget, as are the fees and expenses of the Independent Chair. The Pension Board has contained its expenditure within the approved budget. The Pension Board is mindful of delivering value for money, and has identified means of working in a cost-effective manner. By so doing, it is seeking ways of saving administration costs, plus the valuable time of officers, without compromising the functionality of the Pension Board.

6 Detailed Work of the Board

6.1 Scheme Documents

The Pension Board has examined the range of scheme documents expected to be in place and is satisfied with the existing arrangements.

6.2 Risk Management and the Risk Register

Following a recommendation from the Pension Board, it was accepted that there were benefits in the production of a risk management policy and risk register exclusive to the Pension Fund, rather than it being an integrated part of the policy and risk register of Torfaen Council. Officers of the Fund produced a risk register which was approved by the Pensions Committee and shared with the Pension Board on 20 July 2016 for ongoing evolution and development.

6.3 Recording and Reporting Breaches

The Pension Board and its members have a responsibility to report breaches of law to The Pensions Regulator. The Pension Board has examined the recording and reporting procedures and is satisfied with the system in place.

6.4 Pooling

Reference has already been made to the impact on the workload of the initial requirement to respond to major DCLG consultations and then subsequently to create the all Wales investment pool. The decision on investment pooling probably represents the most significant individual decision by the Administering Authority for many years. As such it is appropriate for the Pension Board to review the decision-making process at each stage and comments have been provided as appropriate to support the prescribed process of change. However, during 2016-17 the Board has expressed some frustration at the externally imposed timescales that have, at times, restricted wider consultation and the contribution that the Board could make. Pooling will continue to be a major issue in 2017-18 and, with fewer externally imposed constraints on the timescale, the Board should be able to make a more relevant and positive contribution to support the delivery of this major development.

6.5 Pensions Committee Attendance

Members of the Pension Board attend each meeting of the Pensions Committee to observe and ensure appropriate connectivity between the Committee and the Board. It also provides an opportunity for the Chair of the Board to provide more information on the views of the Board as appropriate.

6.6 Pensions Committee Agenda

At each meeting, the Pension Board considers the previous Pensions Committee agenda to identify items for inclusion on the Pension Board workplan and to enable comments to be conveyed back to the Pensions Committee as appropriate. This also enables the Pensions Committee to request consideration and comments from the Board on any issues.

7 Training

7.1 Each member of the Pension Board has to be conversant with the details of the LGPS, which translates as having a good working knowledge. During 2016-17 specific external training was provided for Pension Board members on the fundamentals of the LGPS; the role, purpose and performance of the Pension Board; and the Triennial Valuation. Opportunities have been provided for members of the Board to meet with members of other Local Pension Boards in Wales. Assessment of training needs, and how they are met, is a standing item on the agenda. Both formal and informal training is provided and a detailed training log of individual and Board training is maintained..

8 Workplan

8.1 A workplan is kept under review and covers the following areas:

- Accounts and budget
- Administration
- Audit and Risk Management
- Governance
- Investments
- Pooling
- Triennial Valuation
- Training

9 Thanks

9.1 I wish to thank my colleagues on the Pension Board who have volunteered their time and energy to serve on the Board, and for their on-going support. Thanks are also expressed to the Officers of Torfaen Council who have supported the Pension Board.

10 Recommendations

10.1 That the members of the Pension Board consider the report

10.2 That the Pension Board Annual Report be incorporated into the Annual Report of the Pension Fund.

LOCAL PENSION BOARD 26th April 2017

LOCAL PENSION BOARD INSURANCE

Report written by: Mary Rollin, Pensions Manager and Graeme Russell,
Head of HR and Pensions
Report submitted by: Ian Coleman, Chair, Local Pension Board

1. Area Affected

1.1 All employers participating in the Greater Gwent (Torfaen) Pension Fund.

2. Purpose of Report

2.1 To provide an update of the latest position in respect of insurance cover for Pension Board members

3. Key messages

2.1 Local Pension Board Insurance remains a vexed issue with the key points as follows:

- It is not clear under what circumstances insurance would be required
- Policies may be available (subject to coverage) but at relatively high cost
- It is not clear whether the excess can be covered
- There is currently ongoing engagement with the Councils own insurer about coverage but there remains a lack of clarity over exactly what cover is required.
- The position across the LGPS is mixed with a limited number of Funds having taken out insurance cover but currently the majority have not.

4. Current Position

4.1 This report summarises the insurance position of Local Pension Boards (LPB). The issue of whether LPB's require their own insurance has been debated for the past 18 months. LPB's were constituted under the Public Service Pensions Act 2013 (PSPA). The issue of insurance arose following a comment which was included in James Goudie QC's advice to the National Scheme Advisory Board (SAB).

4.2 The SAB sought advice on the legal status of Pensions Boards, the legal relationship between the Board and the Administering Authority and whether there is a conflict between the requirements of the 1972 Local Government Act and the 2013 Public Service Pensions Act with regards to combined Committees and Boards. Principally the guidance was aiming to determine

whether you could have a joint Committee and Board given that they were constituted under separate legislation.

- 4.3 As part of his conclusion Mr Goudie suggests that as LPB's are constituted under the PSPA 2013 they may not be 'automatically covered by the Council's insurance' and should consider purchasing their own policy.
- 4.4 The Fund itself is insured by Torfaen Councils main insurance policies. This includes Officials Indemnity cover for Council Members and Officers. The OI policy provides cover for legal costs and expenses for any errors and omissions carried out whilst acting in a role for the authority.
- 4.5 Officers are currently exploring with the Councils' own insurer whether they are minded to provide an extension to the existing OI policy to cover LPB's, and an answer is awaited. No changes to policy wording or an official definitive position statement is yet available. Additionally there is further national debate on whether Council monies could legally be used to fund the excess of the OI policy on behalf of LPB members in the event of a claim. The policy excess on the Councils OI policy is £100k.
- 4.6 Separately, the Council has therefore, obtained two quotes from separate insurers for ground up cover (i.e. a policy with no excess). This proved to be expensive with quotes for cover starting from £10k per annum for £10m of cover up to £22,500 per annum for £10m cover. The premium costs are high as the underwriters have used the market value of the Fund's assets in their assessment of the premium they would require.
- 4.7 It is difficult to envisage a scenario where a Board member would require their own insurance. The Board is not a decision making body and exists to provide advice and support to the Administering Authority who retain responsibility for managing the Fund. If a Board member were to act fraudulently or failed to fulfil their obligations to the regulator and received a personal financial penalty this could not be covered by an insurance policy in any event.

5. Conclusion

- 5.1 The issue of insurance for LPB's has arisen from a comment made by a Barrister when answering a different question. There is no clear identification of the potential risks that an LPB would pose and hence a suitable insurance solution has not yet been established.
- 5.2 An answer is awaited from the Councils own insurer which may provide a more suitable solution but if not, it is now apparent that ground up cover is available although expensive and the question of whether the Council could fund the policy excess in the event of a claim remains unresolved.

6. Recommendation

6.1 That the members of the Local Pension Board note the current position and determine next steps.

Appendices	None
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Background Papers	none
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For a copy of the background papers or for further information about this report, please telephone: Graeme Russell, Head of HR and Pensions on 01495 742625 or by email to graeme.russell@torfaen.gov.uk
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