

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: 19.4.2018

Please contact/Cysyllter â Geraint Thomas
Direct line/Llinell union: 01495 742773
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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 Committee Room 1, Civic Centre, Hanbury Road, Pontypool NP4 6YB on **Wednesday, 25 April 2018** at **10.00am** 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 Joanne Griffiths, Pension Manager via email: Joanne.Griffiths@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 Ystafell Bwyllgora 1, y Ganolfan Ddinesig, Heol Hanbury, Pont-y-pŵl, NP4 6YB ar **Dydd Mercher, 25 Ebrill 2018** 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 Joanne Griffiths, Rheolwr Pensiwn drwy ebost: Joanne.Griffiths@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, 25 April 2018

AGENDA

- 1 Attendance and apologies
- 2 Declarations of interest
- 3 Minutes 24/1/18
- 4 Action Sheet
- 5 Pensions Committee 12/3/18
[Please click link](#)
- 6 To consider the draft 2017-18
Pension Board Annual Report
- 7 Any other business
- 8 Date of next meeting 25/7/18

BWRDD PENSIYNAU LLEOL

10.00am

Dydd Mercher, 25 Ebrill 2018

AGENDA

- Croeso ac ymddiheuriadau
- Datganiadau o fuddiant
- Cofnodion 24/1/18 3 - 14
- Taflen Weithredu 15 - 16
- Pwyllgor Pensiynau 12/3/18
[Clicwch y ddolen](#)
- Ystyried Adroddiad 17 - 22
Blynyddol drafft y Bwrdd
Pensiynau ar gyfer 2017-18
- Unrhyw fater arall
- Dyddiad y cyfarfod nesaf
25/7/18

**MINUTES OF A MEETING OF THE LOCAL PENSION BOARD
OF TORFAEN COUNTY BOROUGH COUNCIL
Held on Wednesday, 24 January 2018 at 10am
In the Chamber, Civic Centre, Hanbury Road, Pontypool NP4 6YB**

In attendance Members of the Pension Board

Ian Coleman (Independent Chair)
Bob Campbell
Jan Davies
Rhian Hayden
Jane Waters
John Wright

Officers

Joanne Griffiths, Pensions Support Manager (PSM)
Tim James, Interim Chief Legal Officer (ICLO)
Mary Rollin, Pensions Manager (PM)
Graeme Russell, Head of Pensions (HoP)
Geraint Thomas, Senior Business Support Officer (SBSO)

Action

1 Attendance and apologies

- 1.1 Apologies were received from Steve Harford, Cheryl Morgan, Ruth Tucker and Anthea Wellington.
- 1.2 The Chair confirmed that Cheryl Morgan and Ruth Tucker had submitted their resignations to the Board and that the process to appoint their replacements had begun.
- 1.3 The HoP confirmed that the PM would be retiring at the end of March 2018 and that the PSM would be replacing her. In addition to this change, there would be further movement within some senior roles and the recruitment process was underway. The Board welcomed the PSM to her new role.
- 1.4 The Board wished to thank Cheryl Morgan and Ruth Tucker for their contributions to the Board and thank the PM for her support to the Board.

2 Declarations of interest

- 2.1 The ICLO 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
Rhian Hayden	Mother	Self and sister
Jane Waters	Brother	Self
John Wright	Self and wife	Daughter

2.2 The ICLO left the meeting.

3 **Minutes 18/10/17**

3.1 It was confirmed that paragraph 5.20 was a repeat of paragraph 5.19 and should be amended.

3.2 The Chair believed that it was the Scheme Advisory Board's (SAB) intention to re-run the LGA Pension Board survey during March 2018.

3.3 Regarding paragraph 8.3, the HoP confirmed that the Fund would be writing to employers and trade unions in order to seek their nominations to the Board.

3.4 It was agreed that subject to the above amendment, the minutes were an accurate record of the meeting.

4 **Action Sheet**

4.1 The Pension Board noted the Action Sheet.

5 **Pensions Committee 16/11/17**

5.1 The Pension Board considered the agenda papers for the Pensions Committee held on 16th November 2017:

5.2 Agenda Item 3 – Wales Pension Partnership; DCLG Autumn Review Submission and Work stream Summary

The HoP provided the following update:

- The Department for Communities and Local Government (DCLG) periodically ask each investment pool to provide an update.
- This report related to the October progress update regarding the stated criteria for investment pooling and was a good reference for members of the Pensions Committee and Pension Board.
- In response to the report, DCLG were pleased with the progress, recruitment and appointment of an Operator.

6 **Pensions Committee 11/12/17**

6.1 The Pension Board considered the agenda papers for the Pensions Committee held on 11th December 2017:

6.2 Agenda Item 6 – Quarterly Investment Performance Report to 30/9/17

The HoP provided the following update:

- This was a standard report at present; however it may need to change with the pooling arrangements, as some investments will be made through the Wales Pension Partnership (WPP) and some will remain with the Fund.
- At the end of the quarter, the value of the Fund stood at £2,806 million.
- By studying the asset allocation breakdown in paragraph 5, it was clear

that a heavy weighting towards equities still existed.

- Markets had been positive, with virtually all regional markets providing positive returns. He highlighted the 4.6% return from Emerging Market equities and the 1.6% return from US equities.
- Quarter 3 had seen the Fund out-perform the positive +1.81% benchmark by +0.54% in the quarter, resulting in an overall positive (absolute) return of +2.35% for the Fund in Quarter 3.
- The 12 month overall Fund return remained a strong +12.56% and thus a strong +1.36% above the 12 month benchmark figure of +11.20%.
- The performance figures for the last 3 and 5 years were above the benchmark and the figure for the last 10 years was in line with the benchmark.
- Good performance tends to mask issues, as the investment managers doing well can mask the investment managers not doing so well. He gave an example of Lazard performing well, whereas Standard Life had performed slightly lower than the Fund had hoped.
- Some spectacular investment return figures could be seen over the last 12 months regarding Emerging Markets and the Far East.
- A lot of dialogue had occurred during the quarter with investment managers in order to analyse their performance, with a view to both the short-term and long-term.
- With a focus on pooling, approximately £55m was allocated in alternatives, via Invesco and Fidelity, at the end of September 2017. This would provide the Fund with a wider range of alternatives and the opportunity to benchmark its investments against each other.
- It was noted that the Pensions Committee asked for a further report around investments in alternatives, prior to the start of pooling.
- The value of the Fund increased to £2,864 million at the end of October, dropped slightly to £2,852 million at the end of November and increased again to £2,923 million at the end of December.

6.3 Rhian Hayden commented that the above update proved how slight market movements could affect the value of the Fund and that it was therefore important to focus on the medium-term and long-term and not to panic.

6.4 Agenda Item 7 – Update on the Implementation of Markets in Financial Instruments Directive (MiFID II)

The HoP provided the following update:

- MiFID II was a mandatory directive that took effect on 3rd January 2018.
- The Pensions Committee had agreed to apply to opt back up to professional status, which would allow the Fund to retain access to a range of products and investment managers.
- At the time of the Pensions Committee meeting on 11th December 2017, 7 investment managers used by the Fund had agreed and given their approval regarding the Fund retaining professional status and all (15) investment managers had agreed by the end of December 2017.
- The Fund would need to keep checks on its governance and training in order to maintain the professional status. Increasing the knowledge and understanding of officers, the Pensions Committee and the Pension Board would be vital to this.

6.5 The Chair explained that work around MiFID II had taken a lot of time and effort. There is a responsibility on the Board and individual members to maintain and increase their knowledge and understanding.

6.6 Agenda Item 8 – Elected Member – Continuing Professional Development Update

The Chair reminded members of the Board that they should regularly submit their individual professional development updates to the PM.

6.7 The Chair reminded members that the 'Responsible Investment' development session would be held on 14th February 2018. Bob Campbell gave his apologies for the session.

7 **Any other business**

7.1 Bob Campbell suggested that the upcoming Unison divestment report around fossil fuels could be considered at the next meeting of the Environmental, Social and Corporate Governance (ESG) Working Group.

7.2 The HoP agreed this report should be considered by the above and confirmed that the development session with Hymans Robertson on 14th February 2018 would also look more widely at the issue of fossil fuels.

8 **Date of next meeting 25/4/18**

8.1 The next meeting of the Pension Board will be on Wednesday 25th April 2018.

9 **Exclusion of Press and Public**

9.1 The Pension Board agreed to the exclusion of the press and public from the meeting as presentations and meeting papers were not for publication because in accordance with paragraphs 12 and 14 of part 4 of Schedule 12a of the Local Government Act 1972 (as amended by the Access to Information Variation Order Wales 2007), it contained information about a particular individual and information relating to the financial and business affairs of particular persons including the Council and in all the circumstances of the case the public interest in maintaining the exemptions outweighs the public interest in disclosing the information.

10 **Operator Selection Report**

10.1 The HoP provided the following update:

- At the Joint Governance Committee (JGC) meeting in early November 2017, the preferred bidder to become the Operator for the WPP was agreed. Following this, an identical report was tabled to the eight Welsh Pension funds, recommending Bidder 1, with agreement reached at individual committee meetings between 9th November 2017 and 30th

November 2017.

- The report outlined the selection process used and the officer involvement from each of the eight funds.
- The report showed the quality and price of the bidders involved. He added that the submission with the highest quality was only marginally better than the bidder in second place; however the price difference was huge. This explained the decision to recommend Bidder 1 for approval.
- December 2017 saw a mandatory ten-day period of standstill to allow for any legal challenges. During the first week of January 2018, Link Asset Services were announced as the Operator.
- The lead tender had been Capita; however they were subsequently bought-out by Link. Link would be sub-contracting services to Russell Investments around advice and guidance regarding investment managers and sub-contracting services to Northern Trust as the Custodian and Depository.
- Discussions had taken place with the three organisations above around the timetable for establishing the investment pool and the number and types of sub-funds that would be required.
- Despite DCLG setting a deadline for establishing investment pools by 1st April 2018, the HoP was confident that they would be comfortable provided that the WPP had made sufficient progress and was perhaps 90% complete.
- The Chair of Pensions Committee was fully engaged in the process, via the JGC, as were the Assistant Chief Executive (Resources), the HoP and the Pension Investments Manager.
- A lot of active discussion was ongoing regarding investments, with Link and their partners visiting the eight funds to understand individual strategies and investment managers used. They were looking for commonalities across funds, as this could provide the initial pooling of investments.
- Carmarthenshire County Council was integral to all discussions as the host authority for the WPP and weekly telephone conferences were taking place involving all parties.

10.2 Following questions and comments from members of the Pension Board, the HoP made the following main points:

- Link, Russell Investments and Northern Trust would be attending the next meeting of the JGC in February 2018 and Northern Trust would be providing a 'reporting suite'. This could prove timely as the Fund may need to consider an alternative reporting format to its current one, when the Bank of New York Mellon changes the format and breadth of their reporting services. He added that the Fund would receive reports through the WPP and that transitional reporting would take place initially.
- There was an opportunity for the Operator to come and talk to the Fund once per year, with extra visits carrying additional costs. The Operator would be providing quarterly performance reports and monthly valuation reports.
- In terms of scrutinising investment managers within the WPP, he suggested that this could be in the form of one fund per mandate to be invited by the Operator when meeting investment managers.

- Discussions around inviting scheme member representatives onto the WPP had not yet occurred; however they were likely to be considered in the future.
- Local decisions would be required regarding how much investment from current asset classes were to be moved to new asset classes on offer through pooling. If our current investment manager proved more successful, it would be beneficial for the Operator to switch to using that investment manager.
- The number of products on offer within each asset class would depend on the amount of money involved, the type of asset class, strategies and the number and types of sub-funds available.
- Regarding investments in infrastructure, the ambition under pooling was to reach 5%, which was very ambitious as the current figure stood at 0%. The WPP was considering all-Wales schemes and national schemes. He added that initial discussions had taken place with examples such as Swansea Bay Tidal Lagoon, with additional information to follow. This particular project could provide almost guaranteed stable returns.
- Due to the complexities around investments in infrastructure, it was unlikely to be the first area however that the WPP invested in.

**COFNODION CYFARFOD BWRDD PENSIYNAU LLEOL
CYNGOR BWRDEISTREF SIROL TORFAEN**

**A gynhaliwyd ar ddydd Mercher, 24 Ionawr 2018 am 10am
Yn y Siambr, Y Ganolfan Ddinesig, Heol Hanbury, Pont-y-pŵl NP4 6YB**

Yn Bresennol

Aelodau'r Bwrdd Pensiynau

Ian Coleman (Cadeirydd Annibynnol)
Bob Campbell
Jan Davies
Rhian Hayden
Jane Waters
John Wright

Swyddogion

Joanne Griffiths, Rheolwr Cefnogi Pensiynau
Tim James, Prif Swyddog Cyfreithiol Dros Dro
Mary Rollin, Rheolwr Pensiynau
Graeme Russell, Pennaeth Pensiynau
Geraint Thomas, Uwch Swyddog Cefnogi Busnes

		<u>Cam</u>												
1.	Presennol ac Ymddiheuriadau													
1.1	Cafwyd ymddiheuriadau oddi wrth Steve Harford, Cheryl Morgan, Ruth Tucker ac Anthea Wellington.													
1.2	Cadarnhaodd y Cadeirydd bod Cheryl Morgan a Ruth Tucker wedi ymddeol o'r Bwrdd a bod y broses o benodi rhai i gymryd eu lle wedi dechrau.													
1.3	Cadarnhaodd y Pennaeth Pensiynau y byddai'r Rheolwr Pensiynau yn ymddeol ar ddiwedd Mawrth 2018 a byddai'r Rheolwr Cefnogi Pensiynau yn cymryd ei lle. Yn ogystal â'r newid yma byddai newid hefyd mewn rhai uwch swyddi ac roedd y broses recriwtio ar droed. Croesawodd y Bwrdd y Rheolwr Cefnogi Pensiynau i'w swydd newydd.													
1.4	Dymunodd y Bwrdd ddiolch i Cheryl Morgan a Ruth Tucker am eu cyfraniadau i'r Bwrdd a diolch i'r Rheolwr Pensiynau am ei chefnogaeth i'r Bwrdd.													
2.	Datganiadau o Fudd													
2.1	Gofynnodd y Prif Swyddog Cyfreithiol Dros Dro i Aelodau'r Bwrdd i gadarnhau eu buddion personol yng Nghronfa Pensiynau Gwent Fwyaf.													
	<table border="1"> <thead> <tr> <th>Aelod</th> <th>Yn derbyn Pensiwn</th> <th>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>Rhian Hayden</td> <td>Mam</td> <td>Ei hun a'i chwaer</td> </tr> </tbody> </table>	Aelod	Yn derbyn Pensiwn	Cyfrannwr	Bob Campbell	Ei hun		Jan Davies		Ei hun a'i chwaer	Rhian Hayden	Mam	Ei hun a'i chwaer	
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				<u>Cam</u>
	Jane Waters	Brawd	Ei hun	
	John Wright	Ei hun a'i Chwaer	Merch	
2.2	Gadawodd y Prif Swyddog Cyfreithiol Dros Dro'r cyfarfod.			
3.	Cofnodion 18/10/17			
3.1	Cadarnhawyd bod paragraff 5.20 yn ailadrodd paragraff 5.19 a dylid newid hyn.			
3.2	Roedd y Cadeirydd yn credu mai bwriad y Bwrdd Ymgynghorol ar y Cynllun oedd ail-wneud arolwg Bwrdd Pensiynau'r Gymdeithas Llywodraeth Leol yn ystod Mawrth 2018.			
3.3	Mewn perthynas â pharagraff 8.3, cadarnhaodd y Pennaeth Pensiynau y byddai'r Gronfa'n ysgrifennu at gyflogwyr ac undebau llafur er mwyn ceisio enwebiadau ganddynt i'r Bwrdd.			
3.4	Cytunwyd bod y cofnodion yn rhai cywir, yn amodol ar y gwelliant uchod.			
4.	Taflen Waith			
4.1	Nododd y Bwrdd Pensiynau'r Daflen Waith.			
5.	Pwyllgor Pensiynau 16/11/17			
5.1	Rhoddodd y Bwrdd Pensiynau ystyriaeth i bapurau agenda'r Pwyllgor Pensiynau a gynhaliwyd ar 16 ^{eg} Tachwedd 2017:			
5.2	<u>Eitem 3 ar yr Agenda –Partneriaeth Pensiynau Cymru; Cyflwyniad i Adolygiad Yr Hydref yr Adran Gymunedau a Llywodraeth Leol a Chrynodeb Ffrwd Gwaith</u> Rhoddodd y Pennaeth Pensiynau'r diweddariad canlynol: <ul style="list-style-type: none"> • Mae'r Adran Gymunedau a Llywodraeth Leol (AGLIL) yn gofyn yn achlysurol i bob cronfa buddsoddiadau i roi diweddariad. • Roedd yr adroddiad yma'n ymwneud â diweddariad mis Hydref mewn perthynas â'r meini prawf gosod ar gyfer ariannu buddsoddiadau ac roedd yn gyfeirnod da i aelodau'r Pwyllgor Pensiynau a'r Bwrdd Pensiynau. • Mewn ymateb i'r adroddiad, roedd yr AGLIL yn falch gyda'r hynt o recriwtio a phenodi Gweithredwr. 			
6.	Pwyllgor Pensiynau 11/12/17			
6.1	Rhoddodd y Bwrdd Pensiynau ystyriaeth i bapurau agenda'r Pwyllgor Pensiynau a gynhaliwyd ar 11 ^{eg} Rhagfyr 2017:			

		<u>Cam</u>
6.2	<p><u>Eitem 6 ar yr Agenda –Adroddiad Perfformiad Buddsoddiad Chwarterol i 30/9/17</u></p> <p>Rhoddodd y Pennaeth Pensiynau'r diweddariad canlynol:</p> <ul style="list-style-type: none"> • Roedd hwn yn adroddiad safonol ar hyn o bryd: serch hynny efallai bydd rhaid iddo newid gyda threfniadau cydrannu, gan fydd rhai buddsoddiadau yn cael eu gwneud trwy Bartneriaeth Pensiwn Cymru (PPC) a bydd rhai'n aros gyda'r Gronfa. • Ar ddiwedd y chwarter, roedd y Gronfa werth £2,806 miliwn. • Trwy astudio dadansoddiad dyraniad yr asedau ym mharagraff 5, roedd yn glir bod pwysau o hyd yn bodoli tuag at ecwitiau. • Roedd y marchnadoedd wedi bod yn gadarnhaol, gyda phob marchnad ranbarthol bron yn rhoi canlyniadau cadarnhaol. Pwysleisiodd yr elw o 4.6% o ecwitiau Marchnadoedd sy'n Dod i'r Golwg a'r elw o 1.6% o ecwitiau'r UD. • Roedd Chwarter 3 wedi gweld y Gronfa perfformio'n well na'r meincnod +1.81% cadarnhaol o +0.54% dros y chwarter, gan arwain at elw cadarnhaol cyfan gwbl (absoliwt) o +2.35% ar gyfer y Gronfa yn Chwarter 3. • Roedd elw cyfan gwbl 12 mis y Gronfa yn parhau'n gryf ar +12.56% ac felly +1.36% uwchben y ffigwr meincnod 12 mis o +11.20%. • Roedd ffigyrau perfformiad ar gyfer y 3 a'r 5 mlynedd diwethaf uwchben y meincnod ac roedd y ffigwr ar gyfer y 10 mlynedd nawr yn gyson â'r meincnod. • Mae perfformiad da'n tueddu i guddio problemau gan fod rheolwyr buddsoddiad sy'n gwneud yn dda yn gallu cuddio'r rheolwyr buddsoddiad nad sy'n gwneud cystal. Rhoddodd enghraifft o Lazard yn perfformio'n dda, tra bod Standard Life wedi perfformio ychydig yn is nag yr oedd y Gronfa wedi gobeithio. • Gellid gweld rhai enghreifftiau o elw syfrdanol ar fuddsoddiad dros y 12 mis diwethaf yn y Marchnadoedd sy'n dod i'r Golwg a'r Dwyrain Pell. • Bu llawer o drafodaeth yn ystod y chwarter gyda rheolwyr buddsoddiad er mwyn dadansoddi eu perfformiad, o ran y tymor byr a'r tymor hir. • Gyda ffocws ar gydrannu, roedd tua £55m wedi ei ddyrannu i fuddsoddiadau amgen, trwy Invesco a Fidelity, ar ddiwedd Medi 2017. Byddai hyn yn rhoi i'r Gronfa ystod ehangach o ddewisiadau amgen a'r cyfle i gymharu ei meincnodau yn erbyn ei gilydd. • Nodwyd bod y Pwyllgor Pensiynau wedi gofyn am adroddiad pellach ar fuddsoddiadau amgen, cyn dechrau ariannu. • Roedd gwerth y Gronfa wedi codi i £2,864 miliwn ar ddiwedd Hydref, wedi gostwng ychydig i £2,852 miliwn ar ddiwedd Tachwedd ac wedi codi eto i £2,923 miliwn ar ddiwedd Rhagfyr. 	
6.3	<p>Gwnaeth Rhian Hayden sylw bod y diweddariad uchod yn profi sut roedd symudiadau bach yn y farchnad yn gallu effeithio gwerth y Gronfa ac roedd yn bwysig felly i ganolbwyntio ar y tymor canolig a'r tymor hir a pheidio cynhyrfu.</p>	
6.4	<p><u>Eitem 7 ar yr Agenda – Diweddariad ar weithredu'r Gyfarwyddeb</u></p>	

		<u>Cam</u>
	<p><u>Marchnadoedd mewn Offerynnau Ariannol (MiFID II)</u> Rhoddodd y Pennaeth Pensiynau'r diweddariad canlynol:</p> <ul style="list-style-type: none"> • Roedd MiFID II yn gyfarwyddeb orfodol a ddaeth i rym ar 3^{ydd} Ionawr 2018. • Roedd y Pwyllgor Pensiynau wedi cytuno i wneud cais i optio i fyny at statws proffesiynol, a fyddai'n caniatáu i'r Gronfa gadw mynediad at amrywiaeth o gynnyrch a rheolwyr buddsoddiad. • Ar adeg cyfarfod y Pwyllgor Pensiynau ar 11^{eg} Rhagfyr 2017, roedd 7 rheolwr buddsoddiadau a ddefnyddir gan y Gronfa wedi cytuno i roi cymeradwyaeth i'r Gronfa i gadw eu statws proffesiynol ac roedd pob rheolwr buddsoddiadau (15) wedi cytuno erbyn diwedd Rhagfyr 2017. • Byddai angen i'r Gronfa gadw golwg ar lywodraethu a hyfforddiant er mwyn cadw'r statws proffesiynol. Byddai cynyddu gwybodaeth a dealltwriaeth Swyddogion, y Pwyllgor Pensiynau a'r Bwrdd Pensiynau yn hanfodol i hyn. 	
6.5	Esboniodd y Cadeirydd bod gwaith o gylch MiFID II wedi cymryd llawer o amser ac ymdrech. Mae cyfrifoldeb ar y Bwrdd ac aelodau unigol i gynnal a chynyddu eu gwybodaeth a'u dealltwriaeth.	
6.6	<p><u>Eitem 8 ar yr Agenda – Diweddariad ar Ddatblygiad Proffesiynol Parhaol - Aelod Etholedig</u> Atgoffodd y Cadeirydd aelodau'r Bwrdd y dylen nhw gyflwyno'u diweddariadau datblygiad proffesiynol unigol yn rheolaidd i'r Rheolwr Pensiynau.</p>	
6.7	Atgoffodd y Cadeirydd aelodau bydd y sesiwn datblygu 'Buddsoddiad Cyfrifol' ar 14 ^{eg} Chwefror 2018. Rhoddodd Bob Campbell ymddiheuriadau ar gyfer y sesiwn.	
7.	Unrhyw Fusnes Arall	
7.1	Awgrymodd Bob Campbell y gellid ystyried adroddiad Unison ar ddad-fuddsoddi mewn perthynas â thanwydd ffosil yng nghyfarfod nesaf y Gweithgor Llywodraethiant Amgylcheddol, Cymdeithasol a Chorfforaethol.	
7.2	Cytunodd y Rheolwr Pensiynau y dylai'r adroddiad hwn gael ei ystyried gan yr uchod a chadarnhaodd y byddai'r sesiwn ddatblygu gyda Hymans Robertson ar 14 ^{eb} Chwefror 2018 hefyd yn edrych yn fwy eang ar fater tanwydd ffosil.	
8.	Dyddiad y cyfarfod nesaf 25/4/18	
8.1	Bydd cyfarfod nesaf y Bwrdd Pensiynau ar ddydd Mercher 25 ^{ain} Ebrill 2018.	
9.	Gwahardd y Wasg a'r Cyhoedd	
9.1	Cytunodd y Bwrdd Pensiynau i wahardd y wasg a'r cyhoedd o'r cyfarfod gan	

		<u>Cam</u>
	nad oedd y cyflwyniadau a phapurau'r cyfarfod i'w cyhoeddi oherwydd yn unol â paragraffau 12 a 14 rhan 4 Atodiad 12a Deddf Llywodraeth Leol 1972 (fel y'i diwygiwyd gan Orchymyn Mynediad at Wybodaeth (Amrywiaeth) (Cymru) 2007), roeddynt yn cynnwys gwybodaeth am unigolyn penodol a gwybodaeth am faterion ariannol a busnes personau penodol gan gynnwys y Cyngor ac o dan yr amgylchiadau mae'r budd cyhoeddus mewn cadw'r gwaharddiad yn drech na'r budd cyhoeddus o ddatgelu'r wybodaeth.	
10.	Adroddiad ar Ddewis Gweithredwr	
10.1	<p>Rhoddodd y Pennaeth Pensiynau'r diweddariad canlynol:</p> <ul style="list-style-type: none"> • Yng nghyfarfod y Cydbwyllgor Llywodraethu ar ddechrau Tachwedd 2017, cytunwyd ar gynigydd ffafriedig i fod yn Weithredwr i'r PPC. Yn dilyn hyn, cyflwynwyd adroddiad yr union yr un fath i'r wyth cronfa Pensiynau Cymreig, gan argymhell Cynigydd 1, gyda chytundeb wedyn mewn cyfarfodydd pwyllgor unigol rhwng 9^{fed} Tachwedd 2017 a 30^{ain} Tachwedd 2017. • Amlinellodd yr adroddiad y broses ddewis a ddefnyddiwyd a chyfraniad gan swyddog o bob un o'r wyth Cronfa. • Roedd yr adroddiad yn dangos ansawdd a phris y cynigydd. Ychwanegodd bod y cynnig o'r ansawdd orau dim ond ychydig yn well na'r cynigydd yn yr ail safle; ond roedd y gwahaniaeth mewn pris yn anferth. Roedd hyn yn esbonio'r penderfyniad i argymhell Cynigydd 1 ar gyfer cymeradwyaeth. • Yn Rhagfyr 2017 cafwyd cyfnod gorfodol o ddeg diwrnod i ganiatáu unrhyw heriau cyfreithiol. Yn ystod wythnos gyntaf Ionawr 2018, cyhoeddwyd mai Link Asset Services fydd y Gweithredwr. • Y tendrwr arweiniol oedd Capita; ond fe'i prynwyd wedyn gan Link. Byddai Link yn is-gontractio gwasanaethau i Russell Investments am gyngor a chanllawiau ynglŷn â rheolwr buddsoddiad ac is-gontractio gwasanaethau i Northern Trust fel Ceidwad ac Adneufan. • Roedd trafodaethau wedi bod gyda'r tri sefydliad uchod am yr amserlen ar gyfer sefydlu'r gronfa fuddsoddi a'r nifer a'r mathau o is-gronfeydd y byddai eu hangen. • Er bod y AGLIL wedi gosod dyddiad terfynol ar gyfer sefydlu cronfeydd buddsoddi erbyn 1^{af} Ebrill 2018, roedd y Pennaeth Pensiynau yn hyderus y bydden nhw'n gyfforddus cyhyd at y bo'r PPC wedi datblygu digon ac efallai'n 90% wedi'i chwblhau. • Roedd Cadeirydd y Pwyllgor Pensiynau'n ymwneud yn llawn â'r broses, trwy'r Cydbwyllgor Llywodraethu, fel yr oedd Prif Weithredwr Cynorthwyol (Adnoddau), y Pennaeth Pensiynau a'r Rheolwr Buddsoddiadau Pensiwn. • Roedd llawer o drafodaeth fyw yn mynd ymlaen mewn perthynas â buddsoddiadau, gyda Link a'u partneriaid yn ymweld â'r wyth cronfa er mwyn deall strategaethau unigol a'r rheolwyr buddsoddiad a ddefnyddir. Roedden nhw'n edrych am bethau cyffredin ar draws cronfeydd gan y gallai hyn rhoi'r cydrannu buddsoddiadau cychwynol. 	

		<u>Cam</u>
10.2	<p>Ar ôl cwestiynau a sylwadau gan aelodau'r Bwrdd Pensiynau, gwnaeth y Pennaeth Pensiynau'r pwyntiau canlynol:</p> <ul style="list-style-type: none"> • Roedd Cyngor Sir Gaerfyrddin yn hanfodol i'r holl drafodaethau fel awdurdod lletyol y PPC ac roedd cynadleddau ar y ffôn pob wythnos rhwng yr holl bartïon. • Byddai Link, Russell Investments a Northern Trust yng nghyfarfod nesaf y Cydbwyllgor yn Chwefror 2018 a byddai Northern Trust yn darparu 'swît adrodd'. Gallai hyn fod yn amserol oherwydd efallai y bydd angen i'r Gronfa ystyried fformat adrodd amgen na'r un bresennol, pan fydd y Bank of New York Mellon yn newid fformat a lled ei gwasanaethau adroddiadau. Ychwanegodd y byddai'r Gronfa'n derbyn adroddiadau trwy'r PPC a byddai adrodd trawsnewidiol yn digwydd i gychwyn. • Roedd cyfle i'r Gweithredwr ddod i siarad â'r Gronfa unwaith y flwyddyn gyda chostau ychwanegol ar gyfer unrhyw ymweliadau ychwanegol. Byddai'r Gweithredwr yn darparu adroddiadau perfformiad chwarterol ac adroddiadau gwerth yn fisol • O ran craffu ar reolwyr buddsoddiad yn y PCC, awgrymodd y gellid gwneud hyn ar ffurf un gronfa ar gyfer pob mandad i'w gwahodd gan y Gweithredwr pan fyddent yn cwrdd â rheolwyr buddsoddiad. • Doedd dim trafodaethau wedi bod eto ynglŷn â gwahodd cynrychiolwyr o blith aelodau'r cynllun i'r PPC; ond roedd hyn yn debygol o gael ei ystyried yn y dyfodol. • Byddai angen penderfyniadau lleol ynglŷn â faint o fuddsoddiad fyddai angen symud i ddsbarthiadau asedau newydd sydd ar gael trwy gydrannu. Pe bai ein rheolwr buddsoddiad presennol yn profi'n fwy llwyddiannus byddai'n fuddiol i'r Gweithredwr i newid at ddefnyddio'r rheolwr buddsoddiad hynny. • Byddai'r nifer o gynhyrchion ar gael ym mhob dosbarth asedau yn dibynnu ar faint o arian oedd ynghlwm, y math o ddsbarth asedau, strategaethau a'r nifer a'r mathau o is-gronfeydd sydd ar gael. • Mewn perthynas â buddsoddiadau mewn seilwaith, yr uchelgais o dan cydrannu oedd cyrraedd 5%, a oedd yn uchelgeisiol iawn gan fod y ffigur presennol yn 0%. Roedd y PPC yn ystyried cynlluniau Cymru gyfan a chenedlaethol. Ychwanegodd bod trafodaethau cychwynnol wedi digwydd gydag enghreifftiau fel Morlyn Llanw Bae Abertawe, gyda gwybodaeth ychwanegol i ddilyn. Gallai'r cynllun arbennig yma warantu bron elw sefydlog. • Oherwydd y cymhlethdodau o gylch buddsoddiadau mewn seilwaith, mae'n annhebygol mai dyma fyddai'r maes cyntaf y byddai'r PPC yn buddsoddi ynddo. 	

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
<i>There are no outstanding actions</i>				

Updated by Geraint Thomas, Senior Business Support Officer (Democratic Services) – 3 April 2018

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LOCAL PENSION BOARD

25 April 2018

ANNUAL REPORT OF THE LOCAL PENSION BOARD 2017-18

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 2017-18.

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 during 2017-18 were:

Independent Chair

Ian Coleman (4)

Employee Representatives

Bob Campbell (4)

Jan Davies (1)

Cheryl Morgan (1)

Anthea Wellington (3)

John Wright (4)

Employer Representatives

Steve Harford (3)

Rhian Hayden (4)

Meirion Rushworth (2)

Ruth Tucker (1)

Jane Waters (4)

4.2 The numbers in brackets indicate the number of Pension Board meetings attended during 2017-18.

4.3 Cheryl Morgan and Ruth Tucker have submitted their resignations from the Pension Board and a process is underway to appoint replacements.

4.4 The Pension Board met on four occasions during 2017-18: 26 April 2017, 19 July 2017, 18 October 2017 and 24 January 2018, 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:

- a) Ensure effective and efficient governance and administration of the LGPS
- b) 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 all required statements and adequately managing risks.

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 under more scrutiny now that the LGPS in England and Wales has the Ministry for Housing, Communities and Local Government (MHCLG), The Pensions Regulator (TPR) and the LGPS Scheme Advisory Board (SAB) all with some regulatory responsibilities.

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 a period of significant pressure on the senior officers of the Council with the Administering Authority having to respond to the then Department for Communities and Local Government (DCLG) by 19 February 2016 on consultation documents on both the proposed pooling of LGPS investments, and on proposed revised Investment and Management of Funds Regulations.

5.6 The pressure did not abate 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. On 28 February 2017 the Council approved an Inter Authority Agreement (IAA) covering the all Wales pension fund investment pooling.

5.7 In addition to the pooling of investments; other developments in 2016-17 included the triennial valuation at 31 March 2016 and the preparation of a new statutory document, the Investment Strategy Statement, by 31 March 2017.

5.8 The workload, and consequent pressure, brought about by the creation of the Wales Pension Partnership (WPP) has continued throughout 2017-18.

Following the approval of the IAA, Carmarthenshire CC was appointed as Host Authority for the WPP. A selection questionnaire in May 2017 elicited eight responses and on 9 June 2017, an Invitation to Tender was issued to six potential operators with responses due by 17 July 2017. A progress report was submitted to the DCLG in October 2017, and on 7 November 2017, the Joint Governance Committee of the WPP recommended the appointment of an operator. This recommendation was approved by the Council in December 2017.

- 5.9 In addition to the WPP, other developments in 2017-18 included the creation of a Responsible Investment Working Group which was proposed by the Pension Board on 19 July 2017 and which met for the first time on 13 December 2017; the implementation of the Markets in Financial Instruments Directive on 3 January 2018; support for the SAB voluntary code of reporting on investment cost transparency and consistency; and preparation for the implementation of the General Data Protection Regulations on 25 May 2018.
- 5.10 Given these pressures on the Administering Authority, and the number of reports arising from consideration of these issues, the Pension Board has attempted to prioritise and limit the number of additional reports requested.
- 5.11 In 2017-18 there was 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 in 2016, it was accepted that there were benefits in the production of a risk management policy and risk register specifically for 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 which has been regularly reviewed and updated.

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 requirement to initially respond to DCLG consultations and then subsequently to create the all Wales investment pool. The decision on investment pooling represents the most significant individual decision by the Administering Authority for many years. As such it has been 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. Operation of the WPP and, in particular, the development of the governance and reporting arrangements, will continue to be a key interest for the Pension Board in 2018-19. The Board will be looking to continue to make a 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 work plan and to enable comments to be conveyed 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 2017-18 specific external training was provided for Pension Board members on Responsible Investment and on the roles and responsibilities of the Operator and the Investment Advisor for the WPP. Board members were encouraged to attend two updates for Local Pension Boards in Wales from CIPFA and Barnett Waddingham, and also to attend trustee training provided by the Local Government Association on the fundamentals of the LGPS. 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
- Training
- Wales Pension Partnership

9. Thanks

9.1 I wish to thank all of my colleagues on the Pension Board who have volunteered their time and energy to serve on the Board, and for their ongoing support. In particular, I wish to thank Cheryl Morgan and Ruth Tucker for their contributions to the Board over the past three years.

9.2 Thanks are also expressed to the Officers of Torfaen Council who have supported the Pension Board. Again, I wish to thank Mary Rollin in particular for her support, following her retirement, over the past three years.

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.

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