

## Delegation of Functions to Officers by Pension Fund Committee – **March 2024**

**Key:**

PFC – Pension Fund Committee	PAP - Pension Advisory Panel	HCPF – Head of Clwyd Pension Fund
CFM – Corporate Finance Manager	CMPOD - Corporate Manager – People and Organisational Development	PAM – Pensions Administration Manager
DHCPF – Deputy Head of Clwyd Pension Fund	IC – Investment Consultant	FA – Fund Actuary
IA – Independent Advisor	WPP - Wales Pensions Partnership	

Updates since last version are shown in **highlighted bold and italics**.

Function delegated to PFC	Further Delegation to Officer(s)	Delegated Officer(s)	Communication and Monitoring of Use of Delegation
<p>Investment strategy - approving the Fund's, Investment Strategy Statement including setting the Responsible Investment Policy and investment targets and ensuring these are aligned with the Fund's specific liability profile and risk appetite.</p> <p>Monitoring the implementation of these policies and strategies on an ongoing basis.</p>	<p>Rebalancing and cash management</p> <p>Implementation of strategic allocation including use of both rebalancing and conditional ranges</p> <p>Short term tactical decisions relating to the <b>Tactical Asset Allocation</b> portfolio</p> <p>Risk Management Framework</p> <ul style="list-style-type: none"> <li>- Implementation of the agreed Risk Management Framework</li> </ul>	<p>HCPF (having regard to ongoing advice of the IC and PAP)</p>	<p>High level monitoring at PFC with more detailed monitoring by PAP</p>

Function delegated to PFC	Further Delegation to Officer(s)	Delegated Officer(s)	Communication and Monitoring of Use of Delegation
	- Setting of inflation and interest rate triggers and deciding action(s) to be taken when those triggers are reached within the existing constraints of the Investment Strategy		
	Risk Management Framework - Agreeing <b>the implementation</b> actions to be taken on 110% funding level trigger	HCPF ( <b>having regard to advice from IC and FA</b> ) following the process as outlined in the Appendix	The process as outlined in the Appendix
	Investment into new mandates / emerging opportunities (excluding WPP mandates)	HCPF and either the CFM or CMPOD <sup>1</sup> (having regard to ongoing advice of the IC)	High level monitoring at PFC with more detailed monitoring by PAP
	Completion and submission of request to opt up to professional client status under the terms of MIFID II	HCPF	Ongoing reporting to PFC for noting, with more detailed monitoring by PAP
In relation to <b>Wales Pooling WPP</b> Collaboration arrangements: <ul style="list-style-type: none"> <li>Nominating Flintshire County Council's officers to the Officer Working Group.</li> </ul>	To be the CPF designated members of the Officer Working Group	HCPF and DHCPF	High level monitoring at PFC with more detailed monitoring by PAP

<sup>1</sup> Where the proposed investment could be considered to deliver benefits in an area where Flintshire Council has a remit as a local authority, and it is considered that the CFM could have an actual, potential or perceived conflict of interest, it is expected that the delegation will in practice be discharged by the HCPF and CMPOD.

Function delegated to PFC	Further Delegation to Officer(s)	Delegated Officer(s)	Communication and Monitoring of Use of Delegation
In relation to <b>Wales Pooling WPP</b> Collaboration arrangements: <ul style="list-style-type: none"> <li>Delegating powers to Flintshire County Council's own officers and the Host Council where required.</li> </ul>	All matters included in the Inter Authority Agreement as being responsibilities of officers and the Host Council	Officers – HCPF who may delegate to DHCPF subject to ongoing advice from CFM  Host Council – Carmarthenshire County Council	High level monitoring at PFC with more detailed monitoring by PAP
Selection, appointment and dismissal of the Fund's advisers, including actuary, benefits consultants, investment consultants, global custodian, fund managers, lawyers, pension funds administrator, and independent professional advisers.	Ongoing monitoring of Fund Managers	HCPF and either the CFM or CMPOD (having regard to ongoing advice of the IC) and subject to ratification by PFC	High level monitoring at PFC with more detailed monitoring by PAP
	Selection, appointment and dismissal of Fund Managers (other than in relation to investments held within WPP)	HCPF and either the CFM or CMPOD (having regard to ongoing advice of the IC) and subject to ratification by PFC	Notified to PFC via ratification process.
	Setting of objectives for investment related consultancy contracts in line with CMA requirements <sup>2</sup> , and monitoring against those objectives.	HCPF and DHCPF	High level information provided to PFC following annual review.

<sup>2</sup> In accordance with Investment Consultancy and Fiduciary Management Market Investigation Order 2019

Function delegated to PFC	Further Delegation to Officer(s)	Delegated Officer(s)	Communication and Monitoring of Use of Delegation
<p>Agreeing the terms and payment of bulk transfers into and out of the Fund.</p>	<p>Agreeing the terms and payment of bulk transfers into and out of the Fund where there is a bulk transfer of staff from the Fund. Exceptions to this would be where there is a dispute over the transfer amount or it relates to significant assets transfers relating to one employer or the Fund as a whole</p>	<p>HCPF and either the CFM or CMPOD<sup>3</sup> after taking appropriate advice from the FA.</p>	<p>Ongoing reporting to PFC for noting</p>
<p>Making decisions relating to employers joining and leaving the Fund. This includes which employers are entitled to join the Fund, any requirements relating to their entry, ongoing monitoring and the basis for leaving the Fund.</p>	<p>Making decisions relating to employers joining and leaving the Fund and compliance with the Regulations and policies. This includes which employers are entitled to join the Fund, any requirements relating to their entry, ongoing monitoring and the basis for leaving the Fund including flexibility of exit payments and deferred debt arrangements<sup>4</sup>.</p>	<p>HCPF and either the CFM or CMPOD<sup>3</sup> after taking appropriate advice from the FA.</p>	<p>Ongoing reporting to PFC for noting</p>

<sup>3</sup> **Where any decision could have funding implications for Flintshire Council as a Scheme Employer, and it is considered that the CFM could have an actual, potential or perceived conflict of interest, it is expected that the delegation will in practice be discharged by the HCPF and CMPOD.**

<sup>4</sup> Note that any employer appeals to decisions made by officers relating to flexibility of exit payments and deferred debt arrangements are to be decided by the Pension Fund Committee.

Function delegated to PFC	Further Delegation to Officer(s)	Delegated Officer(s)	Communication and Monitoring of Use of Delegation
Funding Strategy – approving the Fund's Funding Strategy Statement including ongoing monitoring and management of the liabilities, ensuring appropriate funding plans are in place for all employers in the Fund, overseeing the triennial valuation and interim valuations, and working with the actuary in determining the appropriate level of employer contributions for each employer.	Working with the actuary in determining the appropriate level of employer contributions for each employer between formal actuarial valuations <sup>5</sup>	HCPF and either the CFM or CMPOD <sup>6</sup> after taking appropriate advice from the FA.	Ongoing reporting to PFC for noting
Discretions – determining how the various administering authority discretions are operated for the Fund.	Approving administering authority discretions policy (including the Over/underpayments Policy) other than in relation to: <ul style="list-style-type: none"> <li>• any key strategy/policies and;</li> <li>• matters relating to admission bodies and bulk transfers as included in the preceding two rows.</li> </ul>	HCPF and either CFM or CMPOD <sup>6</sup> (having regard to the advice of the rest of the PAP)	Copy of policies to be circulated to PFC members once approved.

<sup>5</sup> Note that any employer appeals to decisions made by officers relating to the rate of contributions between valuations are to be decided by the Pension Fund Committee.

<sup>6</sup> **Where any decision could have funding implications for Flintshire Council as a Scheme Employer, and it is considered that the CFM could have an actual, potential or perceived conflict of interest, it is expected that the delegation will in practice be discharged by the HCPF and CMPOD.**

<b>Function delegated to PFC</b>	<b>Further Delegation to Officer(s)</b>	<b>Delegated Officer(s)</b>	<b>Communication and Monitoring of Use of Delegation</b>
Agreeing the Administering Authority responses to consultations on LGPS matters and other matters where they may impact on the Fund or its stakeholders.	Agreeing the Administering Authority responses where the consultation timescale does not provide sufficient time for a draft response to be approved by PFC.	HCPF and either the CFM or CMPOD , subject to agreement with Chair and Vice Chair (or either, if only one available in timescale)	PFC advised of consultation via e-mail (if not already raised previously at PFC) to provide opportunity for other views to be fed in. Copy of consultation response provided at following PFC for noting.
Agreeing the Fund's Knowledge and Skills Policy for all Pension Fund Committee members and for all officers of the Fund, including determining the Fund's knowledge and skills framework, identifying training requirements, developing training plans and monitoring compliance with the policy.	Implementation of the requirements of the CIPFA Code of Practice <sup>7</sup>	HCPF	Regular reports provided to PFC and included in Annual Report and Accounts.
Determining the Pension Fund's aims and objectives, strategies, statutory compliance statements, policies and procedures for the overall management of the Fund	Making minor changes to existing strategies, statutory compliance statements, policies and procedures. These will still be required to be considered by the PFC in line with the period stated in that document.	HCPF and either the CFM or CMPOD	Ongoing reporting to PFC for noting

<sup>7</sup> CIPFA Code of Practice recommends each administering authority delegates responsibility for implementation to a senior officer.

Function delegated to PFC	Further Delegation to Officer(s)	Delegated Officer(s)	Communication and Monitoring of Use of Delegation
	<ul style="list-style-type: none"> <li>• Personal Data Retention Policy –</li> <li>• Policy for Administration and Communication of Tax Allowances to Scheme Members –</li> <li>• Voluntary Scheme Pays Policy</li> </ul>	PAM in consultation with HCPF	<p>Ongoing reporting to PFC for noting</p> <p>Fundamental changes to this Policy will be highlighted to the Pension Fund Committee prior to its approval to allow the Committee to highlight any concerns.</p>
<p>The Committee may delegate a limited range of its functions to one or more officers of the Authority. The Pension Fund Committee will be responsible for outlining expectations in relation to reporting progress of delegated functions back to the Pension Fund Committee.</p>	Other urgent matters as they arise	HCPF and either CFM or CMPOD , subject to agreement with Chair and Vice Chair (or either, if only one is available in timescale)	PFC advised of need for delegation via e-mail as soon as the delegation is necessary. Result of delegation to be reported for noting to following PFC.
	Other non-urgent matters as they arise	Decided on a case by case basis	As agreed at PFC and subject to monitoring agreed at that time.

Process for the actions to be taken ~~following a breach of~~ **on achieving** the 110% funding level trigger\*<sup>8</sup>

**The Committee has agreed that the default action upon attaining the 110% funding level trigger is to de-risk the investment strategy by reducing the equity allocation by 10%. The implementation of the default action is delegated to the Head of Clwyd Pension Fund, having regard to appropriate advice from the Funding and Risk Management Group (FRMG) following the below framework:**

- The funding level **to** be monitored daily using projected asset and liability values from the PFaroe platform, **recalibrated on a monthly basis for actual asset values**;
- On breaching the 110% funding level, a notification will be sent **automatically from PFaroe** to the **Funding and Risk Management Group (FRMG)** via email on that or the following Business Day;
- **The Mercer IC and FA** will then independently verify the asset and liability values over the following **10-5** Business Days (the length of this period reflects the timeframe to receive updated data from the Fund's investment managers, **noting these values are unlikely to be audited and there is a lag in the availability of Private Markets valuations**) to confirm that the 110% trigger has indeed been breached;
- **The Mercer IC** will **conduct update the de-risking** analysis **of the funding position if required** assuming that the trigger has been **breached achieved if required**, and **the IC and FA** will circulate an advice note to the FRMG no later than **20-10** Business Days from the initial trigger notification **highlighting whether there are any reasons why the default action should not be implemented**;
- The FRMG will hold a call within **25-10** Business Days of the trigger notification to discuss the advice note and any recommendations made by the **Fund's advisers IC and FA within that advice note**.
- ~~The Head of Clwyd Pension Fund will then consider the advice received relating to de-risking, and will report via email their intended decision on this matter to the Pension Fund Committee;~~
- ~~The Committee will be invited to provide feedback over the following 5 Business Days and:~~

<sup>8</sup> Agreed **at 20 March 2024** Pension Fund Committee

- If, after receiving **any comments the formal advice, there are no outstanding issues for discussion (including where no comments have been received from the Committee) regarding the Head of Clwyd Pension Fund's proposed** the decision **is to proceed with the default action, if the decision is to de-risk then there is no further input required from the Committee, and the Committee delegates the implementation of the agreed actions to the Head of Clwyd Pension Fund;**
  - the FRMG will liaise with **the relevant** investment managers to agree documentation and instructions in line with the agreed actions within **35 20** Business Days from the initial trigger notification,
  - **Implementation of the default action will then be reported to Committee via email (within 30 Business Days of the initial trigger notification) and at their next regular meeting;**
- However, if **there are any issues highlighted by PFC members that require discussion the Head of Clwyd Pension Fund's decision is to not proceed with the default action:**
  - **the Head of Clwyd Pension Fund will report via email to the Pension Fund Committee within 11 Business Days of the initial trigger notification of their intended decision,**
  - a special Committee meeting will be called to consider the issues **as soon as practical** and at that meeting the Committee will be asked whether or not to endorse the Head of Clwyd Pension Fund's intended way forward (noting that this meeting will need to be scheduled as a matter of urgency).
  - **Should, at the special Committee meeting,** a decision **be made** to **proceed** with the de-risking actions, the FRMG will work with **the relevant** investment managers to implement the agreed de-risking activity **as soon as practical,**
  - **Implementation of the actions** will then be reported to Committee **via email and** at the **ir** next regular meeting.