

Subject	Independent Advisers	Status	Not For Publication
Report to	Authority	Date	10 th February 2022
Report of	Director		
Equality Impact Assessment	Not Required	Attached	No
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1 **Purpose of the Report**

- 1.1 To approve arrangements in preparation for the end of the Independent Advisers' current contracts.
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2 **Recommendations**

- 2.1 Members are recommended to:
- a. **Approve the extension of Ms Devitt's contract for a further 4 years from September 2022.**
 - b. **Agree to undertake an appointment process for an adviser to succeed Mr Robb for three years with effect from September 2022 as outlined in para 5.5.**
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3 **Link to Corporate Objectives**

- 3.1 This report links to the delivery of the following corporate objectives:

Investment Returns

To maintain an investment strategy which delivers the best financial return, commensurate with appropriate levels of risk, to ensure that the Fund can meet both its immediate and long term liabilities.

Responsible Investment

To develop our investment options within the context of a sustainable and responsible investment strategy.

Effective and Transparent Governance

To uphold effective governance showing prudence and propriety at all times.

Ensuring and procuring the availability of appropriately qualified and genuinely independent advice is a key control within the decision-making process as well as allowing members to have access to an independent view of the risks being taken in the investment strategy.

4 Implications for the Corporate Risk Register

- 4.1 The actions outlined in this report impact the identified risks in relation to investment returns and the effectiveness of the Authority's decision-making processes.

5 Background and Options

- 5.1 The current Independent Investment Advisers were appointed in September 2019 for a period of 3 years ending in September 2022. Thus, given the time required to make an appointment it is appropriate to now consider the actions to be taken in relation to these contracts.

- 5.2 The contracts limit the total duration of an adviser's service to 10 years to provide some guarantees of their continued independence. By September 2022 Mr Robb will have served for more than 10 years which means that his contract cannot be renewed. At this point Ms Devitt will have served for three years and it is possible to renew her contract for a further period if members wish to do so.

- 5.3 The role of the Independent Advisers has evolved over the last three years as the pooling process has progressed and the Authority has become more focussed on strategic issues and less on tactical matters. The skill set required of the advisers is focussed on:

- Developing the Investment Strategy and Strategic Asset Allocation.
- Key decision-making processes, such as decisions to rebalance against the strategic asset allocation or decisions with regard to the future of legacy portfolios.
- Interrogating the performance of the Fund and developing appropriate courses of action.
- Assisting in the development of a new performance management framework to address the move to pooling including the development of appropriate scorecards which enable success to be understood.
- Delivering training to members as part of the commitment to the Knowledge and Skills framework.

- 5.4 Members are faced with two specific choices at this point:

- a) Whether to continue with 2 advisers or move to one adviser. Experience over the last three years indicates that having two advisers with different backgrounds and experiences provides a better range of challenge and different but complimentary types of input for the Authority and within the Investment Advisory Panel. Therefore, it would seem sensible to continue with the current two adviser arrangement but arrange the terms of office so that both advisers' terms do not come to an end at the same time.
- b) Whether or not to renew Ms Devitt's contract. Feedback from members and officers would indicate that this would be welcomed and therefore it is recommended that Ms Devitt's contract is extended for a period of four years which would put it on a different cycle to a new adviser.

5.5 If members are happy to proceed along these lines, then it will be necessary to undertake a process to appoint a new adviser during the summer of 2022. Traditionally the appointment of independent advisers is treated as a hybrid somewhere between a procurement and a staff appointment. Given the nature of the role it is important that elected members are involved in the process and have confidence in the individuals appointed. This would lead to the conclusion that the process should involve an initial shortlisting and sifting by officers and a range of candidates being interviewed by the Staffing Appointments and Appeals Committee. The role would be advertised by circulation through the network of independent advisers together with use of the Authority's social media channels, which based on experience from the previous process this should generate a sufficient and appropriate level of interest.

6 **Implications**

6.1 The proposals outlined in this report have the following implications:

Financial	The budget provides sufficient resources for two advisers, therefore the proposals as set out in this report make no additional calls on the budget.
Human Resources	None apparent
ICT	None apparent
Legal	The Authority is required under the Investment Regulations to ensure that it has access to appropriate advice and the proposals set out in this report are designed to achieve that objective
Procurement	As indicated above the process for appointing Advisers sits somewhere between a staff appointment and a procurement. The Authority will be protected against the risk of challenge through ensuring the opportunity is as widely advertised as possible.

George Graham

Director

Background Papers	
Document	Place of Inspection