

<b>Subject</b>	<b>Independent Advisers' Objectives</b>	<b>Status</b>	For Publication
<b>Report to</b>	Authority	<b>Date</b>	13 February 2025
<b>Report of</b>	Director		
<b>Equality Impact Assessment</b>	Not Required	Attached	No
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## 1 **Purpose of the Report**

- 1.1 To allow members to approve the objectives agreed with the Independent Investment Advisers.
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## 2 **Recommendations**

- 2.1 Members are recommended to:
- a. **Approve the objectives for the Independent Investment Advisers set out in the body of the report.**
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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 on-going review and improvement of any arrangements the Authority has in place reflects strong governance.*

#### **4 Implications for the Corporate Risk Register**

4.1 The actions outlined in this report relate to a number of identified risks concerned with decision making processes and the management of the Fund's investments.

#### **5 Background and Options**

5.1 The arrangements which the Authority has in place with its two independent investment advisers are not currently subject to the same FCA regulations as would apply to a retained investment consultant where objectives have to be set around each piece of work undertaken as well as the broader advisory relationship. However, it is good practice to set objectives for advisers and to review performance against the objectives on an annual basis.

5.2 Given that the Authority began a new arrangement with its two advisers during the autumn it is necessary to agree new objectives against which performance can be assessed. The proposed objectives, described as previously as areas of focus, set out below were agreed with the advisers (subject to member approval at this meeting) at the Investment Advisory Panel's December meeting.

<b>Area of Focus</b>
Actively participating in quarterly Investment Panel meetings.
Helping to develop the Fund's Investment Strategy and Strategic Asset Allocation as part of the 2025 actuarial valuation cycle.
Contribution to key decision-making processes, such as decisions to rebalance against the strategic asset allocation or decisions about the future of legacy portfolios.
Assisting with the development of Border to Coast capabilities which are of interest to the Fund, and assisting with decisions to invest.
Interrogating the performance of the Fund and developing appropriate courses of action.
Assisting with the ongoing monitoring and review of Border to Coast (and other third parties, as appropriate). This will include attendance at Border to Coast workshops and updates (where required), potential further development of the balanced scorecard approach and assisting with decisions to exit capabilities (where appropriate).
Delivering training as part of the commitment to the Knowledge and Skills framework. This will include the facilitation of an Investment Beliefs session at the Members' Away Day.

Assist with a structured review of the Fund's existing allocations to private markets holdings outside of Border to Coast (including the Impact Portfolio).
Provide input into scope and questions for Fund members' Responsible Investment survey.
Input into the evolution of the Authority's investment beliefs in light of the changing responsibilities held by SYPA and Border to Coast.

5.3 These areas of focus cover the full range of input expected from the advisers and performance will in future be assessed each September (broadly aligned with the advisers' contract year). The annual assessment will be reported to members for agreement as a confidential item given that it concerns the performance of individuals.

5.4 This process places the arrangements for external advice on a similar basis to that required for regulated consultants and aligns with best practice. Further changes to these arrangements may be necessary once the Government's intentions in relation to independent advice set out in the recent consultation become clear.

**6 Implications**

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

Financial	None
Human Resources	None
ICT	None
Legal	Through consideration of this report the Authority is satisfying itself that the arrangements which it has in place for independent advice satisfy the requirements of the regulations.
Procurement	None

**George Graham**

**Director**

<b>Background Papers</b>	
<b>Document</b>	<b>Place of Inspection</b>