This is a good piece of work which identifies issues on clarity of both fees and performance.

The one aspect of the relationship between client and advisor which could perhaps benefit from scrutiny is the conflict of interest – an advisor recommending change is in essence recommending an additional (material) fee for itself.

This ought to be as unacceptable as it is for an auditor to a company to be generating fees, which are multiples of the audit fee, for consultancy or advice on taxation. It is also likely to be a contributing factor to the 'short termism' in financial markets, as the advisor is likely to recommend another change at the end of the usual three year appointment. The incumbent long term advisor should be precluded from additional work where a change is recommended.

Addressing this conflict would be a major step forward in competition, as the incumbent long term advisor would have a vested interest in the quality of the advice and resulting change, and would help the client hold the appointed advisor to account (on both fees and performance), and would have no incentive to encourage another change at the end of the allotted term.

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