

# SOUTH YORKSHIRE PENSIONS AUTHORITY

7 June 2018

## Report of the Fund Director

### Review of Corporate Subscriptions and Levies

1) Purpose of the Report

To allow members to consider the current corporate subscriptions and levies and allow them to indicate whether they wish to renew and/or add additional subscriptions.

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2) Recommendations

**Members are recommended to:**

- a) **Note the current range of corporate subscriptions and levies;**
  - b) **Indicate whether there are any subscriptions which should be terminated;**
  - c) **Indicate whether there are any additional subscriptions which should be taken up.**
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3) Background Information

3.1 Like many organisations the Authority pays levies to a number of regulatory bodies and pays subscriptions to various representative bodies. In line with good practice this report provides members with information on the level of these payments and allows them to consider whether continuing payments provide a benefit to the Authority.

3.2 The table below gives details of the 2017/18 payments for the various organisations:

Item	2017/18 Payment £	Comment
<b>Levies</b>		
LGPS Scheme Advisory Board	£ 10,432.00	Provides advice to the Secretary of State on the operation of the Scheme under the terms of the 2013 Public Service Pensions Act. Provides technical advice guidance and training to administering authorities and their members on behalf of the English, Welsh and Scottish local government associations. All preparers of accounts are required to pay a levy to support the work of the Financial Reporting Council in setting and monitoring standards of various sorts.
Local Government Pensions Committee	£ 6,800.00	
Financial Reporting Council	£ 4,907.00	
<b>Total Levies</b>		
<b>Investment Related</b>		
British Venture Capital Association	£ 250.00	Provides research in the Venture Capital area which is part of the private equity portfolio. Renewal for 2018/19 was previously agreed by the Investment Board. This will not be required following the TUPE transfer of investment staff. Co-ordinating and lobbying group for engagement and responsible investment activities amongst LGPS funds. Around 75% of funds across the UK are members
LAPFF (Local Authority Pension Fund Forum)	£ 8,250.00	
Institutional Investors Group on Climate Change	£ 3,730.00	This group provides research and co-ordinates engagement in relation to climate issues amongst large investors.
<b>Total Investment Related</b>		<b>£ 12,230.00</b>
<b>Administration Related</b>		
CIPFA Benchmarking	£ 753.33	Provides comparative information on the costs of pension administration services and a forum for the discussion of underlying processes and working practices in order to identify cost improvement opportunities.
<b>Total Levies and Subscriptions</b>		<b>£ 35,122.33</b>

- 3.3 Clearly as the various levies are of a regulatory nature there is no choice for the Authority around whether they should be paid, but it is important that members are aware of the scale of these budgetary commitments.
- 3.4 Beyond the payments that have to be made the introduction of the pooling arrangements may give the Authority the opportunity to consider whether there is benefit in continuing some of the current subscriptions.
- 3.5 There are some areas where the Authority might be expected to have a subscription but where currently there is no subscription, this list is far from exhaustive and there are a wide range of groups in which the Authority might participate to further its objectives, however the three listed here are ones with which a major LGPS Fund might be expected to be associated:

- **Local Government Association** – While the Authority is not a council it can if it wishes become an associate member of the LGA at a cost of £7,500. The main benefits of this arrangement are access to LGA events at membership rates and access to the various employment advisory services. Given the specialist nature of the Authority's work relevant LGA sponsored events are provided by the Local Government Pensions Committee funded through the levy and Barnsley MBC who provide strategic HR input to the Authority already have access to the various employment services.
- **Pensions and Lifetime Savings Association (formerly the National Association of Pension Funds)** - Most LGPS funds are members of PLSA, who's role might be summarised as "the LGA for the pensions industry", and they provide access to a range of research and to training events focussed on particular groups (e.g. trustees (elected members), pension investors etc.). These events are often free to members. PLSA also provides an annual LGPS conference in May each year, which focuses not just on investment matters but on the wider issues of administration and fund governance. This conference has also developed a strand focussed on local pension boards. Membership of PLSA would cost £9,312 plus £120 for access to events organised by the Yorkshire Local Group, which is one of the more active local groups providing events in Leeds.
- **Pensions Policy Institute** – The Pensions Policy Institute is an educational and research charity whose objectives are concerned with promoting awareness of and understanding of pensions and which undertakes a wide range of academic research and modelling on the effectiveness of pension policy. The Institute is based at King's College London. There are two levels of membership, supporting membership which is aimed at corporate entities and costs up to £17,000 per annum and associate membership costing £600 which has been taken up by 2 of the larger LGPS funds. This

provides access to research and newsletters and to one or two events per year.

3.6 It is a matter for members to decide whether the Authority should enter into any further subscriptions of this sort and members are invited to consider whether it would be appropriate to become members of any of the organisations listed or any other relevant organisations.

4) Implications and risks

- Financial – The financial implications will depend upon which additional subscriptions, if any, members wish to take up, and whether they wish to end some existing subscriptions. However, it would be expected that a detailed review of outturn variances would identify sufficient resources to meet the likely scale of additional costs. In addition given that the major “selling point” of any of these organisations is access to either free or reduced cost learning and development events, it would be justifiable to transfer some resources from the courses and conferences budget to meet these costs. Equally if members wish to end some subscriptions and not add any new ones then a saving would be available to address other priorities.
- Legal – The Authority has the power to subscribe to organisations of this type.
- Diversity – There are no immediate diversity implications.
- Risk – Clearly subscribing to an organisation associates the Authority with the views and policies expressed by an organisation which the Authority does not control. This is a reputational risk but given the large membership and common interests of the members of these organisations this is not regarded as a significant issue.

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**Background papers** used in the preparation of this report are available for inspection at the offices of the Authority in Barnsley.