

Bath & North East Somerset Council

MEETING:	AVON PENSION FUND COMMITTEE		
MEETING DATE:	21 JUNE 2013	AGENDA ITEM NUMBER	9
TITLE:	DRAFT STATEMENT OF ACCOUNTS FOR 2012 / 2013		
WARD:	ALL		
AN OPEN PUBLIC ITEM			
List of attachments to this report:			
Appendix 1 Draft Statement of Accounts for the year to 31 March 2013			
Appendix 2 Audit Plan			

1. THE ISSUE

1.1. The Draft Statement of Accounts for the Avon Pension Fund for the year to 31 March 2013 is attached as **Appendix 1**.

Note: This is the latest draft available at the time of publishing these papers. The draft is completed apart from the Financial Risk Management Disclosure (Note 25) that is shown in italics.

1.2. The Draft Statement of Accounts for the year to 31 March 2013 has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 based on International Financial Reporting Standards as published by the Chartered Institute of Public Finance and Accountancy. The accounts are now subject to external audit.

1.3. In accordance with the Accounts and Audit (England) Regulations 2011 the Draft Statement of Accounts for the year to 31 March 2013 must be signed off by the Council's Section 151 Officer by the 30 June. The Final Statement of Accounts will be presented to the Corporate Audit Committee at its meeting on 27 September 2013. The Pension Fund Committee will be asked to approve The Final Statement of Accounts at its September meeting.

1.4. The Pension Fund Audit Plan, attached as **Appendix 2** was prepared by the external auditors Grant Thornton and approved by the Corporate Audit Committee at its meeting on 20 May 2013 (as the Audit Committee is charged with the governance of the pension fund).

2. RECOMMENDATION

That the Committee notes

2.1 The Draft Statement of Accounts for the year to 31 March 2013 for audit.

2.2 The Audit Plan for the accounts for the year ended 31 March 2013.

3. FINANCIAL IMPLICATIONS

- 3.1. There is a requirement that the Avon Pension Fund Statement of Accounts are included in the Council's accounts and presented to the Corporate Audit Committee.
- 3.2. The financial implications of the audit report are primarily related to the fees for the external audit. The reduction in fees has previously been reported to the Committee and is noted again below.

4. COMMENT ON THE DRAFT FINAL ACCOUNTS

- 4.1. The accounts show an increase in the total net assets of the Fund from just under £2.8bn to just over £3.1bn. This increase was almost entirely due to the rise in market value of investments and to a lesser extent to receipts of investment income.
- 4.2. The highlights of the Draft Final accounts are:
- a) Total net assets of the fund are valued at £3,145m made up of investment assets of £3,135m and net debtors and creditors of £10m.
 - b) The £10m of net debtors at 31 March 2013 is mainly made up of contributions that relate to the year to 31 March 2013 but were not due for payment until April 2013.
 - c) Following the 2010 valuation Employer's contributions have been split between normal contributions in regard to current service and deficit contributions in regard to past service. Compared with 2011/12 employer's normal contributions fell by £0.7m in 2012/13 reflecting the reduction in payroll across scheme employers. This was offset by the £1m rise in deficit contributions that was in line with the annual increases scheduled in the 2010 valuation (deficit contributions are now set as a monetary sum, not a per cent of payroll).
 - d) The increase in benefits paid reflects inflation and the increased number of retired members.
 - e) Investment Income has risen by £1.4m. Within this, dividends from equities have increased by £3.1m while interest from fixed interest securities has decreased by £1.9m. This reflects the rebalancing of the asset allocation during the year which led to a switch out of fixed interest gilt securities in to equities. The Investment Income figures do not include the income from pooled funds which accumulates income within the fund rather than distribute to investors.
 - f) The increase in Investment Management expenses reflects the increase in investment management fees due to the rise in asset values. This was partly offset by reductions in the fee rates charged by some of the managers.

5. Audit Plan

- 5.1 The audit plan sets out the work which Grant Thornton intend to carry out for the 2012/13 audit of the Pension Fund accounts. The Plan is compiled from a risk based approach to audit planning and the document sets out the key risks which may potentially impact on the auditors work and the dates for its completion.

5.2 The indicative fee for the 2012/13 audit is £28,804. The 2011/12 fee was originally set at £46,622 but was later reduced to £43,080.

6. RISK MANAGEMENT

6.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.

7. EQUALITIES

7.1 An equalities impact assessment is not necessary.

8. CONSULTATION

8.1 N/a

9. ISSUES TO CONSIDER IN REACHING THE DECISION

9.1 Are contained in the report.

10. ADVICE SOUGHT

10.1 The Council's Monitoring Officer and Section 151 Officer (Divisional Director - Finance) have had the opportunity to input to this report and have cleared it for publication.

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Background papers	Various Accounting Records
Please contact the report author if you need to access this report in an alternative format	