

Bath & North East Somerset Council

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| MEETING: | AVON PENSION FUND COMMITTEE | |
| MEETING DATE: | 27 JUNE 2014 | AGENDA ITEM NUMBER |
| TITLE: | DRAFT STATEMENT OF ACCOUNTS FOR 2013 / 2014 | |
| WARD: | ALL | |
| AN OPEN PUBLIC ITEM | | |
| List of attachments to this report: | | |
| Appendix 1 Draft Statement of Accounts for the year to 31 March 2014 | | |
| Appendix 2 Audit Plan | | |

1. THE ISSUE

The Draft Statement of Accounts for the Avon Pension Fund for the year to 31 March 2014 is attached as **Appendix 1**.

1.1. The Draft Statement of Accounts for the year to 31 March 2014 has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 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.

1.2. In accordance with the Accounts and Audit (England) Regulations 2011 the Draft Statement of Accounts for the year to 31 March 2014 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 25 September 2014 as the Audit Committee is charged with the governance of the pension fund. The Pension Fund Committee will be asked to approve The Final Statement of Accounts at its meeting on September 26th.

1.3. The Pension Fund Audit Plan, attached as **Appendix 2** was prepared by the external auditors Grant Thornton.

2. RECOMMENDATION

That the Committee notes

2.1 The Draft Statement of Accounts for the year to 31 March 2014 for audit.

2.2 The Audit Plan for the accounts for the year ended 31 March 2014.

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.

4. COMMENT ON THE DRAFT STATEMENT OF ACCOUNTS

4.1. The accounts show an increase in the total net assets of the Fund from just over £3.1bn to just over £3.3bn. 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 £3,346m made up of investment assets of £3,331m and net debtors and creditors of £15m.
- b) The £15m of net debtors at 31 March 2014 is mainly made up of contributions that relate to the year to 31 March 2014 but were not due for payment until April 2014 and Transfer Values Receivable. The exact amount of the Transfer Values remains subject to the actuary's confirmation but the final amount will include an interest element relating to the date they became due. The total £25m debtors is partly offset by creditors made up of Transfer Values payable, PAYE that was due to be paid in April, and Lump Sums due to members who retired at the end of March.
- c) Current Liabilities also include a provision for Investment Management Performance Fees that have been accrued but are subject to phased payments or are not payable until the related assets are realised. These fees remain subject to possible variation as a result of future performance. Further advice is being sought on the method of disclosing these fees. The final statement of accounts may be amended in the light of this advice.
- d) Investment Management Base Fees have increased by £1.5m. Of this £630k was as a result of the move of assets from passive to active management and £870k was due to the increase in the value of assets under management.
- e) 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 2012/13 employer's normal contributions rose by £4.4m in 2013/14 and deficit contributions rose by £1.5m 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).
- f) The increase in benefits paid reflects inflation and the increased number of retired members.
- g) Investment Income has remained close to the 2012/13 level. Within this, dividends from equities have increased by £1.6m. Income from Index linked securities, cash and fixed interest securities has decreased by £1m and income from pooled investment vehicles has decreased by £0.6m. The Investment Income figures do not include the income from pooled funds which accumulate income within the fund rather than distribute to investors.

5. Audit Plan

5.1 The audit plan sets out the work which Grant Thornton intend to carry out for the 2013/14 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 2013/14 audit is £30,116. The indicative rate for the 2012/13 audit was £28,804 but was later reduced by a rebate.

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 | |