

Bath & North East Somerset Council

MEETING:	AVON PENSION FUND COMMITTEE	
MEETING DATE:	26 JUNE 2015	AGENDA ITEM NUMBER
TITLE:	DRAFT STATEMENT OF ACCOUNTS FOR 2014 / 2015	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1 Draft Statement of Accounts for the year to 31 March 2015		

1. THE ISSUE

1.1 The Draft Statement of Accounts for the Avon Pension Fund for the year to 31 March 2015 is attached as **Appendix 1**.

1.2 The Draft Statement of Accounts for the year to 31 March 2015 has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 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 2015 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 in September 2015 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 25 September 2015.

2. RECOMMENDATION

That the Committee notes

2.1 The Draft Statement of Accounts for the year to 31 March 2015 for audit.

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.

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 £3.3bn to just over £3.8bn. 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 £3,839m made up of investment assets of £3,839m less net Current Assets of (£0.5m).
- b) The £10.6m of debtors included in the Current Assets at 31 March 2015 is mainly made up of contributions that relate to the year to 31 March 2015 but were not due for payment until April 2015. The debtors total is more than offset by £11m creditors mainly made up of fees due to Investment Managers, PAYE that was due to be paid in April, and Lump Sums due to members who retired at the end of March.
- c) The fees due to Investment managers included as Current Liabilities are largely made up of a provision for Performance Fees that have been accrued but are subject to phased payments or are not payable until the related assets are realised. These performance fees remain subject to possible variation as a result of future performance.
- d) Investment Management Base Fees have increased by £4m as a result of the increase in the value of assets under management and because of the move of assets from passive to active management as agreed changes to the Investment Strategy were implemented during the year.
- 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. Following the 2013 valuation Employers had the opportunity to make deficit recovery payments in advance. Several major employers took this opportunity to pay all three years payments in advance. Consequently the contributions in 2014/15 are abnormally high. This will be offset by the level of contributions in the next two years being lower than they otherwise would have been.
- f) The level of Transfers In in 2013/14 was abnormally high as a result of two large group Transfers In.
- g) The increase in benefits paid reflects inflation and the increased number of retired members. The level of payments to and on account of leavers in 2013/14 was abnormally high due to one group Transfer Out.
- h) Investment Income has remained close to the 2013/14 level. The Investment Income figures do not include the income from pooled funds that accumulate income within the fund rather than distribute to investors.

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 (Divisional Director – Legal and Democratic Services) and Section 151 Officer (Divisional Director – Business Support) have had the opportunity to input to this report and have cleared it for publication.

Contact person	Martin Phillips Finance & Systems Manager (Pensions) Tel: 01225 395369.
Background papers	Various Accounting Records
Please contact the report author if you need to access this report in an alternative format	