

Bath & North East Somerset Council		
MEETING:	AVON PENSION FUND COMMITTEE	
MEETING DATE:	23 JUNE 2017	AGENDA ITEM NUMBER
TITLE:	DRAFT STATEMENT OF ACCOUNTS FOR 2016 / 2017	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Appendix 1 Draft Statement of Accounts for the year to 31 March 2017		

1. THE ISSUE

The Draft Statement of Accounts for the Avon Pension Fund for the year to 31 March 2017 is attached as **Appendix 1**.

- 1.1. The Draft Statement of Accounts for the year to 31 March 2017 has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 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 2015 the Draft Statement of Accounts for the year to 31 March 2017 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 12 September 2017 as the Audit Committee is charged with the governance of the pension fund. The Pension Fund Committee will be asked to note The Final Statement of Accounts at its meeting on September 22nd.

2. RECOMMENDATION

That the Committee notes

- 2.1 The Draft Statement of Accounts for the year to 31 March 2017 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 £3.7bn to just over £4.3bn. This increase was entirely due to the rise in the market value of investments.

- 4.2. The highlights of the Draft Final accounts are:

- a) Total net assets of the fund are valued at £4,354m made up of investment assets of £4,358m less net Current Assets of (£3.997m). This is an increase of £617m over the 31 March 2016 value of £3,737m. The increase is the result of increased investment asset values offset to a small extent by the net costs of the Fund not covered by Investment Income.
- b) Contributions receivable were just £2.8m higher than in 2015/16. This was partly due to increased employer contribution rates as part of the final year of the phasing in of the 2013 valuation rates. Augmentation contributions paid by employers on early retirements were also higher than the unusually low 2015/16 figure. These factors were partly offset by the reduction in the Deficit Funding contributions in 2016/17 when compared with the 2015/16 figure that was unusually high due to the receipt of a £10.7m termination payment from an employer exiting the Fund.
- c) In the Fund Account "Net Additions from dealings with members" is again a negative figure, being (£15.2m). This is largely as a result of advance deficit recovery payments following the 2013 valuation being made in 2014/15. As a result several major employers did not need to make any deficit recovery payments in 2015/16 or 2016/17. Without this effect the "Net Additions from dealings with members" figure would have been closer to zero, with contributions received offsetting the cost of benefits paid.
- d) The increase in Benefits Payable when compared to 2015/16 reflects the increased number of retired members.
- e) Payments to and on account of leavers is lower than in 2015/16. This is because the 2015/16 figure included £2.5m in respect of the group transfer out of former employees of the Probation Service to Greater Manchester Pension Fund.
- f) Investment Income as reported in the Fund Account has increased from the 2015/16 level. However the Investment Income figures do not include the income from pooled funds that accumulate income within the fund rather than distribute to investors.
- g) The Net Asset Statement shows the Fund holding £67.79m in cash deposits as at 31 March 2017. This is a reduction from the abnormally high level of £209.5m at 31 March 2016 that included £135m that was in the process of being transferred for investment in infrastructure.

- h) The £11.2m of debtors included in the Current Assets at 31 March 2017 is mainly made up of contributions that relate to the year to 31 March 2017 but were not due for payment until April 2017. The comparable figure at 31st March 2016 was unusually low due to the payment of a high value of contributions due in April 2016 being paid earlier than required.
- i) Current liabilities as at 31st March 2017 include a provision for fees that have been accrued but are subject to phased payments or are not payable until the related assets are realised. The increase in this provision each year is due to the long deferment of actual payment. These performance fees remain subject to possible variation as a result of future performance.
- j) Management Expenses (detailed in Note 7) are £3.1m more than in 2015/16 mainly due to the rise in investment asset values leading to increased Investment Management expenses. The increased administrative costs largely reflect the increased level of resources required to manage the increase in the number of employers and the need to maintain data quality. It is also partly the result of changes in Employer's National Insurance contributions rates. Oversight and Governance costs are also higher, largely due to the cost of the Triennial Valuation. Other increases in actuarial costs incurred as a result of increased conversions to academy status and outsourcings are offset by increased recharges.

5. RISK MANAGEMENT

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

6. EQUALITIES

6.1 An equalities impact assessment is not necessary.

7. CONSULTATION

7.1 N/a

8. ISSUES TO CONSIDER IN REACHING THE DECISION

8.1 Are contained in the report.

9. ADVICE SOUGHT

9.1 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.

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	