

Bath & North East Somerset Council

MEETING:	AVON PENSION FUND COMMITTEE	
MEETING DATE:	24 JUNE 2011	AGENDA ITEM NUMBER
TITLE:	DRAFT STATEMENT OF ACCOUNTS FOR 2010 / 2011	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1 Draft Statement of Accounts for the year to 31 March 2011		

1. THE ISSUE

1.1. The Draft Statement of Accounts for the Avon Pension Fund for the year to 31 March 2011 is attached as **Appendix 1**.

Note: This is the latest draft available at the time of publishing these papers. The final draft will be tabled at the meeting with any changes hi-lighted. No substantive changes to the figures are expected to be made. Some new disclosures are still being prepared.

1.2. The Draft Statement of Accounts for the year to 31 March 2011 has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2010 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 2011 must be signed off by the Council's Section 151 Officer by the 30 June and the Final Statement of Accounts will be presented to the Corporate Audit Committee at its meeting on 29 September 2011.

1.4. The Pension Fund Committee will be asked to approve The Final Statement of Accounts at its September meeting.

2. RECOMMENDATION

That the Committee notes

2.1. the Draft Statement of Accounts for the year to 31 March 2011 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 FINAL ACCOUNTS

4.1. The accounts show an increase in the total net assets of the Fund from just under £2.5bn to just under £2.7bn. This increase was almost entirely due to the rise in market value of investments and to a much lesser extent to receipts of investment income and the excess of contributions received over benefits paid.

4.2. The hi-lights of the Draft Final accounts are:

- a) Total net assets of the fund are valued at £2,668m made up of investment assets of £2,658m and net debtors and creditors of £10m.
- b) The net debtors figure in previous years included cash invested by B&NES Council on behalf of the pension fund. In 2009/10 this accounted for £10m of the net debtors. Since 1 April 2010 the Pension Fund has managed its cash separately, consequently this cash is now included as part of the investment assets. The £10m of net debtors at 31 March 2011 is mainly made up of contributions that relate to the year to 31 March 2011 although they are not due for payment until April 2011.
- c) The increase in contributions received from employers and employees compared with the previous year reflects the increase in total pay as a result of salary increments and the increase in some contribution rates as specified by the actuary at the 2007 valuation.
- d) The increase in benefits paid reflects inflation and the increased number of retired members.
- e) The increase in Investment Income primarily reflects the reversal of the tactical switch in 2009/10 from Gilts to Corporate Bonds. The pooled Corporate Bond Fund reinvests its interest income rather than distribute it to investors, whereas the Gilt portfolio is managed on a segregated basis and the interest income is paid directly to the Pension Fund.
- f) The increase in Investment Management expenses reflects the increase in investment management fees due to the rise in asset values.
- g) In accordance with International Financial Reporting Standards (International Accounting Standard 26) the draft Statement of Accounts now includes a statement prepared by the Fund's actuary disclosing the actuarial present value of promised retirement benefits. Previously it has not been a requirement for the Fund to show its pension liabilities in the Statement of Accounts. The Actuary has calculated the present value of promised retirement benefits using the Corporate Bond based discount rate of 5.6% as is considered appropriate for the maturity profile of the Avon Pension Fund.
- h) In compliance with the CIPFA code of Practice on Local Authority Accounting in the United Kingdom 2010/11, notes to the accounts provide;

- details of any single investment exceeding 5% of any class or type of security.
- an analysis of current assets split between Central Government, Local Authorities, NHS Bodies, Public Corporations and trading funds, and Others.

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.

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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	