

Question 17 – Cllr Jonathan Hucker

Draft Statement of Accounts

Pension fund -

- I note the deficit on the pension fund has increased by £134 million over the period to £1.128 billion. This is an alarming figure. I also note that additional employer contributions are being made over a period of 14 years in an attempt to address this shortfall. What is the rate of employee contributions and is there an intention to increase the rate of employee contributions as well? In the private sector almost all defined benefit pension schemes have been closed for new members and closed for future accrual to existing members as they are unsustainable.

Answer: This is not the deficit value that is used to determine the Council's contribution rate. This deficit is an accounting derived value for the accounts (called IAS19) which shows the deficit if the fund was to be wound up immediately and it does not reflect the actual investment strategy adopted by the fund. You are correct that in the corporate sector such deficits have become unsustainable and contributed to many corporate schemes closing to new members and future accruals. For LGPS funds employee contribution rates are set nationally by the LGPS regulations; the Fund can not alter employee rates which currently range from 5.5% to 12.5% of pensionable pay depending on salary levels unless the legislation is changed by government. The actual contributions that the employers pay are set every three years following the actuarial valuation. This takes into account how the assets are invested and the returns they should generate over the life time of the pensions being paid out. In addition, as the scheme is still open to new accruals, employers pay off their deficit over a longer period which was 14 years for the council at the last valuation in 2019. Since that valuation the assets have performed well and the funding position has improved to 97% (meaning that the assets currently fund 97% of the liabilities).

Contingent liabilities -

- The prospective Bristol Arena operator has challenged the Council's termination of their Agreement for Lease in respect of the Arena on Temple Island and has claimed loss of profits, or costs, over the life of the potential lease. As at 31 March 2021 litigation proceedings had not commenced and no claims have been received. However, please advise whether the potential cost of this claim has been evaluated.

Answer: The value of any claim cannot be estimated in any great detail until a claim has been issued. It will be for the Claimant to evidence its loss via its particulars of claim and through an application for disclosure if the Council does not consider that the particulars are sufficient to enable it to draft its defence.

Officers remuneration –

- There were three officers engaged on an interim basis whose cost to the council in 2020/21 was greater than that of the Chief Executive. These were the Clean Air Zone Communication and Engagement Director (£218k), Project Manager (£181k) and Specialist Project Manager (£179k). Given that the Chief Executive is the Head of Paid Service, what is the rationale for awarding these packages and at what was the approval process?

Answer: The job holders referred to are hired through the Council's Managed Service Provider Guidant and the costs are those paid to the Agency and not what the worker receives direct.

These job holders have worked on complex and high risk council projects where specialist knowledge, skills and experience is required. Hiring on this basis is not unusual and is a regular occurrence across the sector.

Any interim assignment which lasts for longer than six months requires the Chief Executive to approve the extension of the appointment. This has been provided in these cases.

- Obviously as these are the draft financial statements not all the numbers have been populated. However, the figures for non-current borrowings as at 31 March 2021 do not appear to have been updated from the previous year.

Answer: There was no new borrowing undertaken during 20/21.