Newark & Sherwood District Council

Nottinghamshire Pension Fund

Pension accounting disclosure as at 31 March 2021

Prepared in accordance with IAS19

Barnett Waddingham LLP

13 May 2021

Contents

Introduction

We have been instructed by Nottinghamshire County Council, the administering authority to the Nottinghamshire Pension Fund (the Fund), to undertake pension expense calculations in respect of pension benefits provided by the Local Government Pension Scheme (the LGPS) to employees of Newark & Sherwood District Council (the Employer) as at 31 March 2021. We have taken account of current LGPS Regulations, as amended, as at the date of this report.

This report is addressed to the Employer and its advisers; in particular, this report is likely to be of relevance to the Employer's auditor.

This report is a revision of the report dated 19 April 2021 allowing for updated whole fund asset and cashflow information for the year to 31 March 2021. The previous report was based on whole fund asset and cashflow information for the period to 31 December 2020.

These figures are prepared in accordance with our understanding of International Accounting Standard 19 (IAS19).

This advice complies with Technical Actuarial Standard 100: Principles for Technical Actuarial Work (TAS 100).

The figures quoted will form the basis of the balance sheet and funding status disclosures to be made by the Employer as at 31 March 2021 in respect of its pension obligations under the LGPS. The projected pension expense calculations for the year to 31 March 2022 may be used for the purpose of any interim financial reporting during the year to 31 March 2022. However, it may subsequently be necessary to adjust these projections following the occurrence of any material events such as curtailments, settlements or the discontinuance of the Employer's participation in the Fund.

Further information relating to our treatment of GMP is included on page 12 of this disclosure.

The results in this report include an allowance to reflect the Court of Appeal judgement in respect of the McCloud and Sargeant cases which relate to age discrimination within the Judicial and Fire Pension schemes, respectively. This allowance was described in the previous accounting report and incorporated into the accounting results as at 31 March 2019. These results, including the allowance, have been rolled forward and remeasured to obtain the accounting results as at 31 March 2021.

On 16 July 2020, the Government published a consultation on the proposed remedy to be applied to LGPS benefits in response to the McCloud and Sargeant cases. The consultation closed on 8 October 2020 and the final remedy will only be known after the consultation responses have been reviewed and a final set of remedial Regulations are published. We do not believe there are any material differences between the approach underlying our estimated allowance and the proposed remedy. A more detailed analysis at this stage would require a significant volume of member data which is not yet available. Therefore we have not included any further adjustment in light of the ongoing consultation in this report.

Please note we have not made any allowance for IFRIC14 in our calculations. We would be happy to speak to the Employer or their auditor if more information is required.

IAS19 also requires the disclosure of any other employer provided pension benefits which are not paid from the Fund itself: examples include additional pensions paid on retirement under the Discretionary Payment Regulations. We have only valued such additional liabilities, which would not be covered in the formal LGPS valuation, to the extent that they have been notified to us and are as disclosed in the Valuation data section of this report.

Amendments to the IAS19 standard now requires that, when determining any past service cost or gain or loss on settlement, the net defined benefit liability is remeasured using current assumptions and the fair value of plan assets at the time of the event. The amendment does, however, note that the extra remeasurement does not need to be applied where the application of that remeasurement is immaterial. We have treated 3 events, which occurred over the accounting period, as material 'special events'.

Characteristics of defined benefit plans and associated risks

The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 and currently provides benefits based on career average revalued earnings. Full details of the benefits being valued are as set out in the Regulations as amended and summarised on the LGPS website and the Fund's membership booklet. There are currently uncertainties in relation to LGPS benefits due to the McCloud and Sargeant judgement and the 2016 cost cap process. The Government has published its consultation on a remedy for the McCloud and Sargeant judgement and at the same time announced the unpausing of the 2016 cost cap process which will take into account the remedy for the McCloud and Sargeant judgement. These are yet to be finalised and therefore it remains uncertain what changes may be made to LGPS benefits as a result.

The administering authority for the Fund is Nottinghamshire County Council. The Pension Fund Committee oversees the management of the Fund whilst the day to day fund administration is undertaken by a team within the administering authority. Where appropriate some functions are delegated to the Fund's professional advisers.

As administering authority to the Fund, Nottinghamshire County Council, after consultation with the Fund Actuary and other relevant parties, is responsible for the preparation and maintenance of the Funding Strategy Statement and the Investment Strategy Statement. These should be amended when appropriate based on the Fund's performance and funding.

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation of the Fund will be carried out as at 31 March 2022 and will set contributions for the period from 1 April 2023 to 31 March 2026. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

On the Employer's withdrawal from the Fund, a cessation valuation will be carried out in accordance with Regulation 64 of the LGPS Regulations 2013 which will determine the termination contribution due by the Employer, on a set of assumptions deemed appropriate by the Fund Actuary.

In general, participating in a defined benefit pension scheme means that the Employer is exposed to a number of risks:

- Investment risk. The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges;
- Interest rate risk. The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount future liability cashflows. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way;
- Inflation risk. All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation; and
- Longevity risk. In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

In addition, as many unrelated employers participate in the Nottinghamshire Pension Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

All of the risks above may also benefit the Employer e.g. higher than expected investment returns or employers leaving the Fund with excess assets which eventually get inherited by the remaining employers.

Valuation data

Data sources

In completing our calculations for pension accounting purposes we have used the following items of data, which we received from Nottinghamshire County Council:

- The results of the valuation as at 31 March 2019 which was carried out for funding purposes and the results of the 31 March 2020 IAS19 report which was prepared for accounting purposes;
- Estimated whole Fund income and expenditure items for the period to 31 March 2021;
- Estimated Fund returns based on Fund asset statements provided (or estimated where necessary) as at 31 March 2019, 31 March 2020 and 31 March 2021and Fund income and expenditure as noted above;
- Estimated Fund income and expenditure in respect of the Employer for the period to 31 March 2021;
- Details of any new early retirements for the period to 31 March 2021 that have been paid out on an unreduced basis, which are not anticipated in the normal employer service cost; and
- Details of any settlements for the period to 31 March 2021.

Although some of these data items have been estimated, we do not believe that they are likely to have a material effect on the results of this report. Further, we are not aware of any material changes or events since we received the data. The data has been checked for reasonableness and we are happy that the data is sufficient for the purposes of this advice.

Employer membership statistics

The table below summarises the membership data, as at 31 March 2019 for members receiving funded benefits.

Member data summary	Number	Salaries/Pensions £000s	Average age
Actives	522	12,671	45
Deferred pensioners	773	1,662	47
Pensioners	700	3,930	71
Unfunded pensioners	100	197	80

The service cost for the year ending 31 March 2021 is calculated using an estimate of the total pensionable payroll during the year. The estimated total pensionable payroll during the year is £13,499,000, as advised by the Employer. The projected service cost for the year ending 31 March 2022 has been calculated using an estimated payroll of £13,833,000, as advised by the Employer.

Scheduled contributions

The table below summarises the minimum employer contributions due from Newark & Sherwood District Council to the Fund over this inter-valuation period. The calculated cost of accrual of future benefits is 17.5% of payroll p.a.

Minimum employer contributions due for the period beginning	1 Apr 2020	1 Apr 2021	1 Apr 2022
Percent of payroll	17.5%	17.5%	17.5%
plus monetary amount (£000s)	771	800	829

However, Newark & Sherwood District Council have agreed with the administering authority that they will prepay their monetary contributions for the three years to 31 March 2023 by making a single lump sum payment of £2,235,000 by 30 April 2020. This lump sum payment has received an actuarially equivalent discount to the monetary rates above and Newark & Sherwood District Council have been notified separately of this amount. If they don’t make this lump sum payments by 30 April 2020, the contribution rates set out above will apply as normal.

Newark & Sherwood District Council may pay further amounts at any time and future periodic contributions, or the timing of contributions may be adjusted on a basis approved by us.

Early retirements

We requested data on any early retirements in respect of the Employer from the administering authority for the year ending 31 March 2021.

We have been notified of three new early retirements during the year which were not allowed for at the previous accounting date. The total annual pension that came into payment was £48,500.

Assets

The return on the Fund (on a bid value to bid value basis) for the year to 31 March 2021 is estimated to be 21.57%. The actual return on Fund assets over the year may be different.

The estimated asset allocation for Newark & Sherwood District Council as at 31 March 2021 is as follows:

Asset breakdown	31 Mar 2021		31 Mar 2020	
	£000s	%	£000s	%
Equities	78,518	65%	57,623	58%
Gilts	4,073	3%	4,149	4%
Other bonds	8,308	7%	9,174	9%
Property	12,383	10%	14,887	15%
Cash	5,512	5%	4,069	4%
Inflation-linked pooled fund	5,865	5%	3,730	4%
Infrastructure	6,556	5%	6,212	6%
Total	**121,215**	**100%**	**99,844**	**100%**

We have estimated the bid values where necessary. Please note that the individual percentages shown are to the nearest percentage point for each asset class and may not sum to 100%. The final asset allocation of the Fund assets as at 31 March 2021 may be different from that shown due to estimation techniques.

Based on the above, the Employer's share of the assets of the Fund is approximately 1.99%.

We received the following information from the administering authority regarding the detail of their assets as at 31 March 2021, representing the percentages of the total Fund held in each asset class (split by those that have a quoted market price in an active market, and those that do not).

Asset breakdown		31 Mar 2021	
		% Quoted	% Unquoted
Fixed Interest Government Securities			
	UK	3.4%	-
	Overseas	-	-
Corporate Bonds			
	UK	1.7%	-
	Overseas	5.2%	-
Equities			
	UK	24.6%	0.0%
	Overseas	36.2%	-
Property			
	All	-	10.2%
Others			
	Private Equity	-	3.0%
	Infrastructure	-	5.4%
	Unit trust	-	1.0%
	Inflation-linked pooled fund	-	4.8%
	Credit	-	1.1%
	Cash/Temporary Investments	-	3.4%
Total		**71.0%**	**29.0%**

We do not have any further detail on the current asset allocation of the Fund; we suggest that if further information is required the administering authority is contacted in the first instance. Please note that as above, no adjustments for presentational purposes have been made to the percentages shown.

Actuarial methods and assumptions

Valuation approach

Valuation of the Employer's liabilities

To assess the value of the Employer's liabilities at 31 March 2021, we have rolled forward the value of the Employer's liabilities calculated for the funding valuation as at 31 March 2019, using financial assumptions that comply with IAS19.

The full actuarial valuation involved projecting future cashflows to be paid from the Fund and placing a value on them. These cashflows include pensions currently being paid to members of the Fund as well as pensions (and lump sums) that may be payable in future to members of the Fund or their dependants. These pensions are linked to inflation and will normally be payable on retirement for the life of the member or a dependant following a member's death.

It is not possible to assess the accuracy of the estimated value of liabilities as at 31 March 2021 without completing a full valuation. However, we are satisfied that the approach of rolling forward the previous valuation data to 31 March 2021 should not introduce any material distortions in the results provided that the actual experience of the Employer and the Fund has been broadly in line with the underlying assumptions, and that the structure of the liabilities is substantially the same as at the latest formal valuation. From the information we have received there appears to be no evidence that this approach is inappropriate.

As required under the IAS19 accounting standard, we have used the projected unit credit method of valuation.

Valuation of the Employer's assets

To calculate the asset share we have rolled forward the assets allocated to the Employer at 31 March 2019 allowing for investment returns (estimated where necessary), contributions paid into, and estimated benefits paid from, the Fund by and in respect of the Employer and its employees.

The Employer currently participates in the Newark & Sherwood District Council pool with other employers in order to share experience of risks they are exposed to in the Fund. At the 2019 valuation, the deficit for the whole pool was calculated and allocated to each employer in proportion to their value of liabilities. The next reallocation will be carried out at the 2022 valuation, should the Employer remain in the pool. Each employer within the pool pays a contribution rate based on the cost of benefits of the combined membership of the pool.

Experience items allowed for since the previous accounting date

Experience items arise due to differences between the assumptions made as part of the roll forward approach and actual experience. This includes (but is not limited to) assumptions made in respect of salary increases, pension increases, mortality, and member transfers. We have allowed for actual pension increase experience for the period from 2019-2021. This assumes that pension increases are in line with the annual pension increases set by HM Treasury Revaluation Order.

As a result of allowing for actual experience, an experience item is observed in the reconciliation to 31 March 2021, as shown in Appendix 3 and Appendix 5.

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Guaranteed Minimum Pension (GMP) Equalisation

As a result of the High Court's recent Lloyds ruling on the equalisation of GMPs between genders, a number of pension schemes have made adjustments to accounting disclosures to reflect the effect this ruling has on the value of pension liabilities. It is our understanding that HM Treasury have confirmed that the judgement "does not impact on the current method used to achieve equalisation and indexation in public service pension schemes". More information on the current method of equalisation of public service pension schemes can be found here.

On 23 March 2021, the Government published the outcome to its Guaranteed Minimum Pension Indexation consultation, concluding that all public service pension schemes, including the LGPS, will be directed to provide full indexation to members with a GMP reaching State Pension Age (SPA) beyond 5 April 2021. This is a permanent extension of the existing 'interim solution' that has applied to members with a GMP reaching SPA on or after 6 April 2016. Details of the consultation outcome can be found here.

Our valuation assumption for GMP is that the Fund will pay limited increases for members that have reached SPA by 6 April 2016, with the Government providing the remainder of the inflationary increase. For members that reach SPA after this date, we have assumed that the Fund will be required to pay the entire inflationary increase. Therefore we do not believe we need to make any adjustments to the value placed on the liabilities as a result of the above outcome.

Demographic/Statistical assumptions

We have adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 2019, except for the CMI projection model. The post retirement mortality tables adopted are the S3PA tables with a multiplier of 110% for males and 105% for females. These base tables are then projected using the CMI_2020 Model, allowing for a long-term rate of improvement of 1.25% p.a., smoothing parameter of 7.5, an initial addition parameter of 0.5% p.a. and a 2020 weighting of 25%.

Although the post retirement mortality tables adopted are consistent with the previous accounting date, the mortality improvement projection has been updated to use the latest version of the Continuous Mortality Investigation's model, CMI_2020, which was released in March 2021. This update has been made in light of the coronavirus pandemic and reflects the latest information available from the CMI. The new CMI_2020 Model introduces a "2020 weight parameter" for the mortality data in 2020 so that the exceptional mortality experienced due to the coronavirus pandemic can be incorporated without having a disproportionate impact on results. Our view is that placing too much weight on the 2020 mortality experience would not be appropriate given the abnormality of the 2020 data, however, the overall outlook for best-estimate future mortality improvements looks more negative than before as a result of the pandemic. Therefore, we have updated to use the CMI_2020 Model with a 2020 weight parameter of 25%. At the last accounting date, the CMI_2018 Model was adopted. The effect on the Employer's liabilities of updating to the most recent model is reflected in the Change in demographic assumptions figure in Appendix 3 and Appendix 5, and the effect on the assumed life expectancies is demonstrated in the table below.

The assumed life expectations from age 65 are:

Life expectancy from age 65 (years)	31 Mar 2021 (after CMI_2020 update)	31 Mar 2021 (before CMI_2020 update)	31 Mar 2020
Retiring today			
Males	21.6	21.9	21.8
Females	24.3	24.5	24.4
Retiring in 20 years			
Males	22.9	23.3	23.2
Females	25.7	25.9	25.8

We have also assumed that:

- Members will exchange pension to get 50% of the maximum available cash on retirement. For every £1 of pension that members commute, they will receive a cash payment of £12 as set out in the Regulations;
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age; and
- The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same.

Financial assumptions

The financial assumptions used to calculate the results are as follows:

Assumptions as at	31 Mar 2021	31 Mar 2020	31 Mar 2019
	% p.a.	% p.a.	% p.a.
Discount rate	2.00%	2.35%	2.40%
Pension increases	2.80%	1.90%	2.40%
Salary increases	3.80%	2.90%	3.90%

These assumptions are set with reference to market conditions at 31 March 2021.

Our estimate of the Employer's past service liability duration is 20 years.

An estimate of the Employer's future cashflows is made using notional cashflows based on the estimated duration above. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cashflows, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point). This is consistent with the approach used at the previous accounting date.

Similar to the approach used to derive the discount rate, the Retail Prices Index (RPI) increase assumption is set using a Single Equivalent Inflation Rate (SEIR) approach, using the notional cashflows described above. The single inflation rate derived is that which gives the same net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve, as applying the BoE implied inflation curve. As above, the Merrill Lynch AA rated corporate bond yield spot curve is assumed to be flat beyond the 30 year point and the BoE implied inflation spot curve is assumed to be flat beyond the 40 year point. This is consistent with the approach used at the previous accounting date.

The BoE implied inflation curve may suggest a higher rate of inflation, over longer terms, than actually expected by market participants due to a willingness to accept a lower return on investments to ensure inflation linked returns. To reflect this, we include an Inflation Risk Premium (IRP) adjustment such that our assumed level of future annual RPI increase is 0.25% p.a. lower than the SEIR calculated using the BoE inflation curve alone. This differs from the previous accounting date. The impact of this change in derivation on the liability value is shown in Appendix 3.

As future pension increases are expected to be based on the Consumer Prices Index (CPI) rather than RPI, we have made a further assumption about CPI which is that it will be 0.40% p.a. below RPI i.e. 2.80% p.a. We believe that this is a reasonable estimate for the future differences in the indices, based on the different calculation methods, recent independent forecasts and the duration of the Employer's liabilities. The difference between RPI and CPI is less than assumed at the previous accounting date. This reflects the anticipated reform of RPI inflation following the UK Statistics Authority's proposal to change how RPI is calculated and subsequent announcements from the Chancellor suggesting this reform is now likely to take effect from 2030. The impact of this change in derivation on the liability value is shown in Appendix 3.

Salaries are assumed to increase at 1.0% p.a. above CPI This is consistent with the approach at the previous accounting date.

Special events dates

As mentioned above, we have allowed for a number of 'special events' over the accounting period. The net defined benefit liability has been remeasured at each of these event dates using market statistics and the fair value of plan assets at the time of the event.

The below table sets out the dates of these 'special events' and the financial assumptions adopted for each period of remeasurement. The assumptions at special event dates have been derived consistently with the previous accounting date.

Event date	Discount rate	Pension increases
31 Mar 2020	2.35%	1.90%
30 Jun 2020	1.45%	2.25%
31 Jul 2020	1.35%	2.25%
31 Mar 2021	2.00%	2.80%

Past service costs/gains

Past service costs/gains arise as a result of introduction or withdrawal of, or changes to, member benefits. For example, an award of additional discretionary benefits to a member such as added years by a member would be considered a past service cost.

We are not aware of any additional benefits which were granted over the year ending 31 March 2021.

Curtailments

We have calculated the cost of curtailments arising as a result of the payment of unreduced pensions on early retirement. The Employer may also have to account for non-pension related costs (e.g. lump sum payments on redundancy) but for the avoidance of doubt, we have only calculated the cost of curtailments which affect the Employer's LGPS pension liabilities.

We calculate the cost of curtailments at the point of exit, with interest applied to the accounting date accounted for separately.

Over the year, we understand that three former employees became entitled to unreduced early retirement benefits. The capitalised cost of the additional benefits on IAS19 compliant assumptions is calculated at £204,000. This figure has been included within the service cost in the statement of profit and loss.

Unless confirmed to us by the Employer as not material, the cost of each curtailment is calculated using assumptions derived based on market conditions at the date of exit. If not material, then the cost is calculated based on the assumptions applicable at the previous material 'special event' date (or at the previous accounting date if there are no previous material 'special events'). Details of the financial assumptions adopted at each 'special event' date are set out above in the Financial assumptions section. A breakdown of the capitalised cost of each of the curtailment events allowed for and the financial assumptions used to calculate this cost is provided in the Pension Curtailment Costs spreadsheet issued alongside this report.

Settlements

We are not aware of any liabilities being settled at a cost materially different to the accounting reserve during the year.

Results and disclosures

We estimate that the value of the net liability as at 31 March 2021 is a liability of £95,085,000.

The results of our calculations for the year ended 31 March 2021 are set out in the appendices below:

- Appendix 1 sets out the Statement of financial position as at 31 March 2021;
- Appendix 2 sets out the Statement of profit and loss for the year ended 31 March 2021;
- Appendix 3 details a reconciliation of assets and liabilities during the year;
- Appendix 4 shows a sensitivity analysis on the major assumptions;
- Appendix 5 shows the Remeasurements in other comprehensive income for the year; and
- Appendix 6 contains our estimates of the projected profit and loss account costs for the year ending 31 March 2022. Please note that no allowance has been made for the costs of any early retirements or augmentations which may occur over the year and whose additional capitalised costs would be included in the value of liabilities. It is only an estimate so actual experience over the year is likely to differ. We have not provided balance sheet projections on the basis that they will depend upon market conditions and the asset value of the Fund at the end of the following year.

The figures presented in this report are prepared only for the purposes of IAS19. In particular, they are not relevant for calculations undertaken for funding purposes or for other statutory purposes under UK pensions legislation.

We would be pleased to answer any questions arising from this report.

Julie Baillie

Julie Baillie FFA
Actuary

Appendix 1 Statement of financial position as at 31 March 2021

Net pension asset as at	31 Mar 2021	31 Mar 2020	31 Mar 2019
	£000s	£000s	£000s
Present value of the defined benefit obligation	213,871	168,822	147,283
Fair value of Fund assets (bid value)	121,215	99,844	84,358
Deficit / (Surplus)	**92,656**	**68,978**	**62,925**
Present value of unfunded obligation	2,429	2,379	2,874
Unrecognised past service cost	-	-	-
Impact of asset ceiling	-	-	-
Net defined benefit liability / (asset)	**95,085**	**71,357**	**65,799**

Appendix 2 Statement of profit and loss for the year to 31 March 2021

The amounts recognised in the profit and loss statement are:	Year to 31 Mar 2021 £000s	Year to 31 Mar 2020 £000s
Service cost	6,528	17,471
Net interest on the defined liability (asset)	1,627	1,566
Administration expenses	48	34
Total loss (profit)	**8,203**	**19,071**

Appendix 3 Asset and benefit obligation reconciliation for the year to 31 March 2021

Reconciliation of opening & closing balances of the present value of the defined benefit obligation	Year to 31 Mar 2021 £000s	Year to 31 Mar 2020 £000s
Opening defined benefit obligation	**171,201**	**150,157**
Current service cost	6,324	3,914
Interest cost	3,244	3,536
Change in financial assumptions	44,510	(21,053)
Change in demographic assumptions	(1,904)	(2,858)
Experience loss/(gain) on defined benefit obligation	(2,225)	2,134
Liabilities assumed / (extinguished) on settlements	-	38,849
Estimated benefits paid net of transfers in	(5,760)	(4,125)
Past service costs, including curtailments	204	167
Contributions by Scheme participants and other employers	874	650
Unfunded pension payments	(168)	(170)
Closing defined benefit obligation	**216,300**	**171,201**

The change in financial assumptions item includes the impact of the change in derivation of future assumed RPI and CPI inflation as noted on page 14. These changes have resulted in a loss of £5,952,000 on the defined benefit obligation; comprising a gain of £9,567,000 from the change in assumed IRP and a loss of £15,519,000 from the change in the assumed gap between RPI and CPI inflation.

Reconciliation of opening & closing balances of the fair value of Fund assets	Year to 31 Mar 2021 £000s	Year to 31 Mar 2020 £000s
Opening fair value of Fund assets	**99,844**	**84,358**
Interest on assets	1,617	1,970
Return on assets less interest	19,994	(11,316)
Other actuarial gains/(losses)	-	(270)
Administration expenses	(48)	(34)
Contributions by employer including unfunded	4,862	3,322
Contributions by Scheme participants and other employers	874	650
Estimated benefits paid plus unfunded net of transfers in	(5,928)	(4,295)
Settlement prices received / (paid)	-	25,459
Closing Fair value of Fund assets	**121,215**	**99,844**

The total return on the fund assets for the year to 31 March 2021 is £21,611,000.

The employer contribution includes a single lump sum payment of £2,235,000 which was agreed to be paid by 30 April 2020.

Appendix 4 Sensitivity analysis

Sensitivity analysis	£000s	£000s	£000s
Adjustment to discount rate	**+0.1%**	**0.0%**	**-0.1%**
Present value of total obligation	212,060	216,300	220,629
Projected service cost	6,488	6,676	6,869
Adjustment to long term salary increase	**+0.1%**	**0.0%**	**-0.1%**
Present value of total obligation	216,691	216,300	215,912
Projected service cost	6,679	6,676	6,672
Adjustment to pension increases and deferred revaluation	**+0.1%**	**0.0%**	**-0.1%**
Present value of total obligation	220,199	216,300	212,477
Projected service cost	6,867	6,676	6,490
Adjustment to life expectancy assumptions	**+1 Year**	**None**	**- 1 Year**
Present value of total obligation	226,394	216,300	206,671
Projected service cost	6,979	6,676	6,384

Appendix 5 Remeasurements in other comprehensive income

Remeasurement of the net assets / (defined liability)	Year to 31 Mar 2021 £000s	Year to 31 Mar 2020 £000s
Return on Fund assets in excess of interest	19,994	(11,316)
Other actuarial gains/(losses) on assets	-	(270)
Change in financial assumptions	(44,510)	21,053
Change in demographic assumptions	1,904	2,858
Experience gain/(loss) on defined benefit obligation	2,225	(2,134)
Changes in effect of asset ceiling	-	-
Remeasurement of the net assets / (defined liability)	**(20,387)**	**10,191**

Appendix 6 Projected pension expense for the year to 31 March 2022

Projections for the year to 31 March 2022	Year to 31 Mar 2022 £000s
Service cost	6,676
Net interest on the defined liability (asset)	1,876
Administration expenses	59
Total loss (profit)	**8,611**
Employer contributions	**2,421**

Note that these figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2021. These projections are based on the assumptions as at 31 March 2021, as described in the main body of this report.