

### Sensitivity Analysis of Projected Service Costs 2022/23

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Projected service cost in the sensitivity analysis below is the projected service cost for the period ending 31st March 2024.

The Sensitivity Analysis is only shown below relating to the main Vale of Glamorgan LGPS pension fund however a similar analysis have been compiled as part of the actuarial report for each pension fund that has been consolidated as part of these accounts.

#### Discount rate assumption

Adjustment to discount rate	+0.1% p.a.	Base figure	-0.1% p.a.
Present value of total obligation (£M)	553.69	563.27	572.85
% change in present value of total obligation	-1.7%		1.7%
Projected service cost (£M)	15.32	15.93	16.55
Approx. % change in projected service cost	-3.8%		3.9%

#### Rate of general increase in salaries

Adjustment to salary increase rate	+0.1% p.a.	Base figure	-0.1% p.a.
Present value of total obligation (£M)	564.40	563.27	562.14
% change in present value of total obligation	0.2%		-0.2%
Projected service cost (£M)	15.93	15.93	15.93
Approx. % change in projected service cost	0.0%		0.0%

#### Rate of increase to pensions and rate of revaluation of pension accounts

Adjustment to pension increase rate	+0.1% p.a.	Base figure	-0.1% p.a.
Present value of total obligation (£M)	571.72	563.27	554.82
% change in present value of total obligation	1.5%		-1.5%
Projected service cost (£M)	16.55	15.93	15.32
Approx. % change in projected service cost	3.9%		-3.8%

### Post retirement mortality assumption\*

Adjustment to mortality age rating assumption	-1 year	Base figure	+1 year
Present value of total obligation (£M)	578.48	563.27	548.06
% change in present value of total obligation	2.7%		-2.7%
Projected service cost (£M)	16.49	15.93	15.37
Approx. % change in projected service cost	3.5%		-3.5%

\*A rating of +1 year means that members are assumed to follow the mortality pattern for the base table for an individual that is 1 year older than them.

### Teacher's Pension Scheme

The total employer contributions to the Teacher's Pension Scheme in 2022/23 made by the Council were £14.081m. This includes contributions for Teachers appointed by the Governing body. The total employer contributions to the Teacher's Pension Scheme in 2021/22 made by the Council were £13.049m.

A notional fund is used as the basis for calculating the employer's contribution rate paid by local authorities and valuations of the notional fund are undertaken every four years. This scheme is administered by the Teachers' Pensions Agency (TPA). No liability for future payments of these benefits is recognised in the Council's Balance Sheet.

It is projected that the total employer contributions to the Teacher's Pension Scheme in 2023/24 will be approximately £14.873m.

## 39. Contingent Liabilities

### Municipal Mutual Insurance Ltd. (MMI)

Municipal Mutual Insurance (MMI) was the main insurer of the public sector prior to it closing its insurance business in 1992. A scheme is in place for any liabilities still outstanding from historic insurance with MMI and therefore a provision has been included in the accounts. Any increase in claims could lead to a further levy being imposed on the Authority by the administrator of MMI in the future; provision for any sum due will be made once such an event becomes likely and can be reasonably assessed. The scheme administrator regularly reviews the scheme and any significant changes in the financial position may lead to a further clawback.

### BFCC Pension Liability

The Council has agreed to guarantee the opening pension liability as shown on the BFCC accounts, this is because the liability relates to its' former employees and the opening deficit is approximately equivalent to a gain shown against the Council's settlement for BFCC. Any additional deficit should be recovered as part of the pension contribution rate set as part of the next triennial actuarial valuation.