

Lancashire County Pension Fund

ANNUAL SUMMARY OF FUND MEMBERSHIP DATA QUALITY

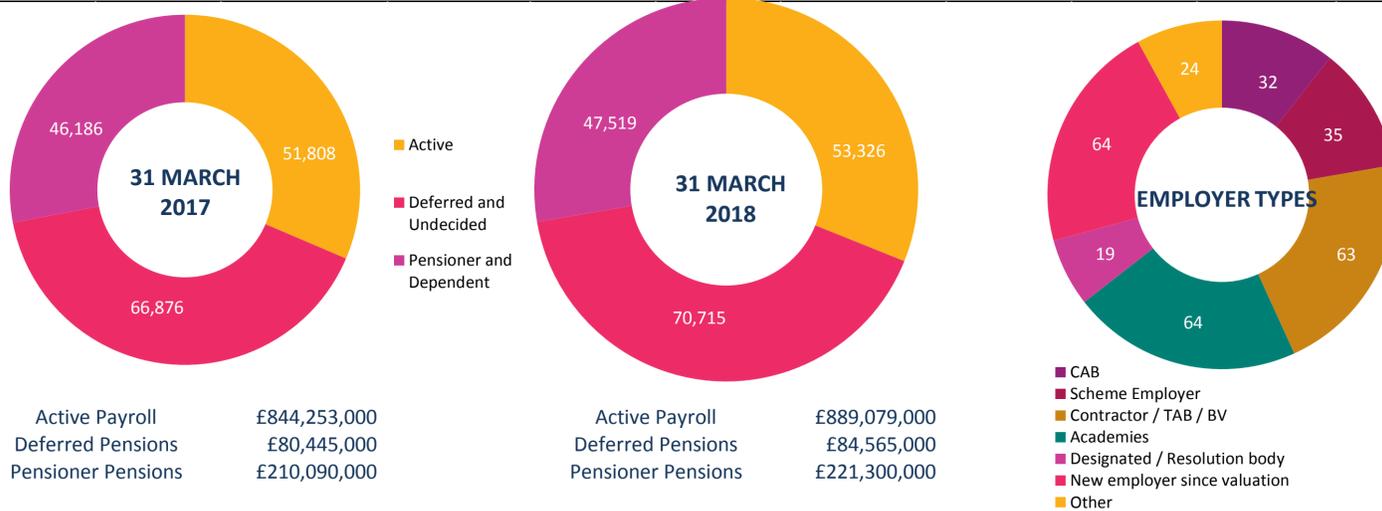


STATISTICS

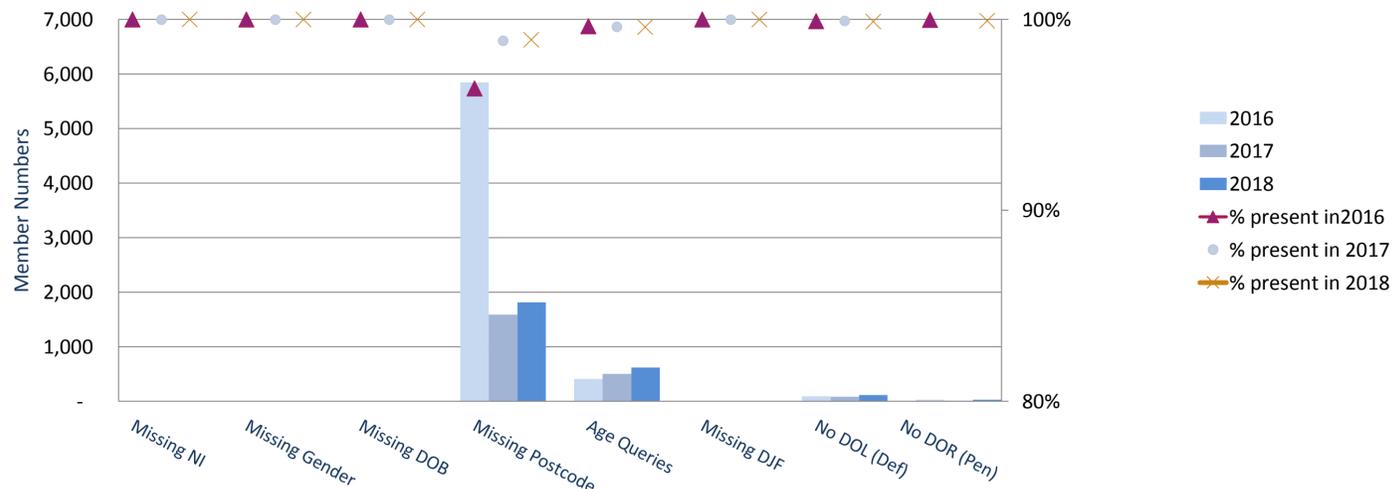
The active membership and pensionable payroll has increased slightly since 2016. There might seem surprising given the overall financial constraints on the sector, and there is no particular discernible reason for this from the data alone. We suspect it may be due at least in part to the continuing effect of auto-enrolment, with a greater proportion of eligible employees becoming members of the scheme rather than an increase in the number of employees who are potentially eligible for membership. The numbers of pensioner and deferred pensioner members has also increased: this is something which we would expect given the maturity profile of the Scheme.

The principal area of common data which is missing/inconsistent relates to missing postcodes, although it is encouraging to see that there has been a substantial improvement since 2016.

The overall potential error of estimation on liabilities has been estimated as £46m, which is down from £50m in 2017, highlighting the positive impact of the Fund's data work during the year.



COMMON DATA

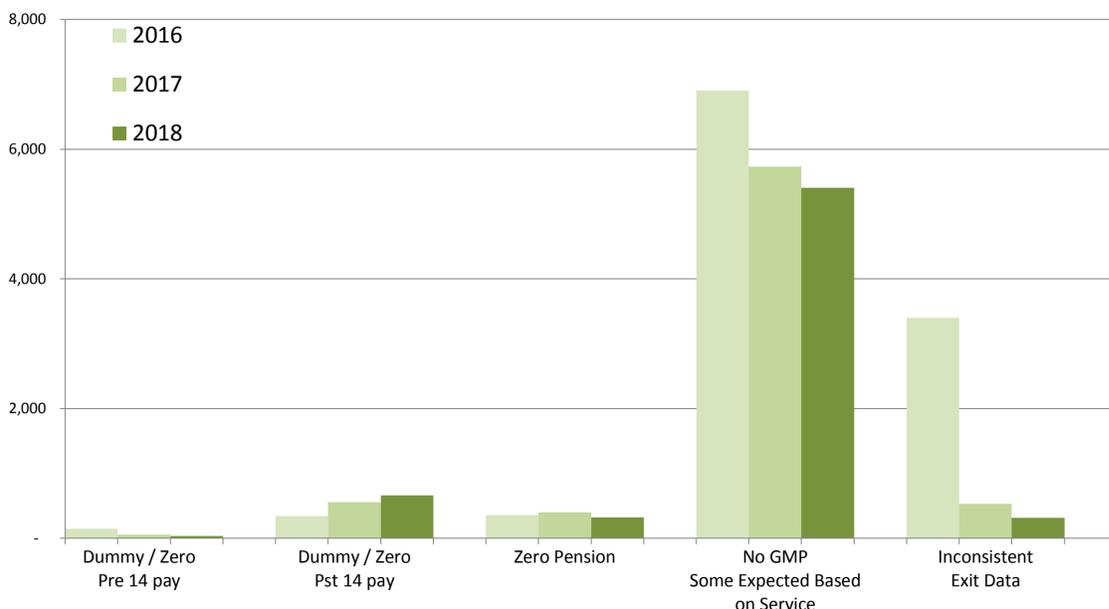


LIABILITY IMPACT

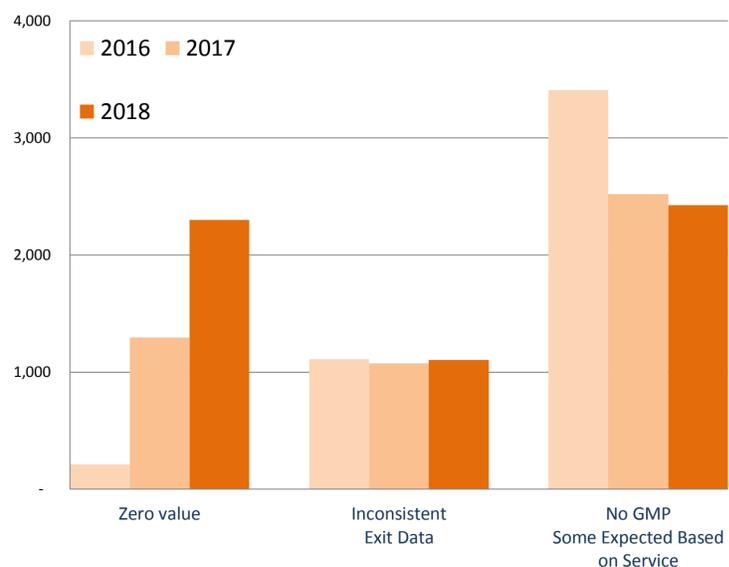
Where data is missing or incorrect (i.e. pension, salary, lump sum, spouses etc), the Actuary is required to estimate this data. A prudent approach will be taken to estimations and this will therefore impact on the liabilities and hence the deficit contributions paid by employers each year. An illustration of the potential impact based on the data provided is shown below:

	Active Data Issues	Deferred Data Issues	Pensioner Data Issues	Total Impact
Additional liabilities	£12,631,000	£2,734,000	£30,448,000	£45,813,000
Impact on deficit contributions	£832,690	£180,230	£2,007,260	£3,020,180

ACTIVES



DEFERREDS



For all three categories of members there has been a general reduction in the number of members with missing GMP records, we suspect due to the reconciliation exercise being carried out with HMRC.

For active members the principal potential financial effects on actuarial liabilities and contribution rates relate to missing pay or pension figures, particularly where there is no / limited data available to make a reasonable estimate. For example, at a whole Fund level for active members, £12m out of the overall liability impact figure of £12.6m related to missing accrued pensions and/or missing/dummy salaries.

For non-active members the main financial issues are around zero/inconsistent pension amounts. Missing spouses' pensions is the greatest contribution to the potential financial effect, albeit this is on a downward trend and we suspect is largely an historic issue.

At any point in time, the number of unprocessed leavers can be significant and this needs to be a constant focus. At actuarial valuation time it is important that the numbers of such cases are reconciled, but provided they are identified the potential financial effects here are much less significant.

PENSIONERS

