

MERCER

Lancashire County Pension Fund

Actuarial valuation report
as at 31 March 2010

Consulting. Outsourcing. Investments.

March 2011

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MERCER

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Summary

An actuarial valuation of the Lancashire County Pension Fund has been carried out as at 31 March 2010.

The key conclusions from the valuation are:

- The Fund showed a deficit of £993m at the valuation date based on the assumptions made for calculating its funding target. This measure compares the Fund's assets with the value of the past service benefits at 31 March 2010. It represents a funding level of 80% relative to the Fund's funding target.
- Based on the assumptions made for assessing the cost of future accrual, the Common Contribution Rate (i.e. the average employer contribution rate in respect of future service only) was 12.5% of Pensionable Pay.
- If the actuarial assumptions were to be based purely on the returns available on conventional and index-linked gilts (a so-called "least risk" basis) the deficiency would have increased to £2,841m.
- If the deficit is recovered through additional employer contributions over a 19 year period then the employer contributions rate required to meet the deficit emerging from the valuation is 6.6% of Pensionable Pay per annum.
- The required overall average employer contribution rate is 19.1% of Pensionable Pay subject to any transitional phasing arrangements in accordance with the FSS. Where an additional allowance has been made for certain employers for an increased investment return assumption over the duration of the recovery plan, this has offset the certified employer contribution requirement, as specified in the FSS. Contributions for each separate employer will be levied as a percentage of payroll in under the recovery plan. These contributions will commence from 1 April 2011.
- The recommended employer contributions for the period 1 April 2011 to 31 March 2014 are set out in Appendix I to this report. Employee contributions are payable in addition to the employer contributions. These contributions are adequate to meet the funding objective based on the actuarial assumptions detailed in this report. No

additional contributions are required from employers to meet normal scheme expenses since allowance for these are included in the recommended contributions.

- A partial allowance has been made in the employer contributions for certain employers in relation to the anticipated costs of non-ill health early retirements over the 3 years from 1 April 2011. The allowance is shown in Appendix I. Additional capital contributions will be paid on top of the rates shown in respect of non-ill health early retirements in excess of the allowances.
- Any further possible adjustments to contributions for employers in the inter-valuation period are noted on the Certificate in Appendix H.

Signature



Fund Actuary	John Livesey
Date of signing	31 March 2011
Qualification	Fellow of the Institute and Faculty of Actuaries

Compliance Statements

This report is addressed to the Administering Authority and has been prepared in accordance with the version of the Board for Actuarial Standards' 'Guidance Note 9: Funding Defined Benefits – Presentation of Actuarial Advice' current at the date this report is signed. Technical Actuarial Standard R: Reporting Actuarial Information and Technical Actuarial Standard D: Data issued by the Board for Actuarial Standards also apply to this report and the report complies with their requirements, where relevant.

However the following aspects of GN9 are not relevant to the LGPS in the current circumstances and so have not been reported on:

- Paragraph 3.4.16 of GN9 requires the actuary to include the certification of technical provisions in relation to a valuation under Part 3 of the Pensions Act 2004. As Part 3 of the Pensions Act 2004 does not apply to the LGPS, this report does not comply with paragraph 3.4.16 of GN9; and
- Paragraph 3.5 of GN9 requires the actuary to report on the value of the liabilities that would arise had the Fund wound up on the valuation date (based on the cost of buying out the accrued benefits with insurance policies). As the LGPS is a statutory scheme, there is no regulatory provision for scheme wind up and the scheme members have a statutory right to their accrued benefits. Therefore the concept of solvency on a buy-out basis does not apply. Accordingly, this report does not comply with paragraph 3.5 of GN9.

The calculations in the report use methods and assumptions appropriate for reviewing the financial position of the Scheme and determining the appropriate contribution rate for the future. Mercer does not accept liability to any third party in respect of this report; nor does Mercer accept liability to the Administering Authority if the advice is used for any purpose other than that stated (for example for accounting disclosures or corporate mergers/acquisitions).

The data for the actuarial valuation was provided by the Administering Authority and its accuracy has been relied upon. Whilst reasonableness checks on the data have been carried out, they do not guarantee the completeness or the accuracy of the data. Consequently Mercer does not accept any liability in respect of its advice where it has relied on data which is incomplete or inaccurate.

The report may be disclosed to participating employers and others who have a statutory right to see it. It may also be disclosed, if the Administering Authority and Mercer consent, to any other third parties.

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1

Introduction

1.1 This report sets out the results of the actuarial valuation of the Lancashire County Pension Fund ('the Fund') as at 31 March 2010. The valuation has been carried out on the instructions of Lancashire County Council (the "Administering Authority") in accordance with the requirements of Regulation 36 of the Local Government Pension Scheme (Administration) Regulations 2008, as amended (the "Administration Regulations").

Purpose of valuation

1.2 The primary aims of the valuation are to review the financial position of the Fund and to determine appropriate employer contributions to the Fund for the future.

1.3 In particular, the valuation aims:

- to assess the Fund's funding position relative to its funding objective;
- taking the above into account, to determine the appropriate future level of employer contributions.

1.4 Under the provisions of the Administration Regulations employer contributions are calculated by the actuary having regard to the assumptions and methodology set out in the Fund's Funding Strategy Statement (FSS). In accordance with the LGPS Regulations, the FSS has been determined by the Fund's Administering Authority, having taken the advice of the Fund's Actuary and after consultation with those parties as it considers appropriate.

Funding objective

1.5 The Administering Authority has reviewed its approach to funding strategy and this is published in the Funding Strategy Statement. Consistent with the FSS the funding objective for the valuation is to achieve and then maintain assets equal to the funding target. The funding target is the present value of 100% of projected

accrued liabilities, including allowance for projected final pay. This approach is also considered appropriate to comply with the requirement of the Administration Regulations to secure the solvency of the Fund.

- 1.6 The funding objective is the same as at the previous valuation.
- 1.7 The methodology and assumptions by which the funding target and contribution rates are calculated have also been determined in accordance with the Fund's FSS.
- 1.8 The FSS specifies a maximum period for achieving full funding of 19 years in most circumstances. This compares to a maximum period of 22 years adopted at the 2007 valuation in accordance with the then published FSS. The maximum deficit recovery period is now three years shorter so that the same target date for achieving full funding is being maintained as at the 2007 valuation. For each individual employer, the funding objective, method and assumptions depend on the particular employer's circumstances and different approaches have been adopted where applicable, in accordance with the FSS. The FSS also specifies any transitional arrangements ("phasing") for the implementation of revised employer contribution requirements.

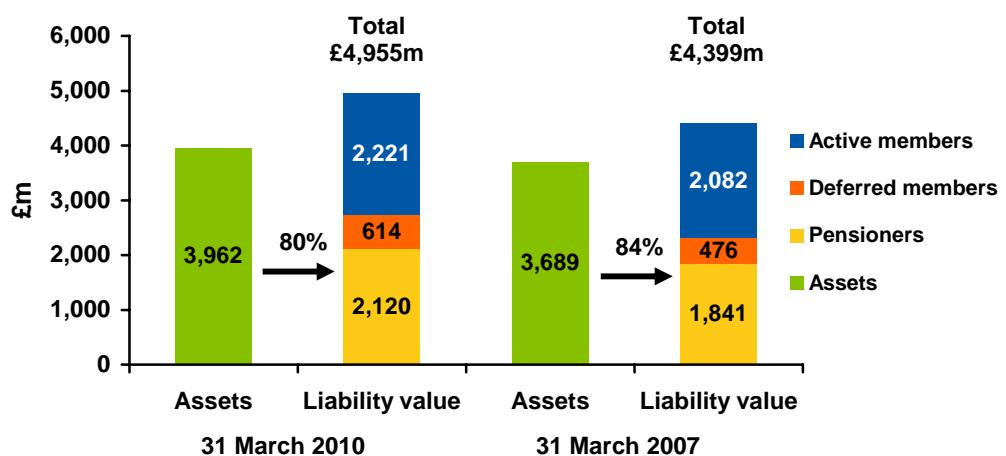
Previous actuarial valuation

- 1.9 The previous actuarial valuation of the Fund was carried out as at 31 March 2007 by ourselves.
- 1.10 At the previous valuation an average employer contribution rate of 17.8% of Pensionable Pay was determined, made up of a normal contribution rate for benefits and expenses of 13.3% of Pensionable Pay plus deficiency recovery contributions of 4.5% of Pensionable Pay. The report on the 2007 actuarial valuation sets out the agreed contribution rates for individual employers for the period 1 April 2008 to 31 March 2011 (the corresponding rates for the year to 31 March 2008 being shown in the 2004 actuarial valuation report). Appendix F includes the amounts of employer contributions which have actually been paid since the last actuarial valuation.

2

Funding results – funding target

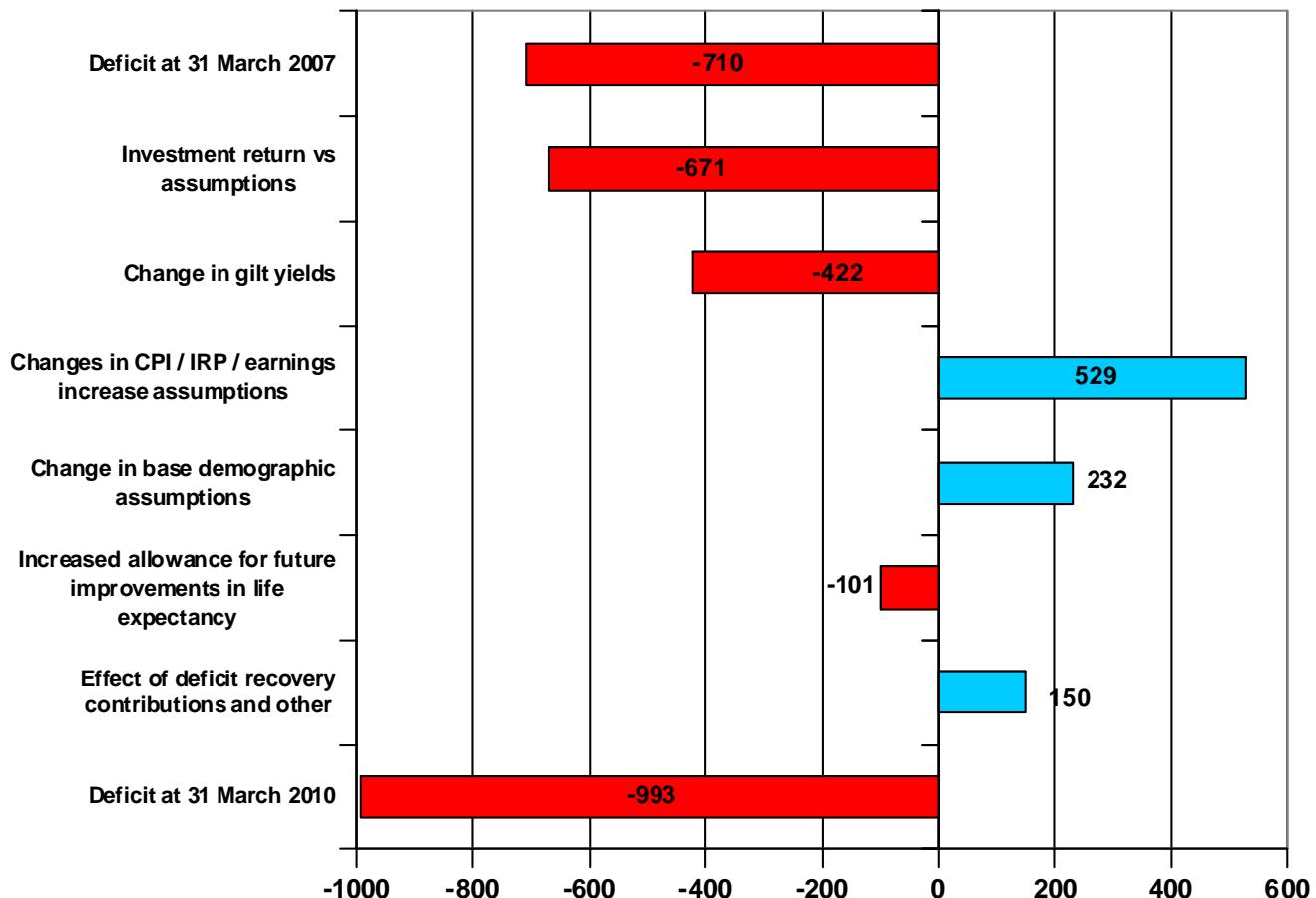
2.1 The market value of the Fund's assets at the valuation date is compared with the value of the Fund's past service liabilities (the funding target) below. The funding position at the previous valuation is shown for comparison.



2.2 The shortfall against the funding target at the valuation date was £993 million (£710 million at 2007). This represents a funding level of 80% relative to the funding target (84% at 2007).

Analysis of change in funding position

2.3 The key factors influencing the change in the value of the liabilities since the previous valuation are shown below (figures in £m):



2.4 The above analysis highlights a number of material developments affecting the Fund since the previous valuation:

- The introduction of an Inflation Risk Premium (IRP) into the determination of the pension increase assumption used for the valuation has offset to a degree the adverse impact of the falls in real yields since the last valuation. Indeed the effect of the IRP in conjunction with the change from RPI to CPI indexation more than offsets the negative impact of the yields change.
- Revision of the assumptions adopted for the 2010 valuation, specifically base rates of mortality, ill health retirements, real salary growth and allowance for dependants' benefits, has overall acted to place a lower value on liabilities and so acted to improve the funding position. This has been offset to some extent by the effect of making increased allowance for future improvements in life expectancy.

2.5 It also highlights the key differences between what was assumed at the previous valuation and experience since then:

- Investment returns have been below the level required to keep pace with the assumptions adopted at the previous valuation.
- Liabilities have increased due to changes in market yields

3

Funding results – contribution requirements

- 3.1 This section provides details of the contribution requirements assessed for the Fund as a whole. The contributions payable by the employers for the period 1 April 2011 to 31 March 2014, and the timing and frequency of the contributions, have been certified in Appendices I and H respectively, as is required in accordance with the Administration Regulations.
- 3.2 These contributions have been determined using the funding objective described in Section 1, and are made up of the following elements:
 - a contribution to cover the cost of the future service accrual (including death benefits and expenses), known as the “Common Contribution Rate”;
 - an adjustment to address any imbalance of assets relative to the funding target.
 - an allowance of the costs of future early retirements, where applicable.
- 3.3 In practice, each employer's position is assessed separately. The individual rates shown in Appendix I take into account the differing circumstances of each employer and the funding plan, as laid down in the Funding Strategy Statement, in particular in relation to deficit recovery period, assumed level of investment returns over the deficiency recovery period, and implementation of changes in employer contributions where these are required.

Common Contribution Rate

- 3.4 The table below shows the first of these elements. This cost is calculated as the value of benefits expected to accrue to the membership in respect of one year's service based on projected salaries. To this is added an allowance for expenses. The figures are expressed as percentages of Pensionable Pay (as defined in Appendix H) and apply for the period to the next formal actuarial valuation.

	2010 %	2007 %
Normal contribution rate for retirement and death benefits	18.5	19.4
Allowance for administrative expenses	0.4	0.4
Total normal contribution rate	18.9	19.8
Average member contribution rate	6.4	6.5
Employer normal contribution	12.5	13.3

Contributions to address shortfall

- 3.5 The funding objective is to achieve and maintain a funding level of 100% of liabilities (the funding target). Adopting the same method and assumptions as used for calculating the funding target, the deficit of £993 million could be eliminated by an average contribution addition of 6.6% of Pensionable Pay for 19 years. This would imply an average employer contribution rate of 19.1% (17.8% at the previous valuation) of Pensionable Pay.
- 3.6 The Schedule to the Rates and Adjustments Certificate (attached as Appendix I) sets out the contributions for each employer over the three year period to 31 March 2014 towards the shortfall against the funding target. The corresponding figures for 2010/11 are set out in the report on the actuarial valuation of the Fund as at 31 March 2007. Contribution requirements for the period from 1 April 2014 onwards will be revised as part of the next actuarial valuation as at 31 March 2013 and will be confirmed in the Rates and Adjustments Certificate and Schedule accompanying that valuation report.

4

Method and assumptions

Funding method

- 4.1 The funding method adopted is known as the projected unit method under which the salary increases assumed for each member are projected until the member is assumed to leave active service.
- 4.2 Under the projected unit method, if the membership profile remains stable in terms of age and sex, and the assumptions are borne out, then the normal future service contribution rate (as a percentage of salaries) will remain stable. The method therefore implicitly allows for new entrants replacing leavers.
- 4.3 For those employers which are closed to new entrants an alternative method is adopted, known as the attained age method. This method makes advance allowance for the anticipated future ageing of the current closed membership group.
- 4.4 The method as specified above is the same as was used at the previous valuation.

Assumptions

- 4.5 The financial and demographic assumptions used to assess the funding target, the normal cost of benefit accrual and the recovery plan are set out in Appendix D. A number of changes have been made to the assumptions used, compared with the previous valuation, as noted below and in Appendix D.
- 4.6 The table below sets out a summary of the market (gilts) yields at the valuation date, implied inflation and inflation adjustment assumptions, together with the equivalent details at the date of the previous valuation:

	31 March 2010	31 March 2007
Long-dated gilt yield	4.5%	4.4%
Long-dated index-linked gilt yield	0.7%	1.3%
Market expectation for long-term inflation (RPI basis)	3.8%	3.1%
Adjustment for Inflation Risk Premium (IRP) and CPI Indexation	-0.8%	0.0%
Adjusted CPI inflation	3.0%	n/a

4.7 The assumptions to which the valuation results are particularly sensitive are shown below.

	2010 funding target	2010 normal cost	2007 funding target	2007 normal cost
Investment return pre-retirement	7.0% p.a.	6.75% p.a.	6.9% p.a.	6.5% p.a.
Investment return post-retirement	5.5% p.a.	6.75% p.a.	5.4% p.a.	6.5% p.a.
Salary increases	5.0% p.a.	5.0% p.a.	4.85% p.a.	4.5% p.a.
Pension increases in payment	3.0% p.a.	3.0% p.a.	3.1% p.a.	2.75% p.a.
Retired members' mortality – base tables	CMI Self Administered Pension Schemes (SAPS) tables with scheme and member category specific adjustments		PA92 YoB tables +1 year	
Retired members' mortality – future improvements	CMI 2009 model methodology with 1% p.a. long term trend		CMI Medium Cohort model	

4.8 The mortality rates shown above relate to members retiring in normal health. At this valuation, members retiring in ill-health are assumed to be 3 years older than the above tables (5 years older assumed at the 2007 valuation).

4.9 At this valuation, it has been assumed that, on average, 50% of retiring members will take the maximum tax-free cash available at retirement and 50% will take the standard 3/80ths cash sum. The option which members have to commute part of their pension at retirement in return for a lump sum is a rate of £12 cash for each £1p.a. of pension given up. This assumption is unchanged from the last actuarial valuation.

4.10 The contributions payable under the recovery plan are calculated using the same assumptions as those used to calculate the funding target, with the exception that, during the period of the recovery plan, for certain employers an increased investment return on existing assets and future contributions is assumed, as specified in Appendix D.

4.11 As an illustration of the mortality rates adopted for the valuation, the future life expectancies for a male/female at age 65 are shown in the table below:

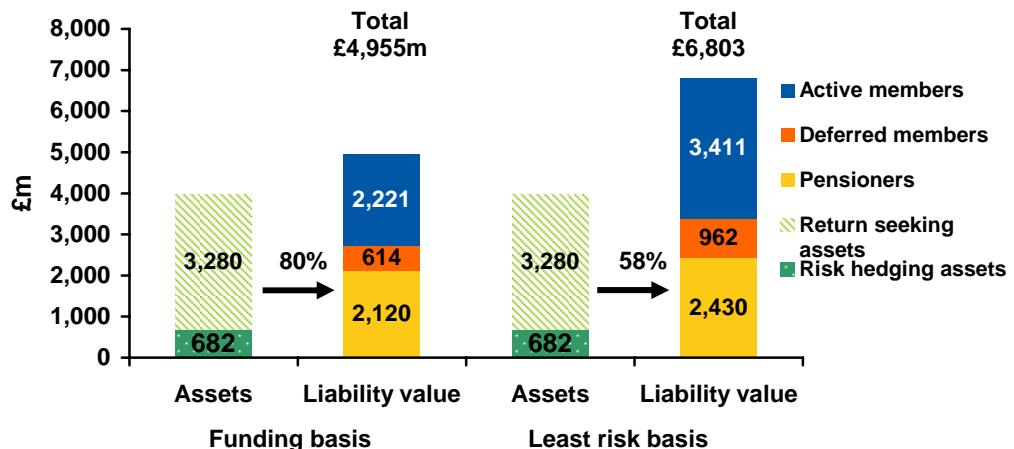
Pensioners	Life expectancy currently aged 65	
	2007 valuation	2010 valuation
Males normal health	21.0	21.5
Female normal health	23.9	24.1
Males ill health	16.9	19.1
Female ill health	19.7	21.6
Male dependants	21.0	20.0
Female dependants	23.9	23.1

4.12 The basis of valuing the assets (market value) is consistent with the assumptions used in assessing the funding target liabilities and the recovery plan.

5

Least risk funding results

- 5.1 The results of the 2010 valuation show the funding target to be 80% covered by the current assets.
- 5.2 In assessing the value of the Fund's liabilities (the funding target), allowance has been made for asset out-performance as described in Section 4, taking into account the investment strategy adopted by the Fund, as set out in the Fund's Statement of Investment Principles (SIP).
- 5.3 It is not possible to construct a portfolio of investments which produces a stream of income exactly matching the expected liability outgo. However, it is possible to construct a portfolio which closely matches the liabilities and represents the least risk investment position. Such a portfolio would consist mainly of a mixture of long-term index-linked and fixed interest gilts. Investment of the Fund's assets in line with the least risk portfolio would minimise fluctuations in the Fund's ongoing funding level between successive actuarial valuations.
- 5.4 If, at the valuation date, the Fund had been invested in this portfolio, then in carrying out the valuation it would not be appropriate to make any allowance for out-performance of the Fund investments. On this basis of assessment, the assessed value of the Fund's liabilities at the 2010 valuation would have been significantly higher, by approximately 37% and the declared funding level would be correspondingly reduced to approximately 58%. This is illustrated in the following chart, which also shows the assets of the Fund broken down into return seeking and risk hedging classes, giving a broad indication of the degree to which a risk based investment strategy is being adopted in funding for the liabilities.



- 5.5 On a least risk basis the deficiency at the valuation date is £2,841 million which compares to a deficit on the ongoing basis of £993 million.
- 5.6 Departure from a least risk investment strategy, in particular to include equity and other risk based return seeking investments, gives the prospect that out-performance by the assets will, over time, reduce the contribution requirements. The funding target might in practice therefore be achieved by a range of combinations of funding plan, investment strategy and investment performance.

6

Variability and risks

- 6.1 The employer contributions set out in the Schedule to the Rates and Adjustments Certificate have been determined as described in section 3 of this report. These in turn depend on the financial and demographic assumptions used as described in section 4.
- 6.2 The funding of defined benefits is by its nature uncertain. When actual experience is not in line with the assumptions adopted a surplus or shortfall will emerge at the next actuarial assessment and will require a subsequent contribution adjustment to bring the funding back into line with the target.
- 6.3 It is likely, especially in the short-term, that the assumptions will not be borne out in practice. It is therefore important to consider the potential impact on the employer contribution rates of actual experience differing from what has been assumed. The details in this section do this, based on the valuation results for the Fund as a whole.

Sensitivity to key assumptions

- 6.4 Real investment return, salary increase and life expectancy assumptions impact significantly on the funding position and the following table illustrates the sensitivity to variations in these key assumptions over the long term. The base point is the funding level of 80%. Each row of the table considers one change in isolation, with all other assumptions being unaltered. An equivalent change in the assumption in the opposite direction would change the funding level value by the equivalent amount in the opposite direction.

Change in assumption	Revised funding level at 31 March 2010
Pre retirement return reduced by 0.5%	78%
Salary increases increased by 0.25% p.a.	79%
Life expectancy increased by 1 year	78%

6.5 Similarly these assumptions impact significantly on the cost of the benefits accruing over the year. The following table illustrates the sensitivity to variations in these key assumptions over the long term. The starting point is the normal contribution rate of 12.5% of Pensionable Pay. Each row of the table considers one change in isolation, with all other assumptions being unaltered. As before, a change in the assumption in the opposite direction would give rise to a change in the employer normal contribution rate of an equivalent amount in the opposite direction.

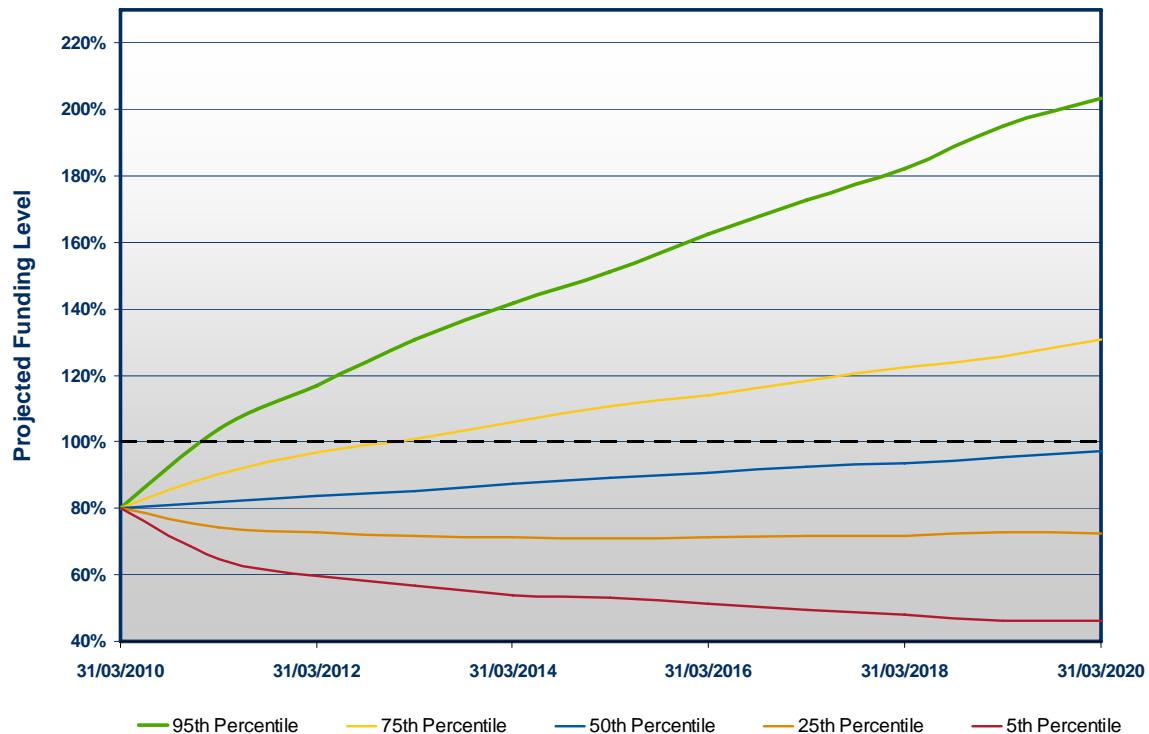
Change in assumption	Revised employer normal contribution rate at valuation date (% of Pensionable Pay)
Salary increases increased by 0.25% p.a.	13.0
Life expectancy increased by 1 year	12.7

Funding level sensitivity to investment markets

6.6 The chart below shows a “funnel of doubt” funding level graph. This illustrates the range and uncertainty in the future progression of the funding level, relative to the funding target adopted at the valuation, due to possible changes in various risk factors such as investment markets and interest rates.

6.7 Using a simplified model, the chart shows the probability of exceeding a certain funding level over a 10 year period from the valuation date. For example, the top line shows the 95th percentile level (i.e. there is a 5% chance of the funding level at each point in time being better than the funding level shown, and a 95% chance of the funding level being lower).

6.8 The chart adopts the 2010 actuarial valuation results as a starting point, and allows for the planned contributions into the Fund based on the valuation and funding strategy. The chart assumes median investment returns in line with “best estimate” market expectations and variability of those returns broadly in line with historic experience. It assumes continuation of the Fund’s current investment strategy, over the projection period.



Risks that the funding objective will not be met

- 6.9 The Administering Authority's policy for meeting the funding objective carries a number of risks outside of the Administering Authority's control. The following paragraphs comment on some potentially material risks.
- 6.10 If any employer becomes unable to pay contributions or to make good deficits in the future, the Fund's assets will be lower than expected and the funding level will be worse than expected. If the reason for the employer not paying the agreed contributions is one of financial difficulties, then the Administering Authority's focus would switch to the need to secure as far as possible that any debt from the employer on it exiting the fund can be recovered. This risk can be mitigated by regular employer covenant review, strengthening of covenant as appropriate, and monitoring of changes in employer covenant. In the ultimate default of an employer any shortfall would then become the responsibility of a guarantor or all other employers in the Fund.
- 6.11 If the future investment return on assets falls short of the rates assumed in the calculation of the funding target and recovery plan, the funding position will be worse than expected. It is likely that an increase in future employer contributions will be required. The analysis shown earlier in this section illustrates the potential volatility of contribution rates and funding levels to future investment returns.
- 6.12 If market levels and/or market yields change such that the liability values increase by more than the assets, or decrease by less than the assets, the funding position would be worse than expected. An increase in employer contributions

would be expected as a result. The same comments would apply if general population mortality studies and analysis of the Fund show that pensioners are living longer, or if improvements in mortality are found to be at a faster rate than allowed for. The analysis shown earlier in this section illustrates the quantitative impact of such changes.

- 6.13 If members make decisions around their options such that those decisions increased the Fund's liabilities (e.g. by not commuting pensions for cash to the extent assumed), the funding position would be worse than expected. As a result, future employer contributions might then need to be increased.
- 6.14 There is a specific investment matching risk that is particularly relevant for the Fund. This is the risk inherent in the predominantly equity-based strategy, such that actual asset out-performance between successive valuations could diverge significantly from the investment return assumptions made, as set out in Appendix D.
- 6.15 As mentioned in Section 5, alternative investment strategies could be followed that would minimise the risk of deterioration in the funding position assessed relative to the funding target, for example by raising the proportion of bond investment. Such a strategy would reduce the risk that changing economic conditions would cause deterioration in the Fund's funding position. It would also tend to produce a more stable contribution rate but at a higher overall level than indicated in Section 3.

Appendix A

Summary of benefits

[Local Government Pension Scheme Regulations](#)

The benefits and contributions payable under the Fund are set out in the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended). These regulations have replaced the Regulations which were in force at the previous valuation, except for a number of saved regulations as specified by the Local Government Pension Scheme (Transitional Provisions) Regulations 2008.

With effect from 1 April 2008 new rules were introduced replacing the 1997 scheme, under the provisions of the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (SI2007/1166). The principal changes were: the replacement, for future service, of the existing benefits structure based on a pension of 1/80th of Pensionable Pay for each year of pensionable service plus an automatic lump sum of three times this amount by one based on 1/60th of Pensionable Pay for each year of pensionable service; and an increase in the average level of employee contributions from that date. These changes were taken into account at the 2007 valuation.

The following supplementary Regulations have also been laid in relation to the new scheme:

- The Local Government Pension Scheme (Transitional Provisions) Regulations 2008 (SI2008/238)
- The Local Government Pension Scheme (Administration) Regulations 2008 (SI2008/239)
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (SI2009/3150)

The following further amendments to the above Regulations have subsequently been issued:

- The Local Government Pension Scheme (Benefits, Membership and Contributions) (Amendment) Regulations 2011 Statutory Instrument No. 561
- The Local Government Pension Scheme (Miscellaneous) Regulations 2010 Statutory Instrument No. 2090
- The Local Government Pension Scheme (Amendment) Regulations 2010 Statutory Instrument No. 528
- The Local Government Pension Scheme (Miscellaneous) Regulations 2009 Statutory Instrument No. 3150
- The Local Government Pension Scheme (Amendment) Regulations 2009 Statutory Instrument No. 1025
- The Local Government Pension Scheme (Administration) (Amendment) Regulations 2009 Statutory Instrument No. 447
- The Local Government Pension Scheme (Administration) (Amendment) Regulations 2008 Statutory Instrument No. 3245
- The Local Government Pension Scheme (Amendment) (No.2) Regulations 2008 Statutory Instrument No. 2989
- The Local Government Pension Scheme (Miscellaneous) Regulations 2008 Statutory Instrument No. 2425
- The Local Government Pension Scheme (Amendment) Regulations 2008 Statutory Instrument No. 1083 (including amendments as per Correction Slip issued in September 2009)

We have made no allowance for other changes which may be introduced in the future.

Benefits recharged to individual employers on a £ for £ basis have been excluded from the calculation of the valuation liabilities.

The benefits that will emerge from money purchase AVCs paid by members, and SCAVCs paid by employers, and the corresponding invested assets in respect of these AVCs and SCAVCs, have been excluded from the valuation.

UK and European law requires pension schemes to provide equal benefits to men and women in respect of service after 17 May 1990 (the date of the “Barber” judgement) and this includes providing equal benefits accrued from that date to reflect the differences in GMPs. There is no consensus or legislative guidance as to what adjustments have to be made to scheme benefits to correct these inequalities for ongoing schemes (i.e. for schemes other than those which are in the Pension Protection Fund). The valuation

makes no allowance for removal of these inequalities. It is consequently possible that additional funding will be required for equalisation once the law has been clarified. It is recommended that the Administering Authority seek further professional advice if it is concerned about this issue.

The Government announced in June 2010 that the rate of increase and revaluation that applies to pensions in payment and deferment in the LGPS and the other public sector schemes will in future be determined by reference to the Consumer Price Index (CPI) rather than the Retail Prices Index (RPI). Historically, CPI increases have on average been lower than RPI increases and, due to the nature of the two calculations, they are expected to remain so over the long term. The change is expected, therefore, to lead to lower increases to pensions, both in deferment and once in payment. This change has been taken into account in determining the financial assumptions adopted at this valuation.

Appendix B**Summary of membership data****Pensionable Employees**

	At 31 March 2007	At 31 March 2010	Increase (%)
Number	51,056	50,595	-0.9
Annual Pensionable Pay ¹ (£000s)	783,996	847,620	8.1
Average Pensionable Pay (£)	15,356	16,753	9.1
Average Age ² (years)	48.6	49.1	N/A
Average Pensionable Service ³ (years)	11.2	11.3	0.9

Notes: 1 – Pensionable Pay figures include actual pay for part-time employees.

2 – Weighted by accrued pension.

3 – Weighted by salary.

Preserved Pensioners*

	At 31 March 2007	At 31 March 2010	Increase (%)
Number	31,468	42,124	33.9
Annual Pensions inclusive of Pension Increase (£000s)	32,825	43,398	32.2
Average Pension including Pension Increase (£)	1,043	1,030	-1.2
Average Age ² (years)	47.0	47.8	N/A

* including frozen refunds and leaver options pending

Current Pensioners

	At 31 March 2007	At 31 March 2010	Increase (%)
Number	26,983	30,403	12.7
Annual Pensions inclusive of Pension Increase (£000s)	110,854	132,631	19.6
Average Pension including Pension Increase (£)	4,108	4,362	6.2
Average Age ² (years)	68.2	68.6	N/A

Current Widow/Widower Pensioners etc.

	At 31 March 2007	At 31 March 2010	Increase (%)
Number	5,068	5,504	8.6
Annual Pensions inclusive of Pension Increase (£000s)	11,595	13,508	16.5
Average Pension including Pension Increase (£)	2,288	2,454	7.3
Average Age ² (years)	75.5	76.2	N/A

In addition there were 362 current dependant pensioners as at 31 March 2010 with pensions in payment totalling £380,000 per annum.

Appendix C

Distribution of membership by employing bodies

Employing Body	Pensionable Employees	Preserved Pensioners	Pensioners
ABM Catering Ltd	8	1	1
Accrington & Rossendale College	193	173	86
Accrington Academy	55	6	0
Alternative Futures	39	2	2
Andron (City of Preston High)	2	0	0
Andron (Glenburn Sports College)	5	0	0
Andron (Ribblesdale High)	7	0	1
Andron (Kennington)	1	0	0
Arnold Schools Ltd	13	12	14
Beaufort Avenue Day Care Centre	1	2	4
Blackburn College	336	228	127
Blackburn St Mary's College	101	47	14
Blackburn with Darwen Borough Council	4,236	3,797	2,216
Blackpool & Fylde Mind Association	1	3	2
Blackpool & The Fylde College	487	347	216
Blackpool Airport Ltd (from July 2004)	2	1	5
Blackpool Borough Council	4,412	3,249	2,457
Blackpool Borough Transport Ltd	42	44	305
Blackpool Coastal Housing	129	35	10
Blackpool Sixth Form College	54	21	8
Blackpool Zoo (Grant Leisure Ltd)	10	8	2
Blackpool, Fylde & Wyre Society for Blind	4	5	14
Bootstrap Enterprise Ltd	9	1	0
Bulloughs (Highfield)	2	4	0
Bulloughs (St Augustines)	1	0	0
Bulloughs (St Marys)	1	0	0
Bulloughs (Whalley Primary)	2	0	0
Burnley Borough Council	514	646	1,024

Employing Body	Pensionable Employees	Preserved Pensioners	Pensioners
Burnley College	157	142	54
Calico Housing Ltd	110	68	63
CAPITA	114	85	49
Capita (Rossendale BC)	19	5	2
Cardinal Newman College	60	57	26
Caritas Care Ltd (was Catholic Caring Services)	63	64	28
Catterall Parish Council	1	0	0
Chorley Borough Council	323	380	471
Chorley Community Housing	55	32	15
Church Road Methodist Day Centre	9	3	5
Commission for Education & Formation	1	1	0
Community Alliance (Burnley & Padiham) Ltd	1	1	3
Community Council of Lancashire	7	11	7
Community Gateway Association Ltd	80	32	12
Connaught Environmental (Blackpool BC)	6	0	0
Connaught Environmental (Blackpool Coastal Housing)	3	0	0
Consultant Caterers Ltd	8	1	0
Contour Housing Association	7	4	1
Creative Support Ltd	34	1	1
CX Ltd	124	47	10
Danfo (UK) Ltd	1	2	3
Darwen Aldridge Community Academy	65	1	1
E ON UK Plc	1	0	0
Edge Hill University College	742	407	212
Elm House Management Committee	2	7	1
Enterprise Managed Services Ltd	10	7	2
Eric Wright Commercial Ltd	1	0	0
Fulwood Academy	53	3	0
Fylde Borough Council	294	235	450
Fylde Coast YMCA (Fylde)	6	3	0
Fylde Community Link	16	7	1
Galloways Society for the Blind	3	1	23
Garstang Town Council	2	0	0
Housing Pendle Ltd	113	26	15
Hyndburn Borough Council	344	284	622
Hyndburn Homes Ltd	101	23	12
I Care	34	3	1
Kirkham Grammar School	57	37	16
Kirkland Parish Council	1	0	0
Lancashire & Blackpool Tourist Board	19	7	2
Lancashire County Branch Unison	3	3	1
Lancashire County Council	24,553	22,341	18,262
Lancashire Fire & Rescue Service	281	129	75
Lancashire Police Authority	2,286	684	538
Lancashire Probation Committee	477	239	408
Lancashire Valuation Tribunal	2	4	7

Employing Body	Pensionable Employees	Preserved Pensioners	Pensioners
Lancaster & Morecambe College	173	224	79
Lancaster City Council	777	564	920
Lancaster University	970	712	614
Leisure in Hyndburn	44	67	10
Liberata	89	22	13
Liberata UK Ltd (Chorley)	3	0	0
Lytham Schools Foundation	36	14	27
Mellor's (formerly Wyre)	3	0	0
Mellor's Catering (Cardinal Newman)	6	0	0
Myerscough College	347	309	62
Nelson and Colne College	176	235	77
New Fylde Housing	11	3	20
NHS PCT Blackburn	18	0	0
NIC Services Group Ltd	1	2	0
North Western & North Wales Sea Fisheries Committee	8	11	12
Northgate Managed Services	18	0	0
NSL Ltd (Lancaster)	1	0	0
NSL Ltd (Wyre BC)	1	0	0
Ormerod Home Trust Ltd	8	7	3
Our Lady Queen of Peace (Bullough Contract Services)	3	1	0
Pendle Borough Council	337	353	616
Pendle Leisure Trust Ltd	99	76	15
Penwortham Town Council	5	3	0
Pilling Parish Council	2	0	1
Preston Care and Repair	5	4	0
Preston City Council	971	1,032	1,281
Preston College	401	476	139
Preston Council for Voluntary Services	2	3	0
Preston Vision Ltd	3	0	0
Progress Housing Group Ltd	216	84	62
Progress Recruitments	1	2	0
Queen Elizabeth's Grammar School	20	6	11
Ribble Valley Borough Council	232	175	206
Ribble Valley Homes	22	4	7
Rossendale Borough Council	189	244	566
Rossendale Leisure Trust	30	57	12
Rossendale Transport Ltd	15	8	57
Runshaw College	339	235	83
Singposts MARC Ltd	1	1	0
Solar Facilities (Bishop Rawns)	1	0	1
Solar Facilities (Seven Stars)	2	0	0
Solar Facilities (St Peters)	2	0	0
Solar Facilities (Tarellton)	3	1	0
Solar Facilities (Ripley)	1	0	1
South Ribble Borough Council	300	295	371

Employing Body	Pensionable Employees	Preserved Pensioners	Pensioners
South Ribble Community Leisure Ltd	41	27	14
St Anne's on Sea Town Council	1	0	0
Surestart Hyndburn	31	25	1
Twin Valley Homes Ltd	295	74	47
University of Central Lancashire	1,279	1,004	432
University of Cumbria (was St Martins College)	799	473	203
Vita Lend Lease BSF ICT	1	0	0
Vita Lend Lease Ltd	22	2	0
West Lancashire Borough Council	541	324	670
West Lancashire Community Leisure Ltd	38	26	13
Whitworth Town Council	2	7	10
Wyre Borough Council	328	278	530
Wyre Housing Association	9	21	25
Former Employers with no Active Members	0	614	1,151
Totals	50,595	42,124	36,269

Appendix D

Actuarial assumptions used

Funding target assumptions

Financial assumptions

Investment return (discount rate)

A yield based on market returns on UK Government gilt stocks and other instruments which reflects a market consistent discount rate for the profile and duration of the Scheme's accrued liabilities, plus an Asset Out-performance Assumption ("AOA") of 2.5% p.a. for the period pre-retirement and 1.0% p.a. post-retirement.

The asset out-performance assumption represents the allowance made, in calculating the funding target, for the long term additional investment performance on the assets of the Fund relative to the yields available on long dated gilt stocks as at the valuation date. The allowance for this out-performance is based on the liability profile of the Scheme, with a higher assumption in respect of the "pre-retirement" (i.e. active and deferred pensioner) liabilities than for the "post-retirement" (i.e. pensioner) liabilities. This approach thereby allows for a gradual shift in the overall equity/bond weighting of the Fund as the liability profile of the membership matures over time.

Individual Employers

Having determined the AOAs as above for the Fund overall, it is important to consider how the financial assumptions in particular impact on individual participating employers. As employers in the Fund will have different mixes of active, deferred and pensioner members, adopting a different pre/post retirement investment return approach is equivalent to hypothecating a different equity/bond mix investment strategy for each employer. Such an approach would be inconsistent with the Fund practice, as set out in the FSS, of allocating investment performance pro rata across all employers based on a "mirror image" investment strategy to the whole Fund (other than for any employers adopting a bespoke investment strategy in accordance with the FSS). In completing the

calculations for individual employers therefore, a single, composite, pre and post retirement asset out-performance assumption of 1.55% p.a. has been calculated which, for the Fund as a whole, gives the same value of the funding target as the separate pre and post retirement AOAs.

Inflation (Consumer Prices Index)

The inflation assumption will be taken to be the investment market's expectation for RPI inflation as indicated by the difference between yields derived from market instruments, principally conventional and index-linked UK Government gilts as at the valuation date, reflecting the profile and duration of the Scheme's accrued liabilities but subject to the following two adjustments.

- An allowance for supply/demand distortions in the bond market is incorporated and
- Due to retirement pensions being increased annually by the change in the Consumer Price Index rather than the Retail Price Index, as announced in June 2010. This change will apply from April 2011 and the assumptions make due allowance for this revision as advised by the Actuary.

The overall reduction to market implied RPI inflation at the valuation date is 0.8% per annum.

Salary increases

The assumption for real salary increases (salary increases in excess of price inflation) will be determined by an allowance of 2.0 % p.a. over the CPI inflation assumption as described above. This includes allowance for promotional increases. This has been modified from the assumption at the previous valuation (of 1.75% above the RPI inflation assumption) to reflect future expectations, averaged over the long-term, for real salary increases, and the change in inflation assumption from RPI to CPI.

Pension increases

Increases to pensions are assumed to be in line with the inflation (CPI) assumption described above. The pension increase assumption is modified appropriately to reflect any benefits which are not fully indexed in line with inflation (e.g. Guaranteed Minimum Pensions in respect of service prior to April 1997).

Demographic assumptions

Mortality

The mortality assumptions will be based on the most up-to-date information in relation to self-administered pension schemes published by the Continuous Mortality Investigation CMI, making allowance for future improvements in longevity and the experience of the scheme. The mortality tables used reflect the Fund's membership profile, and are set out in the summary section below. Members who retire on the grounds of ill health are assumed to exhibit average mortality equivalent to that for a good health retiree at an age 3 years older. For all members, it is assumed that the accelerated trend in longevity

seen in recent years will continue in the longer term and as such, the assumptions build in a minimum level of longevity 'improvement' year on year in the future in line with the CMI projections subject to a minimum rate of improvement of 1% per annum.

Early retirement

Some members are entitled to receive their benefits (or a part of their benefits) unreduced from an age prior to the Fund's normal pension age under the "Rule of 85" provisions of the Regulations. This age will be at some point between ages 60 and 65, depending on the length of a member's pensionable service. The calculations in respect of the relevant service to which these terms apply (basically pre April 2008 service but with transitional protections for certain members) allow for a proportion of the active membership to retire in normal health prior to age 65, as set out below.

Age	% retiring per annum	
	Males	Females
60	24	41
61	15	20
62	21	20
63	22	19
64	26	23

For post April 2008 service (other than protected service) the situation is different since the "Rule of 85" rule has been removed (and for post October 2006 service for new entrants to the Scheme from that date). For this service we have assumed the earliest age at which unreduced benefits become an entitlement is 65, except for those members who have protected status under the transitional provisions.

Other than for certain employers as specified in Appendix I no allowance has been made for non-ill health early retirements prior to the ages specified above. Additional capital contributions will be paid by employers in respect of the cost of these retirements where that exceeds the allowance made.

III health retirement

A small proportion of the active membership has been assumed to retire owing to ill health. As an example of the rates assumed, the following is an extract from the decrement table used:

Age	% leaving per annum	
	Males	Females
35	0.03	0.02
45	0.07	0.07

	% leaving per annum	% leaving per annum
55	0.31	0.27

The proportion of ill health early retirements falling into each tier category, split by males and females, has been assumed to be as set out below:

	Tier 1	Tier 2	Tier 3
Males	72%	9%	19%
Females	73%	14%	13%

Withdrawals

This assumption relates to those members who leave the scheme with an entitlement to a deferred pension or transfer value. It has been assumed that active members will leave the Scheme at the following sample rates:

Age	% leaving per annum	% leaving per annum
	Males	Females
25	13.50	14.92
35	3.39	4.18
45	1.69	2.59

Commutation

It has been assumed that, on average, 50% of retiring members will take the maximum tax-free cash available at retirement and 50% will take the standard 3/80ths cash sum. The option which members have to commute part of their pension at retirement in return for a lump sum is a rate of £12 cash for each £1p.a. of pension given up.

Proportion married/in civil partnership and age difference

It has been assumed that the proportions of members below will on death give rise to a spouse's/civil partner's/dependant's pension, and that spouses/partners of female (male) members are three years older (younger), on average than the member.

Age	% spouse/partner	% spouse/partner
	Males	Females
25	45	25
35	45	47
45	54	55

Expenses

Expenses are met out the Fund, in accordance with the Regulations. This is allowed for by adding 0.4% of Pensionable Pay to the contributions as required from participating employers. This addition is reassessed at each valuation. Investment expenses have been allowed for implicitly in determining the discount rates.

Discretionary Benefits

The costs of any discretion exercised by an employer in order to enhance benefits for a member through the Fund will be subject to additional contributions from the employer as required by the Regulations as and when the event occurs. As a result, no allowance for such discretionary benefits has been made in the valuation.

Assumptions used in calculating the cost of future accrual

The cost of future accrual (the common contribution rate) has been calculated using the same actuarial assumptions as used to calculate the funding target as set out above except that the financial assumptions adopted are as described below.

The financial assumptions for assessing the future service contribution rate should take account of the following points:

- contributions will be invested in market conditions applying at future dates, which are unknown at the effective date of the valuation, and which are not directly linked to market conditions at the valuation date; and
- the future service liabilities for which these contributions will be paid have a longer average duration than the past service liabilities.

The financial assumptions in relation to future service are not specifically linked to investment conditions as at the valuation date itself, and are based on an overall assumed real return (i.e. return in excess of price inflation) of 3.75% per annum, with a long term average assumption for price inflation of 3.0 % per annum. These two assumptions give rise to an overall discount rate of 6.75% p.a.

Adopting this approach the future service rate is not subject to variation solely due to different market conditions applying at each successive valuation, which reflects the requirement in the Regulations for stability in the common rate of contributions. In market conditions at the effective date of the 2010 valuation this approach gives rise to a somewhat more optimistic stance in relation to the cost of accrual of future benefits compared to the market related basis used for the assessment of the funding target.

At each valuation the cost of the benefits accrued since the previous valuation will become a past service liability. At that time any mismatch against gilt yields and the asset out-performance assumptions used for the funding target is fully taken into account in assessing the funding position.

Summary of key assumptions used for calculating funding target and cost of future accrual for the 2010 actuarial valuation

Long-term gilt yields

Fixed interest	4.5% p.a.
Index linked	0.7% p.a.

Past service Funding Target financial assumptions

Investment return pre-retirement	7.0 % p.a.
Investment return post-retirement	5.5 % p.a.
CPI price inflation	3.0% p.a.
Salary increases	5.0 % p.a.
Pension increases	3.0 % p.a.

Future service accrual financial assumptions

Investment return	6.75% p.a.
CPI price inflation	3.0% p.a.
Salary increases	5.0% p.a.
Pension increases	3.0 % p.a.

Post retirement mortality

	Table	Adjustment*
Males normal health pensioners	S1PMA CMI_2009_M [1%]	103%
Female normal health pensioners	S1PFA CMI_2009_F [1%]	96%
Males ill health pensioners	As for male normal health pensioners +3 years	
Female ill health pensioners	As for female normal health pensioners +3 years	
Male dependants	S1PMA CMI_2009_M [1%]	124%
Female dependants	S1DFA CMI_2009_F [1%]	106%
Male future dependants	S1PMA CMI_2009_M [1%]	108%
Female future dependants	S1DFA CMI_2009_F [1%]	101%

*An **age rating** applied to an actuarial table has the effect of assuming that beneficiaries have a life expectancy equal to those older (or younger) than their actual age.

For example, a “+1 year” rating would mean beneficiaries are assumed to have the mortality of someone one year their senior which has the effect of reducing their life expectancy and hence reducing the assessed value of the corresponding liabilities.

A **weighting** applied to an actuarial table has the effect of increasing or reducing the chance of survival at each age, which increases or reduces the corresponding life expectancy.

For example, a “106%” weighting would mean beneficiaries have mortality rates 6% higher than the unadjusted table which reduces the assessed value of the corresponding liabilities.

Other Demographic assumptions

Pre-retirement mortality	PA92 MC YoB tables + 1 year
Commutation	One half of members take maximum lump sum, others take 3/80ths
III health retirement and proportions married/civil partnerships	Revised at the 2010 valuation based on up to date detailed analysis of general LGPS experience
Withdrawal and other demographics	As for 2007 Valuation

Assumptions used in calculating contributions payable under the recovery plan

The contributions payable under the recovery plan are calculated using the same assumptions as those used to calculate the **funding target**, with the exception that, for certain employers, the required contributions are adjusted to allow for the following variation in assumptions during the period of the recovery plan:

Investment return on existing assets and future contributions

An overall additional return of 3.0% p.a. above the liabilities consistent gilt yield of 4.5% p.a. effective as at the valuation date, reflecting the underlying investment strategy of the scheme and, in particular, including the assets of the scheme that underlie the pensioner as well as the non-pensioner liabilities.

This is equivalent to a total rate of investment return of 7.5% p.a. effective as at the 2010 valuation date.

The investment return assumed for the contributions under the recovery plan is taken to apply throughout the recovery period. As a result, any change in investment strategy which would act to reduce the expected future investment returns could invalidate these assumptions and therefore the funding strategy.

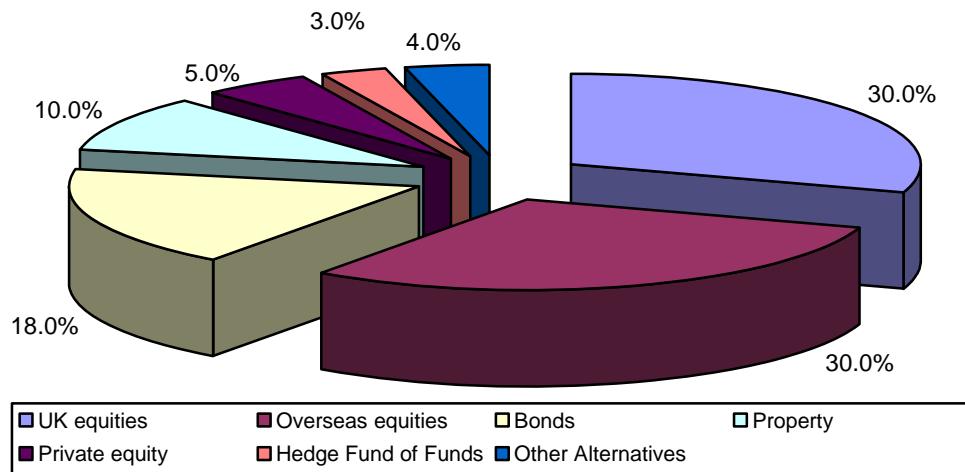
The above variation to assumptions in relation to the recovery plan can only be applied for those employers which the Administering Authority deems to be of sufficiently high covenant to support the anticipation of investment returns, based on the current investment strategy, over the entire duration of the recovery period. No such variation in the assumptions will apply in any case to any employer which does not have a funding deficit at the valuation (and therefore for which no recovery plan is applicable). Where the variation in the assumptions does apply, the resultant total contribution rate(s) implemented following the 2010 valuation will be subject to a minimum of both:

- the contribution rate(s) originally planned for 2011/12 onwards based on the 2007 actuarial valuation plus 1.5%, and
- the normal future service contribution rate for the employer concerned.

Appendix E

Summary of assets

Based on the information supplied, the market value of the assets of the Fund (excluding those additional voluntary contribution funds (AVCs) which are separately invested) was £3,962 million on the valuation date. The target distribution of assets by asset class as per the Fund's Statement of Investment Principles was as follows:-



The details of the assets at the valuation date and the financial transactions during the inter-valuation period (as summarised in Appendix F) have been obtained from the audited accounts for the Scheme.

Appendix F

Summary of income and expenditure

INCOME	Year ending 31 March			
	2008 £000s	2009 £000s	2010 £000s	Total £000s
Fund at beginning of year	3,688,846	3,669,667	2,933,938	3,688,846
Contributions to Fund:				
Employees	49,295	55,047	56,724	161,066
Employers	128,360	138,505	151,695	418,560
Transfer Values received	17,626	16,467	26,697	60,790
Investment income	91,961	80,377	71,431	243,769
Change in market value of investments	-131,691	-815,904	934,980	-12,615
TOTAL:	3,844,397	3,144,159	4,175,465	4,560,416

EXPENDITURE	Year ending 31 March			
	2008 £000s	2009 £000s	2010 £000s	Total £000s
Pensions for members/spouses/partners/dependants	122,916	131,625	141,347	395,888
Lump sum benefits	30,289	36,625	41,461	108,375
Refunds on withdrawal	223	19	7	249
Transfer values paid	11,423	21,518	21,787	54,728
Investment expenses	6,939	5,614	5,807	18,360
Prior year adjustment	0	11,447	0	11,447
Administration expenses	2,940	3,373	3,471	9,784
Fund at end of year	3,669,667	2,933,938	3,961,585	3,961,585
TOTAL:	3,844,397	3,144,159	4,175,465	4,560,416

Appendix G

Experience analysis of the membership of the Fund for the period 1 April 2007 to 31 March 2010

The analysis below compares the actual experience over the 3 year period with the assumptions used for the 2010 valuation.

III Health Retirements

	Actual	Expected	%
Males	131	96	136
Females	228	145	157
Total	359	241	149

In considering the above it should be noted that the introduction of the 2008 scheme included substantial changes to the eligibility criteria for ill health retirement and so the experience over the period is not expected to be representative of that going forward. The ill health assumptions for this 2010 valuation are in accordance with the analysis and advice reported separately to the Administering Authority, based on observed experience across all Mercer LGPS clients.

1. Withdrawals

	Actual	Expected	%
Males	3,967	1,302	305
Females	14,142	4,144	341
Total	18,109	5,446	333

Note that actual withdrawals include members moving to another LGPS Fund, bulk transfers and also transfers under the special transfer club terms.

2. Pensioner Deaths

a. Based on amounts of pension payable

	Actual (£000s)	Expected (£000s)	%
Males	6,822	6,285	109
Females	4,580	4,270	107
Total	11,402	10,555	108

b. Based on number of pensions in payment

	Actual	Expected	%
Males	1,444	1,146	126
Females	1,748	1,564	112
Total	3,192	2,710	118

Appendix H**Rates and Adjustments Certificate issued in accordance with Regulation 36 of the Administration Regulations****Name of Fund****Lancashire County Pension Fund**

I hereby certify that, in my opinion, the common rate of employers' contributions payable in each year of the period of three years beginning 1 April 2011 should be at the rate of 12.5 per cent of Pensionable Pay.

I hereby certify that, in my opinion, the amount of the employers' contributions payable in each year of the period of three years beginning with 1 April 2011, as set out above, should be individually adjusted as set out in the attached schedule.

Contributions will be payable monthly in arrears with each payment normally being due by the 19th of the following month. Pensionable Pay is pay as determined under the LGPS regulations for the calculation of employee contributions.

For employers where no allowance for non ill-health early retirement costs is included in the valuation a further individual adjustment shall be applied in respect of each non-ill health early retirement occurring in the period of three years covered by this certificate. This further individual adjustment will be calculated in accordance with methods agreed from time to time between the Fund's actuary and the Administering Authority.

The contributions set out in the attached schedule represent the minimum contribution which may be paid by each employer. Additional contributions may be paid if requested by the employer concerned.

The contributions may be varied as agreed by the Actuary and Administering Authority to reflect any changes in contribution requirements as a result of any benefit costs being insured against a third party.

Regulation 36(8)

Allowance for ill health retirements has been included in each employer's contribution rate, on the basis of the method and assumptions set out in the report.

For four employers I have shown on the attached Schedule the allowance made for non-ill health early retirements over the period of three years beginning 1 April 2011 taken into account when setting this employer's contribution rate.

No allowance for non-ill health early retirements has been made in determining the results of the valuation for other employers, on the basis that the costs arising will be met by additional contributions.

**Signature**

Name John Livesey**Qualification** Fellow of the Institute of Actuaries**Date of signing** 31 March 2011

Appendix I

Schedule to the Rates and Adjustment Certificate dated 31 March 2011

Employers	2011/12		2012/13		2013/14		Non-ill health early retirement allowance included for the 3 years 2011/14
	Individual Adjustment	Total Contribution Rate (% of pay)	Individual Adjustment	Total Contribution Rate (% of pay)	Individual Adjustment	Total Contribution Rate (% of pay)	
ABM Catering Ltd	3.5%	16.0%	3.5%	16.0%	3.5%	16.0%	
Accrington & Rossendale College	7.1%	19.6%	7.1%	19.6%	7.1%	19.6%	
Accrington Academy	-1.8%	10.7%	-1.8%	10.7%	-1.8%	10.7%	
Alternative Futures	1.7%	14.2%	1.7%	14.2%	1.7%	14.2%	
Andron (City of Preston High)	-1.2%	11.3%	-1.2%	11.3%	-1.2%	11.3%	
Andron (Glenburn Sports College)	0.5%	13.0%	0.5%	13.0%	0.5%	13.0%	
Andron (Kennington)	0.0%	12.5%	0.0%	12.5%	0.0%	12.5%	
Andron (Ribblesdale High)	-0.3%	12.2%	-0.3%	12.2%	-0.3%	12.2%	
Arnold Schools Ltd	5.0%	17.5%	6.2%	18.7%	7.4%	19.9%	
Beaufort Avenue Day Care Centre	14.0%	26.5%	17.7%	30.2%	21.3%	33.8%	
Blackburn College	2.9%	15.4%	2.9%	15.4%	2.9%	15.4%	
Blackburn St Mary's College	1.7%	14.2%	1.7%	14.2%	1.7%	14.2%	

Employers	2011/12		2012/13		2013/14		Non-ill health early retirement allowance included for the 3 years 2011/14
	Individual Adjustment	Total Contribution Rate (% of pay)	Individual Adjustment	Total Contribution Rate (% of pay)	Individual Adjustment	Total Contribution Rate (% of pay)	
Blackburn with Darwen Borough Council	3.1%	15.6%	3.6%	16.1%	4.1%	16.6%	
Blackpool & The Fylde College	5.0%	17.5%	5.0%	17.5%	5.0%	17.5%	£246,000
Blackpool Airport Ltd (from July 2004)	20.5%	33.0%	24.5%	37.0%	27.8%	40.3%	
Blackpool Borough Council	3.9%	16.4%	4.4%	16.9%	4.9%	17.4%	£697,600
Blackpool Borough Transport Ltd	-12.5%	0.0%	-12.5%	0.0%	-12.5%	0.0%	
Blackpool Coastal Housing	-0.5%	12.0%	-0.5%	12.0%	-0.5%	12.0%	
Blackpool Sixth Form College	-0.5%	12.0%	-0.5%	12.0%	-0.5%	12.0%	
Blackpool Zoo (Grant Leisure Ltd)	5.5%	18.0%	7.1%	19.6%	8.8%	21.3%	
Blackpool, Fylde & Wyre Society for Blind	29.5%	42.0%	32.5%	45.0%	35.5%	48.0%	
Bootstrap Enterprise Ltd	0.2%	12.7%	0.2%	12.7%	0.2%	12.7%	
Bulloughs (Highfield)	-2.0%	10.5%	-2.0%	10.5%	-2.0%	10.5%	
Bulloughs (St Augustines)	1.9%	14.4%	1.9%	14.4%	1.9%	14.4%	
Bulloughs (St Marys)	4.0%	16.5%	4.0%	16.5%	4.0%	16.5%	
Bulloughs (Whalley Primary)	2.3%	14.8%	2.3%	14.8%	2.3%	14.8%	
Burnley Borough Council	12.5%	25.0%	12.5%	25.0%	12.5%	25.0%	
Burnley College	2.3%	14.8%	2.3%	14.8%	2.3%	14.8%	
Calico Housing Ltd	6.8%	19.3%	6.8%	19.3%	6.8%	19.3%	
CAPITA	12.2%	24.7%	14.1%	26.6%	16.0%	28.5%	
Capita (Rossendale BC)	3.1%	15.6%	4.6%	17.1%	6.0%	18.5%	
Cardinal Newman College	3.3%	15.8%	3.3%	15.8%	3.3%	15.8%	
Caritas Care Ltd (was Catholic Caring Services)	6.2%	18.7%	6.2%	18.7%	6.2%	18.7%	
Catterall Parish Council	2.3%	14.8%	2.3%	14.8%	2.3%	14.8%	
Chorley Borough Council	6.8%	19.3%	7.3%	19.8%	7.8%	20.3%	
Chorley Community Housing	1.6%	14.1%	1.6%	14.1%	1.6%	14.1%	
Church Road Methodist Day Centre	6.7%	19.2%	7.0%	19.5%	7.3%	19.8%	
Commission for Education & Formation	8.0%	20.5%	8.0%	20.5%	8.0%	20.5%	
Community Council of Lancashire	8.3%	20.8%	8.3%	20.8%	8.3%	20.8%	
Community Gateway Association Ltd	1.7%	14.2%	2.4%	14.9%	3.0%	15.5%	
Connaught Environmental (Blackpool BC)	-3.9%	8.6%	-3.9%	8.6%	-3.9%	8.6%	
Connaught Environmental (Blackpool Coastal Housing)	0.5%	13.0%	0.5%	13.0%	0.5%	13.0%	

Employers							Non-ill health early retirement allowance included for the 3 years 2011/14	
	2011/12		2012/13		2013/14			
	Individual Adjustment	Total Contribution Rate (% of pay)	Individual Adjustment	Total Contribution Rate (% of pay)	Individual Adjustment	Total Contribution Rate (% of pay)		
Consultant Caterers Ltd	2.5%	15.0%	2.5%	15.0%	2.5%	15.0%		
Contour Housing Association	4.1%	16.6%	4.1%	16.6%	4.1%	16.6%		
Creative Support Ltd	1.6%	14.1%	1.6%	14.1%	1.6%	14.1%		
CX Ltd	-0.6%	11.9%	-0.6%	11.9%	-0.6%	11.9%		
Danfo (UK) Ltd	172.2%	184.7%	172.2%	184.7%	172.2%	184.7%		
Darwen Aldridge Community Academy	-1.2%	11.3%	-1.2%	11.3%	-1.2%	11.3%		
E ON UK Plc	6.2%	18.7%	6.2%	18.7%	6.2%	18.7%		
Edge Hill University College	1.5%	14.0%	2.0%	14.5%	2.5%	15.0%		
Enterprise Managed Services Ltd	1.1%	13.6%	2.4%	14.9%	3.6%	16.1%		
Eric Wright Commercial Ltd	5.4%	17.9%	5.4%	17.9%	5.4%	17.9%		
Fulwood Academy	-1.3%	11.2%	-1.3%	11.2%	-1.3%	11.2%		
Fylde Borough Council	7.0%	19.5%	8.3%	20.8%	9.5%	22.0%		
Fylde Coast YMCA (Fylde)	-2.0%	10.5%	-2.0%	10.5%	-2.0%	10.5%		
Fylde Community Link	4.3%	16.8%	4.3%	16.8%	4.3%	16.8%		
Galloways Society for the Blind	32.2%	44.7%	32.2%	44.7%	32.2%	44.7%		
Garstang Town Council	-1.3%	11.2%	-1.3%	11.2%	-1.3%	11.2%		
Housing Pendle Ltd	1.8%	14.3%	1.8%	14.3%	1.8%	14.3%		
Hyndburn Borough Council	12.3%	24.8%	12.3%	24.8%	12.3%	24.8%		
Hyndburn Homes Ltd	1.4%	13.9%	1.4%	13.9%	1.4%	13.9%		
I Care	-1.6%	10.9%	-1.6%	10.9%	-1.6%	10.9%		
Kirkham Grammar School	4.1%	16.6%	4.6%	17.1%	5.1%	17.6%		
Kirkland Parish Council	2.5%	15.0%	2.5%	15.0%	2.5%	15.0%		
Lancashire & Blackpool Tourist Board	1.1%	13.6%	1.1%	13.6%	1.1%	13.6%		
Lancashire County Branch Unison	8.0%	20.5%	8.0%	20.5%	8.0%	20.5%		
Lancashire County Council	5.8%	18.3%	6.2%	18.7%	6.6%	19.1%		
Lancashire Fire & Rescue Service	5.0%	17.5%	5.0%	17.5%	5.0%	17.5%	£199,000	
Lancashire Police Authority	2.3%	14.8%	2.8%	15.3%	3.3%	15.8%	£450,500	
Lancashire Probation Committee	6.6%	19.1%	6.6%	19.1%	6.6%	19.1%		
Lancaster & Morecambe College	4.1%	16.6%	4.1%	16.6%	4.1%	16.6%		
Lancaster City Council	8.1%	20.6%	8.1%	20.6%	8.1%	20.6%		
Lancaster University	1.9%	14.4%	2.2%	14.7%	2.6%	15.1%		
Leisure in Hyndburn	3.3%	15.8%	4.5%	17.0%	5.7%	18.2%		

Employers							Non-ill health early retirement allowance included for the 3 years 2011/14	
	2011/12		2012/13		2013/14			
	Individual Adjustment	Total Contribution Rate (% of pay)	Individual Adjustment	Total Contribution Rate (% of pay)	Individual Adjustment	Total Contribution Rate (% of pay)		
Liberata	6.0%	18.5%	6.0%	18.5%	6.0%	18.5%		
Liberata UK Ltd (Chorley)	8.9%	21.4%	8.9%	21.4%	8.9%	21.4%		
Lytham Schools Foundation	2.2%	14.7%	2.2%	14.7%	2.2%	14.7%		
Mellor's (formerly Wyre)	1.7%	14.2%	1.7%	14.2%	1.7%	14.2%		
Mellor's Catering (Cardinal Newman)	5.0%	17.5%	5.0%	17.5%	5.0%	17.5%		
Myerscough College	0.8%	13.3%	1.0%	13.5%	1.1%	13.6%		
Nelson and Colne College	3.3%	15.8%	3.3%	15.8%	3.3%	15.8%		
New Fylde Housing	42.3%	54.8%	42.3%	54.8%	42.3%	54.8%		
New Progress Housing	3.9%	16.4%	3.9%	16.4%	3.9%	16.4%		
NHS PCT Blackburn	1.6%	14.1%	1.6%	14.1%	1.6%	14.1%		
NIC Services Group Ltd	2.5%	15.0%	2.5%	15.0%	2.5%	15.0%		
North Western & North Wales Sea Fisheries Committee	13.4%	25.9%	13.4%	25.9%	13.4%	25.9%		
Northgate Managed Services	0.1%	12.6%	0.1%	12.6%	0.1%	12.6%		
NSL Ltd (Lancaster)	4.5%	17.0%	4.5%	17.0%	4.5%	17.0%		
NSL Ltd (Wyre BC)	0.6%	13.1%	0.6%	13.1%	0.6%	13.1%		
Ormerod Home Trust Ltd	11.7%	24.2%	13.7%	26.2%	15.5%	28.0%		
Our Lady Queen of Peace (Bullough Contract Services)	3.5%	16.0%	3.5%	16.0%	3.5%	16.0%		
Pendle Borough Council	12.1%	24.6%	14.1%	26.6%	16.2%	28.7%		
Pendle Leisure Trust Ltd	1.2%	13.7%	1.2%	13.7%	1.2%	13.7%		
Penwortham Town Council	1.5%	14.0%	1.5%	14.0%	1.5%	14.0%		
Pilling Parish Council	4.8%	17.3%	4.8%	17.3%	4.8%	17.3%		
Preston Care and Repair	6.0%	18.5%	6.0%	18.5%	6.0%	18.5%		
Preston City Council	5.6%	18.1%	6.1%	18.6%	6.6%	19.1%		
Preston College	2.7%	15.2%	3.0%	15.5%	3.3%	15.8%		
Preston Council for Voluntary Services	9.4%	21.9%	9.4%	21.9%	9.4%	21.9%		
Progress Care Housing	3.9%	16.4%	3.9%	16.4%	3.9%	16.4%		
Progress Housing Group Ltd	3.9%	16.4%	3.9%	16.4%	3.9%	16.4%		
Progress Recruitments	2.9%	15.4%	2.9%	15.4%	2.9%	15.4%		
Queen Elizabeth's Grammar School	8.3%	20.8%	9.3%	21.8%	10.3%	22.8%		
Ribble Valley Borough Council	3.6%	16.1%	4.1%	16.6%	4.6%	17.1%		

Employers							Non-ill health early retirement allowance included for the 3 years 2011/14	
	2011/12		2012/13		2013/14			
	Individual Adjustment	Total Contribution Rate (% of pay)	Individual Adjustment	Total Contribution Rate (% of pay)	Individual Adjustment	Total Contribution Rate (% of pay)		
Ribble Valley Homes	1.8%	14.3%	1.8%	14.3%	1.8%	14.3%		
Rossendale Borough Council	13.8%	26.3%	15.3%	27.8%	16.8%	29.3%		
Rossendale Leisure Trust	0.2%	12.7%	1.2%	13.7%	2.1%	14.6%		
Rossendale Transport Ltd	10.7%	23.2%	19.3%	31.8%	27.8%	40.3%		
Runshaw College	2.6%	15.1%	2.9%	15.4%	3.2%	15.7%		
Singposts MARC Ltd	-12.5%	0.0%	-12.5%	0.0%	-12.5%	0.0%		
Solar Facilities (Bishop Rawns)	-12.5%	0.0%	-12.5%	0.0%	-12.5%	0.0%		
Solar Facilities (Ripley)	8.5%	21.0%	8.5%	21.0%	8.5%	21.0%		
Solar Facilities (Seven Stars)	3.4%	15.9%	3.4%	15.9%	3.4%	15.9%		
Solar Facilities (St Peters)	-3.0%	9.5%	-3.0%	9.5%	-3.0%	9.5%		
Solar Facilities (Tarelton)	1.4%	13.9%	1.4%	13.9%	1.4%	13.9%		
South Ribble Borough Council	6.8%	19.3%	7.8%	20.3%	8.8%	21.3%		
South Ribble Community Leisure Ltd	10.4%	22.9%	10.4%	22.9%	10.4%	22.9%		
St Anne's on Sea Town Council	-1.4%	11.1%	-1.4%	11.1%	-1.4%	11.1%		
Surestart Hyndburn	-2.0%	10.5%	-1.0%	11.5%	-0.1%	12.4%		
Twin Valley Homes Ltd	3.8%	16.3%	3.8%	16.3%	3.8%	16.3%		
University of Central Lancashire	1.6%	14.1%	1.6%	14.1%	1.6%	14.1%		
University of Cumbria (was St Martins College)	1.5%	14.0%	1.5%	14.0%	1.5%	14.0%		
Vita Lend Lease BSF ICT	0.2%	12.7%	0.2%	12.7%	0.2%	12.7%		
Vita Lend Lease Ltd	1.3%	13.8%	1.3%	13.8%	1.3%	13.8%		
West Lancashire Borough Council	7.5%	20.0%	7.5%	20.0%	7.5%	20.0%		
West Lancashire Community Leisure Ltd	-0.5%	12.0%	-0.5%	12.0%	-0.5%	12.0%		
Whitworth Town Council	3.6%	16.1%	3.6%	16.1%	3.6%	16.1%		
Wyre Borough Council	12.6%	25.1%	12.6%	25.1%	12.6%	25.1%		
Wyre Housing Association	57.8%	70.3%	57.8%	70.3%	57.8%	70.3%		

Other interested bodies with no pensionable employees

Former Employers	Proportion of Pension Increases to be Recharged %
Alzheimer's Society	See notes
Barnoldswick Town Council	See notes
Blackpool & Fylde Mind Association	See notes
Blackpool & Fylde Society for the Deaf	100
Blackpool Town Centre Forum Ltd	See notes
Bulloughs (St Albans)	See notes
Burnley & Pendle Development Association	100
Burton Manor Residential College	100
Carden Croft Ltd	See notes
Community Alliance (Burnley & Padiham) Ltd	See notes
CSB Contract Services	See notes
Elm House Management Committee	See notes
Ex Department of Transport	100
Ex National Health Service	100
Ex National Water Council	100
Fylde Coast Development Association	100
Lancashire South East Probation Committee	100
Lancashire Valuation Tribunal	See notes
New Directions	See notes
Preston Vision Ltd	See notes
Salmesbury & Cuerdale Parish Council	See notes
Skelmersdale College	See notes
Spastics Society	100

Note:

Members of the Fund employed by Skelmersdale College have transferred to membership of the Tyne and Wear Fund, and so a bulk transfer payment will be required. Any residual funding shortfall in the LCPF after the transfer payment should then be recovered from the College.

For the remaining employers listed as "see notes" above further calculations are required in connection with them ceasing to participate in the Fund. Further details for these employers will be notified in due course.

Argentina	Mexico
Australia	Netherlands
Austria	New Zealand
Belgium	Norway
Brazil	Philippines
Canada	Poland
Chile	Portugal
China	Saudi Arabia
Colombia	Singapore
Czech Republic	South Korea
Denmark	Spain
Finland	Sweden
France	Switzerland
Germany	Taiwan
Hong Kong	Thailand
India	Turkey
Indonesia	United Arab Emirates
Ireland	United Kingdom
Italy	United States
Japan	Venezuela
Malaysia	

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