

KNIGHT REVIEW: ADMINISTRATION OF FIREFIGHTERS' PENSIONS

Issue

- In his independent review, Sir Ken Knight questioned whether each fire and rescue authority could do more to share support functions. In particular, he identified that there could be an opportunity for authorities to combine their pension administration services to reduce cost, and authorities should investigate this further.

Recommendation

- That the Committee:
 - considers the opportunity identified in the Knight Review, and
 - agrees to set up a working group to establish the extent to which fire and rescue authorities currently share pension administration services, and the scope for further, potential efficiencies.

Background

- Sir Ken Knight identified that Lord Hutton found clear evidence that the administration of pension schemes can benefit from economies of scale, particularly where schemes were below 100,000 members. Across both firefighters' pension schemes there are 37,000 active members, 38,000 pensioner members and 4,400 deferred members. Sir Ken Knight identified that there could be an opportunity for authorities to combine their operations to reduce costs.

Call for evidence on the future structure of the Local Government Pension Scheme.

- The Government has launched a call for evidence¹ into ways of significantly reducing the costs of the Local Government Pension Scheme by increasing fund co-operation, transparency and accountability to taxpayers. One of the secondary objectives of the call for evidence over structural reform is 'to improve the cost effectiveness of administration.'

Working group

- It is proposed that a working group should be set up to consider current practice in fire and rescue authorities, to establish whether there may be some scope for efficiencies in pensions administration, and the underpinning evidence. Nominees will be sought from both within and outside the Committee.
- The Government will be responding to the Knight Review in the autumn and the intention would be for the working group will be able to submit its findings ahead of the Government's response.

¹https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/208114/LGPS_Call_for_evidence.pdf.