Welsh Parliament
Local Government and Housing Committee

Report on the Legislative Consent Memorandum for the Pension Schemes Bill

September 2025

1. Background

1. The Pension Schemes Bill ("the Bill") was introduced in the House of Commons on 5 June 2025. The Bill had its first reading in the House of Commons on 5 June 2025 and its second reading on 7 July 2025. The Department for Work and Pensions is sponsoring the Bill.

2. The long title of the Bill states that it is a Bill to:

> *"Make provision about pension schemes; and for connected purposes."*[1]

3. Standing Order 29.1 provides that the Welsh Ministers must lay a Legislative Consent Memorandum ("LCM") where a UK Bill makes provision "in relation to Wales that has regard to devolved matters."[2]

4. Jayne Bryant MS, Cabinet Secretary for Housing and Local Government, laid a Legislative Consent Memorandum on 26 June 2025 ("the LCM").[3]

5. On 1 July 2025, the Business Committee referred the LCM to the Local Government and Housing Committee ("the Committee") and the Legislation,

[1] UK Parliament, Pension Schemes Bill
[2] Welsh Parliament, Standing Orders of the Welsh Parliament, January 2025
[3] Welsh Government, Legislative Consent Memorandum on the Pension Schemes Bill.

Justice and Constitution Committee for consideration with a reporting deadline of 3 October 2025.[4]

2. The LCM

6. The Bill generally aims to strengthen pension investment through better outcomes and greater value in private-sector pension schemes, increasing the amount available to members of such schemes. The Bill provides for consolidation in the pensions market and focuses on value and outcomes for members and enables pension schemes to invest in a wider range of assets.

7. The relevant provisions for the purpose of this LCM are contained in Chapter 1 of Part 1 of the Bill, which will enable reforms to investment management in the Local Government Pension Scheme ("LGPS") in England and Wales. The aim of these reforms is to ensure that the management of LGPS investments delivers the full benefits of scale, including greater expertise, better value for money and improved resilience.

8. The policy intention is for the scheme regulations to set out the division of responsibility between the administering authorities and the asset pool companies, such that administering authorities will remain responsible for setting an investment strategy for their fund, and the asset pool companies will be responsible for implementing that investment strategy.

9. The LCM states that the Welsh Government consider that clauses 1, 2, 4 and 5 of the Bill require the Senedd's consent. According to the LCM, the UK Government agrees with this assessment.[5]

10. Paragraph 20 of the LCM states that:

> *"All measures in the Bill apply to Wales and relate to the reserved matters of personal and occupational pensions."*

That paragraph indicates that consent is sought because those clauses

[4] Welsh Parliament, Timetable for consideration: Legislation Consent Memorandum on the Pension Scheme Bill, July 2025
[5] Welsh Government, Legislative Consent Memorandum on the Pension Schemes Bill

> *"modify an existing function conferred on a Devolved Welsh Authority".*[6]

11. The LGPS is locally administered by 86 administering authorities ("AAs"), 8 of which are local authorities in Wales (which have collectively formed the Wales Pension Partnership). The measures in Chapter 1 of Part 1 of the Bill enable the Secretary of State to make regulations which would have the effect of modifying the functions of these 8 local authorities in relation to the LGPS.

Provisions for which consent is sought

12. The consent of the Senedd is being sought for the following clauses:

13. **Clause 1** allows scheme regulations to include provisions relating to the use of asset pool companies in the LGPS and the participation of AAs in those companies. It also permits the Secretary of State to issue directions and guidance in relation to the AAs and use of asset pool companies.

14. **Clause 2** requires those scheme regulations to make provision about asset management in the LGPS. This includes setting out the respective roles of AAs and asset pool companies and implementing an investment strategy for LGPS funds and assets. Regulations will require that AAs in Wales co-operate with Corporate Joint Committees, to identify and develop investment opportunities.

15. **Clause 4** provides that scheme regulations may make provision relating to governance reviews of AAs. This also enables the Secretary of State to issue guidance regarding such reviews and how they may respond to such a review.

16. The Public Service Pensions Act 2013 ("PSPA 2013") confers powers on the Secretary of State to make regulations about the administration, management and winding-up of any pension funds. **Clause 5** amends Schedule 3 of the PSPA 2013 to clarify that, in the case of the LGPS, the Secretary of State's powers also include the power to make regulations about the merger of two or more LGPS pension funds.

17. Paragraph 19 of the LCM states that the remaining clauses of Chapter 1 of Part 1 of the Bill (Clauses 3, 6 and 7):

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[6] Welsh Government, Legislative Consent Memorandum on the Pension Schemes Bill, Paragraph 20

> *"do not make provisions which confer, modify, or remove any function of the AAs including the 8 which are in Wales".*[7]

Delegated powers

18. As stated in paragraph 14 of the LCM:

> *"Clauses 1, 2, 4 and 5 of the Bill do not in themselves confer, remove, or modify a function of the AAs but they provide the Secretary of State with powers through Scheme Regulations to modify the way in which these bodies operate in relation to the LGPS."* [8]

19. There are no delegated powers for the Welsh Ministers in the Bill.

Reasons for making these provisions for Wales

20. In paragraphs 21 and 22 of the LCM, the Cabinet Secretary states that:

> *"21. The Wales Pension Partnership is a well-established pension pool which has been working to bring the benefits of scale to the local government pension scheme arrangement in Wales for many years. The UK Government's proposed legislation will enable the continued development of a specific Wales pool and further strengthen the benefits of scale, including greater expertise, better value for money and improved resilience.*
>
> *22. This Bill deals with reserved matters but in doing so confers powers on the Secretary of State which will enable them to modify the functions of Devolved Welsh Authorities, thus makes provision with regard to devolved matters. For this reason, this UK Bill enables the policy objectives to be most effectively achieved, and it is in the best interests of Wales to take provisions in this Bill."*[9]

[7] Welsh Government, Legislative Consent Memorandum on the Pension Schemes Bill, paragraph 19
[8] Welsh Government, Legislative Consent Memorandum on the Pension Schemes Bill, paragraph 14
[9] Welsh Government, Legislative Consent Memorandum on the Pension Schemes Bill, paragraphs 21-22

21. The LCM indicates that the UK Government has engaged with the Welsh Government in relation to the provisions concerning the LGPS by writing to Welsh Ministers in advance of consultation to set out their proposals and following consultation to confirm those intentions.

Financial implications

22. At paragraph 23 of the LCM, the Cabinet Secretary asserts that:

> *"The financial implications for AAs [administering authorities] arising from these provisions will fall to be met from their LGPS Funds."*[10]

Welsh Government's view

23. In paragraph 24 of the LCM, the Cabinet Secretary recommends that the Senedd gives its consent:

> *"In my view, it is appropriate for the provisions in this UK Bill to modify the functions of Devolved Welsh Authorities. This is because they create powers which will enable the Secretary of State to modify functions of the Devolved Welsh Authorities solely in relation to the LGPS. These powers will enable the Wales pension pool to continue to develop and to take advantages of the benefits of scale including greater expertise, resilience, and better value for money. Therefore, I recommend that the Senedd supports the proposals and gives its consent".*[11]

3. Our view

24. We considered the LCM at our meeting on 17 July 2025.

25. We recommend the Senedd should grant its consent in relation to the relevant provisions of the Pension Schemes Bill.

Recommendation 1. The Senedd should grant its consent for the UK Government to legislate on the relevant provisions of the Pension Schemes Bill.

[10] Welsh Government, Legislative Consent Memorandum on the Pension Schemes Bill, paragraph 23
[11] Welsh Government, Legislative Consent Memorandum on the Pension Schemes Bill, paragraph 24