

LEGISLATIVE CONSENT MEMORANDUM

The Pension Schemes Bill

1. This legislative consent memorandum is laid under Standing Order (“SO”) 29.2. SO29 prescribes that a legislative consent memorandum must be laid, and a legislative consent motion may be tabled, before Senedd Cymru if a UK Parliamentary Bill makes provision in relation to Wales that has regards to devolved matters.
2. The Pension Schemes Bill was introduced in the House of Commons on 5 June 2025. The Bill can be found at: [240255en Pension Schemes Bill.pdf](#). Part 1, Chapter 1 of the Bill relates to the Local Government Pension Scheme.

Policy Objective(s)

3. The UK Government’s stated policy objectives are set out in the overview of the Explanatory Notes prepared for introduction of the Bill. In brief:
 - The Pension Schemes Bill 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.
 - Chapter 1 of Part 1 of the Bill 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.

Summary of the Bill

4. The Bill is a cross-Government policy initiative sponsored by the Department for Work and Pensions (DWP) working with the Ministry for Housing and Local Government in respect of Chapter 1 of Part 1 of the Bill.
5. The key provisions of the Bill cover:
 - A range of measures to strengthen pension investment in relation to private-sector pension 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.
 - In Chapter 1 of Part 1, reforms to investment management in the Local Government Pension Scheme (LGPS) in England and Wales in order to ensure that the management of LGPS investments delivers the full

benefits of scale, including greater expertise, better value for money and improved resilience.

6. The LGPS is locally administered by 86 administering authorities, eight of which are local authorities in Wales. 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 eight authorities in relation to the LGPS.
7. The UK Government has engaged with Welsh Government on Chapter 1 of Part 1 of the Bill i.e. the provisions relating to the LGPS. The UK Government wrote to Welsh Ministers in advance of consultation to set out the UK Government's proposals. The Welsh Government supports the UK Government's policy objectives.
8. The way in which the Bill seeks to achieve the policy intentions in respect of the LGPS as set out in Part 1 of Chapter 1, is by enabling the Secretary of State to make regulations about asset pool companies in the LGPS, setting conditions which must be met by such companies, obliging LGPS administering authorities (AA) to participate in an assets pool company, and that all LGPS investments must be managed by asset pool companies. The policy intention is for the scheme regulations (the LGPS) to set out the responsibility between AAs and the asset pool companies, namely that the AAs remain responsible for setting an investment strategy for their fund, and the asset pool companies be responsible for implementing that strategy. The provisions will also enable the Secretary of State to set out in regulations a requirement for LGPS AAs to work with strategic authorities (in Wales the Corporate Joint Committees), and to arrange and fund governance reviews.
9. Following consultation, the Minister for Pensions wrote on the 4th of June 2025 to me to confirm the UK Government's intention to introduce the Pension Schemes Bill and specifically the provisions in respect of the LGPS. This confirmed the expectation that the existing Wales Pension Partnership would remain the asset pool for Wales and that the pool would build into a standalone investment management company authorised by the FCA, which will manage 100 per cent of its partner funds' investments.

Provisions in the Bill for which consent is required.

10. I consider clauses 1, 2, 4 and 5 of the Bill modify functions exercisable by devolved Welsh authorities and therefore engage the legislative consent process in the Senedd Cymru.
11. Clauses 1 to 7 make provision in relation to scheme regulations relating to the LGPS for local government workers for England and Wales. Scheme regulations are defined as those made under section 1 of the Public Service Pensions Act 2013 (PSPA 2013). The scheme regulations for local government workers for England and Wales are the Local Government Pension Scheme Regulations 2013.

12. The LGPS is an occupational pension scheme. Occupational pensions are reserved by operation of paragraph 134 of Schedule 7A to the Government of Wales Act 2006 (GOWA) The regulation of occupational pensions, including the LGPS, is therefore reserved and not within the legislative competence of the Senedd. (For clarity, there is an exemption in paragraph 134 of Schedule 7A in relation to pension schemes for local authority members. The provisions of the Bill, however, relate to local authority employees and not members and so are not caught by the exemption to the reservation.)
13. The LGPS provides that certain devolved bodies in Wales (referred to as administering authorities (AA) or scheme managers), must maintain a pension fund for the scheme. Each body is responsible for managing and administering the Scheme for any person for whom it is the appropriate AA. These bodies are: Flintshire County Council, Carmarthenshire County Council, City and County of Cardiff, City and County of Swansea, Gwynedd Council, Powys County Council, Rhondda Cynon Taf County Borough Council and Torfaen County Borough Council. Local government is a generally devolved area, and county and county borough councils in Wales are Devolved Welsh Authorities (Schedule 9A to GoWA).
14. 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.
15. Clause 1 makes provisions about the use of asset pool companies. Currently the AAs in England and Wales participate in collective asset pools on a non-statutory basis. In Wales, the 8 Administering Authorities formed the Wales Pension Partnership. The clause allows for scheme regulations for the LGPS to include provision about asset pool companies and the participation of AAs in asset pool companies. Scheme Regulations under this power may, among other matters, specify things that AAs must do or must not do, and also allow the Secretary of State in prescribed circumstances to require an LGPS AA to participate, or cease to participate, in a particular asset pool. Scheme regulations may require AAs to participate in an asset pool company and for the assets they are responsible for to be managed by that asset pool company, and may also require AAs to take steps to ensure their asset pool company is authorised by the Financial Conduct Authority (FCA).
16. Clause 2 makes provision about Asset Management. It provides that where scheme regulations made under the Public Service Pensions Act 2013 (PSPA 2013) for the LGPS make provision about asset pool companies, they must include provision about the management of LGPS funds and assets. This includes a requirement that each AA sets, publishes and maintains an investment strategy and that the funds it is responsible for are held by the asset pool company in which it participates and are properly managed accordingly. It allows provision to be made in scheme regulations regarding the sources of advice a scheme manager (i.e. the AAs) may or must use to formulate its investment strategy and what may or must be covered by that strategy. It requires that AAs cooperate with strategic authorities which in

Wales means with the Corporate Joint Committees, to identify and develop investment opportunities.

17. Clause 4 provides that scheme regulations for the LGPS for England and Wales may include provision for governance reviews to be carried out of individual AAs on a periodic or ad hoc basis, as well as for the Secretary of State to issue guidance regarding such reviews and how they may respond to such a review. It therefore enables the Secretary of State to confer a function on AAs to arrange and fund periodic or ad hoc governance reviews.
18. Clause 5 makes provision about the merger of funds. It amends Schedule 3 to the PSPA 2013 to clarify that the Secretary of State's powers to make regulations about the administration, management and winding-up of any pension funds. This power enables the Secretary of State to merge two or more pension funds, including a compulsory merger. This would have the effect of requiring only one AA where there had been two or more, therefore removing functions from a Devolved Welsh Authority if funds were merged.
19. For completeness, Clauses 3, 6 and 7 do not make provisions which confer, modify, or remove any function of the AAs including the 8 which are in Wales.

UK Government view on the need for consent

20. The UK Government's view is set out in paragraph 46 of the Explanatory Notes to the Bill on introduction. All measures in the Bill apply to Wales and relate to the reserved matters of personal and occupational pensions. However, the UK Government's view is that the LGPS provisions, specifically clauses 1,2, 4 and 5, modify functions exercisable by Devolved Welsh Authorities and therefore engage the legislative consent process in the Senedd Cymru. I agree with this assessment.

Reason for making these provisions for Wales in the Pension Schemes Bill

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.

Financial implications

23. The financial implications for AAs arising from these provisions will fall to be met from their LGPS Funds.

Conclusion

24. 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.

Jayne Bryant MS
Cabinet Secretary for Housing and Local Government
26 June 2025