

SUPPLEMENTARY LEGISLATIVE CONSENT MEMORANDUM (MEMORANDUM NO 2)

The Pension Schemes Bill

1. This legislative consent memorandum (LCM) is laid under Standing Order (“SO”) 29.2. SO29 prescribes that an LCM must be laid, and a legislative consent motion may be tabled, before Senedd Cymru if a UK Parliamentary Bill makes relevant provision in relation to Wales which has regard to devolved matters.
2. The Pension Schemes Bill was introduced in the House of Commons on 5 June 2025. The Bill as brought from the Commons to the House of Lords can be found at: [Pension Schemes Bill](#). Part 1, Chapter 1 of the Bill relates to the Local Government Pension Scheme (LGPS).
3. I laid an LCM on 26 June 2025: [lcm-ld17261-en.pdf](#).

Policy objectives

4. 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

5. A summary of the Bill was provided in the LCM above which remains accurate.

Update on Position since the LCM was laid on 26th June 2025

6. Government amendments were tabled on 1 December 2025. One amendment has been assessed as having regard to devolved matters and thus requires the consent of the Senedd.
7. There are a further seven amendments which relate to the “administering authorities” of the LGPS including those in Wales. These make technical amendments to clauses which were the subject of the first Legislative Consent Memorandum. Whilst these clauses do not make relevant provision for the first time, I am bringing them to the attention of the Senedd for transparency.

Provisions tabled by the UK Government to the Bill for consideration at Lords Report stage on 1 December 2025 for which consent is not required

8. The eight administering authorities of the LGPS are devolved Welsh authorities.
9. The Local Government Pension Scheme Regulations 2013 provide that administering authorities, listed in Part 1 of Schedule 3, must maintain a pension fund for the scheme.¹ They are responsible for managing and administering the Scheme for its area. Schedule 3 sets out that Flintshire County Council, Carmarthenshire County Council, County Council of the City and County of Cardiff, City and County of Swansea Council, Gwynedd County Council, Powys County Council, Rhondda Cynon Taf County Borough Council and Torfaen County Borough Council are administering authorities. The administering authorities are also referred to as 'scheme managers'. Local government is a generally devolved area, and county councils and county borough councils in Wales are devolved Welsh authorities (Schedule 9A to the Government of Wales Act 2006).
10. The following UK Government amendments do not confer, remove or modify a function of devolved Welsh authorities. They do not change the position as set out in the LCM laid on 26 June 2025.
11. The amendments enable powers to be exercised by Scottish Ministers in respect of the LGPS in Scotland, remove reference to 'for England and Wales' and substitute 'Secretary of State' with 'responsible authority', provide a definition of 'responsible authority' and correct a clause number. These amendments are in clauses 1, 2, 5 (previously clause 4) and 6 (previously clause 5).

Clause 1: Asset Pool Companies

12. The original clause contains provisions relating to the use of asset pool companies in pension schemes for local government workers in England and Wales (currently the LGPS). The amendments insert a power for the 'responsible authority' (the Secretary of State for England and Wales) to direct an asset pool company to take steps in relation to a direction to a scheme manager to participate or cease to participate in an asset pool company. They provide that the responsible authority must consult when giving a direction or issuing guidance in relation to participation in an asset pool company. They make amendments to the definition of an 'asset pool company' so that such a company must be limited by shares held by scheme managers only and registered in any part of the UK, and the main purposes need not be the only purposes of the company.

Clause 2 Asset Management

13. The original clause provides that, where scheme regulations made under the Public Service Pensions Act 2013 for the LGPS make provision about asset pool companies, they must include provision about the management of LGPS funds and assets. The further amendment excludes the Environment Agency from the requirement to cooperate with the strategic authority whose area covers the area

¹ Regulation 53 of the Local Government Pension Scheme Regulations 2013

of the scheme manager (because the Environment Agency's area is the whole of England and the provision does not work for it).

Clause 3: Additional powers for Certain Scheme Managers

14. This new clause enables the responsible authority (the Secretary of State for England and Wales) to include in scheme regulations provision which confers on a scheme manager (in relation to carrying out its functions as a scheme manager) any specified power(s) of a local authority under Part 6 of the Local Government Act 1972 (these provisions relate to discharge of a local authority's functions), and provision which confers on a scheme manager power to provide any administrative, professional or technical service for another scheme manager. This is to enable powers to be conferred on those LGPS administering authorities in England and Wales that do not have the full suite of local authority powers (such as stand-alone pension authorities) in order to bring their powers into line with those that can be exercised by others. The insertion of this clause changes the numbering of the clauses on which consent is sought under the LCM of 26 June 2025 ([lcm-ld17261-en.pdf](#)) to 1,2,5 and 6.

Provision tabled by the UK Government to the Bill for consideration at Lords Report stage on 1 December 2025 for which consent is required

15. The UK Government amendment to clause 4 is considered to confer a function on the Welsh Ministers as an 'appropriate authority' under the Procurement Act 2023.
16. A clause entitled 'exemption from public procurement rules' was previously clause 3. The effect of the amendments is to omit the original clause 3 and replace it with a new provision. The new provision, now at clause 4, inserts paragraph 2A into Schedule 2 to the Procurement Act 2023 ("the 2023 Act"). Schedule 2 sets out contracts that are not public contracts (ie are exempted) for the purposes of that Act. This clause amends the Procurement Act 2023 to ensure that contracts between LGPS administering authorities and their LGPS asset pools in England and Wales to conduct investment management activities fall within the scope of the Act's vertical arrangements exemptions. The vertical arrangements exemption allows certain contracts to be awarded without running a procurement where the relationship is effectively "in-house". The exemption confers a power on the 'appropriate authority' to make regulations to make provision about how calculation as to the percentage of activities carried out by an asset pool company is to be made for the purposes of the condition in sub-paragraph (2)(a) of the exemption. Any such regulations would be subject to the Senedd approval procedure.

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

17. 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.

18. 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 and thus makes provision with regard to devolved matters. The Bill makes further provision with regard to devolved matters as it confers a function on the Welsh Ministers directly as the 'appropriate authority' under the 2023 Act. 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.

UK Government view on the need for consent

19. The UK Government has not identified any provisions laid on 1 December as requiring the Senedd's consent.

Welsh Government View

20. In my view, the stronger argument is that clause 4 confers a function on the Welsh Ministers to make regulations as the 'appropriate authority' under the 2023 Act in relation to the specific LGPS vertical exemption inserted into that Act, and is considered to have regard to devolved matters.

Conclusion

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. I am supportive of the Bill and therefore, I recommend the Senedd supports the proposals and gives its consent.

Jayne Bryant MS
Cabinet Secretary for Housing and Local Government
12 February 2026