

# Legislative Consent Memorandum

## Pension Schemes Bill

### Background

1. This memorandum has been lodged by Shona Robison MSP, Cabinet Secretary for Finance and Local Government, in accordance with Rule 9B.3.1(c) of the Parliament's Standing Orders.
2. The Pension Schemes Bill was introduced by the UK Government in the House of Commons on 5 June 2025. The Bill is available on the UK Parliament website: [Pension Schemes Bill - Parliamentary Bills - UK Parliament](#).

### Content of the Bill

3. The Bill contains provisions that will bring significant changes to different kinds of pension schemes. It consolidates Local Government Pension Scheme funds in England and Wales (LGPS(E&W)) into six larger funds and provides for the management and governance of those funds. In respect of other types of pension schemes, the Bill will allow trustees of well-funded defined benefit occupational pension schemes to return surplus funds to employers, and it makes changes to defined contribution schemes, requiring value for money, the consolidation of individuals' small pension pots, and sets a minimum size for multi-employer schemes to create "megafunds". Other miscellaneous provisions alter the legal standing of the Pensions Ombudsman and make changes relating to the Pension Protection Fund.
4. This memorandum relates to the provisions intended for the LGPS(E&W). As originally drafted, the Bill granted powers to the Secretary of State to make regulations for the LGPS(E&W) in relation to these matters. The LGPS(E&W) is governed by regulations separately to the Scottish Local Government Pension Scheme (LGPS(S)), although they are both made under powers derived from the Public Service Pensions Act 2013 (the 2013 Act). The 2013 Act introduced reforms to eight major public service pensions schemes. Powers to make scheme regulations rest with the "responsible authority", being the relevant Secretary of State for the UK Government or, for the five executive devolved schemes in Scotland, the Scottish Ministers.
5. Following [amendments tabled at the Committee stage](#) on 1 September 2025, certain clauses contained in Chapter 1 of Part 1 now extend to the LGPS(S). The UK Government agreed to make these changes following exchanges between the Scottish Ministers and the UK Government, in which it was agreed that maintaining the parity of powers for the respective regulation-making authorities in the UK was desirable. The Bill, as amended, therefore alters the executive competence of the Scottish Ministers.

## Provisions which require the consent of the Scottish Parliament

6. A number of amendments were agreed in the House of Commons on 4 September 2025, affecting Clauses 1, 2, 4 and 7. The amendments to Clauses 1, 2 and 4 alter the executive competence of the Scottish Ministers. Consent is not required for Clause 7, which sets out an interpretation of terms used in the Chapter. This is the position of both the UK and Scottish Governments.

7. The scope of matters for which responsible authorities may make regulations are set out in Schedule 3 to the 2013 Act. These cover general matters such as benefits, membership eligibility and contributions. Paragraph 11 relates to schemes that have pension funds, specifically the LGPS(E&W) and LGPS(S), and provides for regulations to cover administration, management and winding up of any pension funds. To provide for the more fundamental structural changes of fund consolidation and associated issues, the UK Government is introducing new powers for the LGPS responsible authorities in this Bill. As these will create additional powers for the Scottish Ministers, the consent of the Scottish Parliament is required. The amendments tabled and the clauses affected are:

- Amendments 7, 8, 9, 10, 11, 12 relate to Clause 1, which provides for the making of regulations defining and establishing asset pool companies to manage the funds and other assets of administering authorities of the LGPS. It permits responsible authorities to issue guidance to those companies and specify actions for administering authorities. It requires asset pool companies to be authorised by the Financial Conduct Authority;
- Amendments 16 and 17 relate to Clause 2, which makes provision for responsible authorities to make regulations in relation to fund management, setting out the responsibilities of administering authorities and asset pool companies in setting and implementing investment strategy; and
- Amendments 18, 20, 21, 22 and 23 were made to Clause 4, which relates to the governance of the LGPS funds, allowing for the making of regulations allowing for responsible authorities to issue guidance or require independent governance reviews.

## Reasons for recommending legislative consent

8. A draft motion seeking consent to the amendments to Clauses 1, 2 and 4 is included below. The provisions are being introduced by primary legislation as they are materially significant, and fundamental to the structure and functioning of the LGPS(E&W). The amendments made at the request of the Scottish Ministers ensure there remains parity of powers for the respective authorities responsible for making regulations to the LGPS in England and Wales and Scotland, and ensures that, should any related or equivalent changes be desirable to the LGPS(S) in future, they may be made by the Scottish Ministers, following consultation with stakeholders, without the need for further primary legislation in the UK Parliament.

## Consultation

9. The Bill introduces legislation on a matter reserved to the UK Parliament, and there has been no consultation undertaken by the Scottish Government.

## Financial implications

10. No financial implications are anticipated.

## Post-EU scrutiny

11. These provisions are not relevant to the Scottish Government's policy to maintain alignment with the EU.

## Conclusion

12. Although the policy approach being taken on asset pooling and fund consolidation differs between England and Wales and Scotland, the Scottish Government considers it desirable to maintain parity of powers for making regulations in related areas. The Scottish Government therefore recommends that the Scottish Parliament consents to these provisions.

## Draft motion on legislative consent

13. The draft motion, which will be lodged by the Cabinet Secretary for Finance and Local Government, is:

"That the Parliament agrees, in relation to the Pension Schemes Bill, introduced in the House of Commons on the 5 June 2025, and subsequently amended, that Clauses 1, 2 and 4 of Chapter 1 of Part 1, so far as these matters alter the executive competence of the Scottish Ministers, should be considered by the UK Parliament."

Scottish Government  
September 2025

This Legislative Consent Memorandum relates to the Pension Schemes Bill (UK Parliament legislation) and was lodged with the Scottish Parliament on 26 September 2025

# Pension Schemes Bill – Legislative Consent Memorandum

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