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Local Government, Housing and Planning Committee

Local Government, Housing and Planning Committee Report on the Legislative Consent Memorandum (LCM) on the Pension Schemes Bill



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Local Government, Housing and Planning Committee

To consider and report on matters relating to local government and planning falling within the responsibility of the Cabinet Secretary for Finance and Local Government, matters within the responsibility of the Cabinet Secretary for Housing, with the exception of matters related to homelessness and rough sleeping, fuel poverty, and welfare and debt advice services; and matters relating to local government boundaries, local governance review and democratic renewal.



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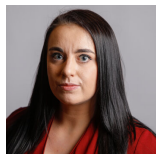
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Introduction

1. [The Pension Schemes Bill](#) was introduced by the Rt Hon Liz Kendall MP, who was then the Secretary of State for Work and Pensions, in the House of Commons on 5 June 2025.
2. 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.
3. [Legislative consent memorandum LCM-S6-65](#) was lodged on 26 September 2025 by Shona Robison MSP, Cabinet Secretary for Finance and Local Government, and it was referred to the Local Government, Housing and Planning Committee for scrutiny.¹
4. The draft legislative consent motion seeks the Scottish Parliament's consent to the UK Parliament legislating for Clauses:
 - 1 (Asset pool companies);
 - 2 (Asset management); and
 - 5ⁱ (Scheme manager governance reviews) of Chapter 1 of Part 1.
5. The LCM was referred to the Local Government, Housing and Planning Committee for consideration. In any report on an LCM, the lead committee's role is to consider whether it is appropriate that consent should be given to the UK Parliament legislating in areas that affect devolved legislative or executive competence. It should also highlight any policy issues that it considers the Parliament should be aware of before reaching a view on consent.

ⁱ Referred to as clause 4 in DPM and LCM.

The Bill

6. To provide for the more fundamental structural changes of fund consolidation and associated issues, the Bill introduces new powers for the authorities responsible for LGPSs.
7. As originally drafted, the Bill granted powers to the Secretary of State to make regulations for the LGPS(E&W). 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).
8. 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).
9. The UK Government agreed to make these changes following exchanges between the Scottish Ministers and the UK Government. 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.
10. The Bill, as amended, therefore alters the executive competence of the Scottish Ministers.

The LCM

11. The LCM provides an overview of the Bill and sets out the provisions for which the Scottish Government considers consent is required from the Scottish Parliament. The Scottish Government recommends that the Scottish Parliament consents to these provisions. An explanation of the provisions is set out below. The references are to the clauses as introduced.
12. **Clause 1:** Clause 1 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.
13. **Clause 2:** Clause 2 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.
14. **Clause 5 (referred to as clause 4 in DPM and LCM):** 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.

Overview of the Committee's scrutiny

15. The Committee sought views on the LCM from:
 - COSLA;
 - the Scottish Public Pensions Agency; and
 - eleven regional fund managers that manage the funds of the Local Government Pension Scheme in Scotland. ²
16. The Committee received eight responses which can be accessed at the following link and at Annexe A:

[Responses to the Committee's letter on Pension Schemes Bill LCM](#)
17. No respondents expressed concerns about the provisions of the Bill contained in the LCM and there was general support for maintaining parity of regulatory powers.
18. However, COSLA and some regional fund managers advised caution for the Scottish Government in exercising the new regulatory powers in a way that would follow the approach being taken on asset pooling and fund consolidation in England and Wales. In its submission, COSLA highlighted the need for careful examination of any proposals for broader changes to pension fund regulations and the limited transferability of policies implemented in England and Wales.

Delegated Powers and Law Reform Committee scrutiny

19. The Delegated Powers and Law Reform Committee of the Scottish Parliament has also considered the LCM and reported on [30 October 2025](#).
20. The Committee is content with the powers the Bill would confer on the Scottish Ministers in principle and is content with the parliamentary procedure applied.

Conclusions and recommendations

21. **The Committee recommends that the Scottish Parliament consents to the UK Parliament legislating for the relevant provisions in this Bill.**

Annexe A - Evidence

- [Letter from Tayside Pension Fund, 29 October 2025](#)
- [Letter from Scottish Borders Council Pension Fund, 5 November 2025](#)
- [Letter from Fife Pension Fund, 5 November 2025](#)
- [Letter from Highland Council Pension Fund, 6 November 2025](#)
- [Letter from North East Scotland Pension Fund, 7 November](#)
- [Letter from the Scottish Public Pensions Agency, 10 November 2025](#)
- [Letter from Strathclyde Pension Fund, 11 November 2025](#)
- [Letter from COSLA, 20 November 2025](#)

- 1 [Legislative consent memorandum on Pension Schemes Bill](#)
- 2 [Local Government, Housing and Planning Committee letter to COSLA, Scottish Public Pensions Agency and 11 regional fund managers that manage the funds of the Local Government, 10 October 2025](#)

