



9 April 2025

Dear Wales Pension Partnership,

LOCAL GOVERNMENT PENSION SCHEME (ENGLAND & WALES)

We are writing with regard to the Government's proposed reforms to the Local Government Pension Scheme in England and Wales (LGPS) and its approach to asset pooling as part of the Pensions Review.

In November, Government set out its proposed reforms in our *Fit for the Future* consultation with the aim of establishing a world-class LGPS made up of large pools of professionally managed capital, held to account by Administering Authorities who have confidence in robust and transparent governance structures and who are delivering the best value to members and their communities. We want to see strong and resilient foundations for a scheme projected to reach £1tn by 2040 and have been clear that this is the moment for creative and collaborative proposals to that end.

Government wrote to each pool, asking for transition proposals setting out how they would seek to achieve the minimum standards proposed in the consultation by March 2026, focusing on the benefits of scale, long-term resilience, value for money and viability against the deadline, with consideration given to the opportunity for closer collaboration across the scheme and merger of pools. We recognise how significant an undertaking this has been for each pool in a short space of time and thank you for the spirit in which you have participated in this process and for your close engagement throughout. Your submission and engagement have formed a critical part of our assessment of the viability and strength of the proposals set out in the consultation. Government has considered the responses to the consultation and is currently preparing next steps, including our consultation response and the implementation of the reforms via legislation.

We have reviewed your proposal and are supportive of you proceeding as you have set out, and in line with the March 2026 deadline. Your proposal meets the above criteria as well as the overall ambition that was set out in the Government's consultation to put the LGPS on the strongest possible footing for the future. It is clear Wales Pension Partnership has embraced the ambition to create a standalone LGPS investment company to deliver for your eight partner Authorities and for the benefit of Wales as whole. We also note the WPP ambition to become a leader on local and impact investing within the scheme, as part of your 5-year plan.

For your awareness, we have concluded that the proposals from some pools do not meet the requirements set out by Government. The partner Authorities of those pools should now seek to join another pool and we have asked them for in-principle decisions to join a different pool by 30 September 2025.

Our officials stand ready to support you throughout the period to the March 2026 deadline for meeting the minimum standards for pooling and will check in with you regularly. We look forward to seeing your continued progress towards establishing world-class investment management for the LGPS, protecting its long-term sustainability and acting in the interests of members, employers and local taxpayers.



TORSTEN BELL MP

Minister for Pensions



JIM MCMAHON OBE MP

Minister for Local Government