

Jayne Bryant AS/MS
Ysgrifennydd y Cabinet dros Lywodraeth Leol a Thai
Cabinet Secretary for Housing and Local Government



Llywodraeth Cymru
Welsh Government

2 May 2025

Dear Carolyn,

Thank you for your letter of 28 March to the Cabinet Secretary for Finance and Welsh Language about Petition P-06-1522 – “Convene a summit to accelerate sustainable and ethical investment by public sector pensions”. I am replying given my responsibilities for local government. It is important to note at the outset that Pensions remain a reserved matter and decisions on the local government pension scheme are reserved to UK Government. I have no powers in relation to the scheme or its operation.

However, I thought it would be helpful to provide some information on matters relevant to the Welsh Government.

Our Programme for Government emphasises creating a "stronger, greener, fairer Wales" with a focus on tackling climate change and achieving Net Zero by 2050. There is clearly an important role here for pension and other investors to invest in climate positive actions and to support the Welsh economy.

I and my predecessors have discussed this with Leaders and Pension Authority Members. This has included discussion at the Local Government Partnership Council with elected Leaders when the Chair of the Wales Pension Partnership presented on the steps the Pool was taking to increase opportunities to invest in climate positive investments and to take account of the risks posed by investing in fossil fuel related funds.

Subsequently, WLGA, together with Friends of the Earth, facilitated an event to further build on conversations across Wales on the decarbonising of pension funds. Elected Members and officers attended. The event was chaired by the then Chair of the Wales Pension Partnership Governance Committee and included guest speakers from the Good Economy, Leeds University Business School and the Swansea Pension Fund. These expert speakers shared their experience of moving towards a sustainable pension before plenary discussions on the challenges to decarbonising pensions and how to overcome these.

While discussions in this event acknowledged that the funds had to ensure they could meet the pension requirements of their members, there was general agreement on the potential for funds to also support expansion of sectors that generated a return while contributing positively towards net zero goals. Affordable housing, targeted SME finance, clean energy and natural capital were all identified as examples that have such potential.

As the petition notes, the UK Government last year launched a review of pensions intended to boost investment, including investment in local economies and in the UK, increasing the size of investment funds and tackling waste and duplication in the pensions system. These are, of course, objectives which the Welsh Government fully supports.

As part of its pensions reform programme, the UK Government ran a consultation on a package of proposed reforms to the structure, investments and governance of the Local Government Pension Scheme (LGPS) from 14 November to 16 January.

It is important that the arrangements for the LGPS are not set too narrowly so as to allow pensions authorities the ability to retain, develop and deliver on their responsible investment policies. The Welsh Government has been a strong supporter of the creation of the Wales Pension Partnership (or "Welsh Pool") which predated the wider pooling arrangements in the LGPS.

I understand that the UK Government is currently considering responses to the consultations it has run. As part of the consultation process, the Welsh Government was provided with advanced sight of the proposals, as well as reassurance that the UK Government recognises the benefits of a single Welsh LGPS pool, in which partner funds will have a mutual interest in investing in the Welsh economy, including in sustainable investments. It is my understanding that this is also part of the feedback to the consultation provided by relevant Welsh stakeholders.

I hope this information is helpful. We await the outcome of the UK Government's consultations and will of course consider carefully how any changes will affect Wales.

Yours sincerely,

A handwritten signature in black ink that reads "Jayne Bryant". The signature is written in a cursive, flowing style.

Jayne Bryant AS/MS

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