

Getting the green light



✓ **Wales Pension Partnership (WPP) representative, Anthony Parnell, discusses the WPP's plans to establish a new FCA-regulated investment management company, and how the pool is looking to inject further funds into the Welsh economy**

The focus on Local Government Pension Scheme (LGPS) pools has been growing in recent years, having been one of the main focuses of the government's recent Pension Investment Review.

As part of this review, the government consulted on, and has since confirmed, plans to consolidate the LGPS assets that are currently split over 86 administering authorities into six pools.

The government had already begun to communicate its plans for LGPS reforms ahead of the final report, as six of the eight LGPS pools were given the greenlight on

their pooling plans, including the Wales Pension Partnership (WPP).

Speaking to *Pensions Age*, WPP representative and pensions manager for Carmarthenshire County Council, host authority for the pool, Anthony Parnell, confirmed that the group's submission had been accepted, with the Pensions Minister, Torsten Bell, writing to the pool to confirm that the proposals had met the government's criteria and overall ambition.

In an extract of the letter seen by *Pensions Age*, the Minister wrote: "It is clear WPP 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."

And Parnell says that the pool was "really pleased to get the greenlight" from the government, arguing that this represents "an evolution really of [the pool's] current model".

"It's all systems go now for us to set up our own investment management company," he says, continuing: "We're currently engaging with the Financial

Conduct Authority (FCA) regarding the application, which will be submitted towards the end of September.

"So we haven't been established yet as a regulated vehicle, but we are still on target to meet the government deadline of setting the company up by March 2026."

This is made easier since it is a continuation of the work the pool was already working on.

"We're not starting with a blank sheet of paper," Parnell explains, emphasising that the group already had much of the foundations, such as its pool operator, Waystone, and its investment manager, Russell Investments in place since 2017.

"So this is the next evolution, which we had already said in 2016 to government that we would potentially look to build ourselves anyway."

Instead of creating a new stream of work entirely, the government's recent proposals have sharpened the WPP's focus, as Parnell says that it has given the pool a specific deadline to work towards.

"It is a tight timeline," he acknowledges, emphasising however, that the pool is "working really hard to meet it".

"It is a challenging timeline, but it has given us the opportunity to put real focus on that work," he adds.

And progress is already being made, as whilst WPP previously announced in March 2024 that around 74 per cent (£18.5 billion) of its assets had already been pooled, Parnell says that this proportion is now closer to 80 per cent.

This is primarily due to further investments in private markets, as Parnell explains: "We have now basically set up and have launched nearly all our private market offerings – private credit, infrastructure, private equity have all launched, and we're just finalising the

legal terms for the real estate funds with Schroders and CBRE.

“These final components are due for launch late summer, probably September,” meaning that the pool will be able to increase its real estate focus in future too.

And the pool has already begun to make investments that show its commitment to supporting local and productive finance, as hoped for by the government.

In particular, the WPP recently announced that it had made a £6.5 million investment for the redevelopment of a coal fired power station into a sustainable energy site, creating 300 new full-time jobs during construction driving economic growth and prosperity for the community.

The site, once a coal fired power station, is being repurposed to provide up to 460 megawatt hours of electricity storage capacity for the National Grid and bring a retired rail line back into service to deliver materials, saving nearly 8,400 heavy good vehicles from the local road network.

The Department for Work and Pensions (DWP) said that the investment “embraces” the spirit of change the government has asked to see from LGPS pools, with the wider pooling process for the UK’s world-class LGPS set to conclude in March 2026.

The WPP confirmed at the time that

this is “one of many projects that we have in our investment pipeline and will be unveiling over the next 12 months”.

Indeed, Parnell points out that the pool has also recently done some affordable housing projects with Pluto Finance within Wales, alongside a recent investment in the Gresham House forestry project.

“We have also got some further projects on the table within our private credit and private equity offerings and infrastructure... so we’re gradually increasing our focus and investment in Wales,” he continues.

And all of these investments are also set to help support the pool’s environmental, social and governance (ESG) goals, as Parnell says that “the majority of the infrastructure projects we’d like to do have an ESG focus”.

“It’s not just the environment and the governance, but the social side is just as important,” he adds. “So we look at the community benefits of doing investments... whether it’s jobs, the community environment or wider things like that.

“So it’s really important when managers bring propositions to us that there is a community benefit to them.”

As part of this, WPP has committed to working with local businesses to invest in communities, as it looks to support growth in the Welsh economy in particular.

Parnell highlights the recent Investing in Wales event, sponsored by Schroders in partnership with the Development Bank of Wales, as the start of this work, suggesting that the pool is now “really gaining momentum working with businesses and communities across Wales to fulfil [its] objectives and to help grow the Welsh economy”.

He also stresses that different areas of Wales covered by the WPP were well represented at this event, confirming that there were organisations and companies from across Wales.

“So there’s no regional focus,” he emphasises, “we’re looking all across Wales”.

“We’re very keen to keep that local focus on Wales and keep the engagement at all levels really, even though setting up the investment management company will change the governance structure, we will still have these decision making and engagement with all the stakeholders stay in place – we’re keen to keep that going.”

But Parnell also emphasises that despite a focus on Wales, “local for the WPP means the UK”.

Indeed, the WPP’s Real Estate Investment proposition is set to feature a UK Core Real Estate pillar, as well as a Local/Impact Real Estate pillar, which will develop an investment programme utilising fund investments and direct asset investments in UK Impact strategies, with at least 50 per cent of assets located in Wales. This is alongside an international real estate pillar.

Whilst broader debates about whether the latest package of reforms will be enough to trigger the type of investment the government is looking for continues, Parnell says there is already an increasing role for pension funds in supporting economic growth. “I don’t see the current regime hindering us as pension funds... we’re quite happy with the direction we’re going, which can be seen by our increase in local investments,” he says.

Written by Sophie Smith

