



Independent  
Governance  
Group

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Dear Minister

I am writing on behalf of Independent Governance Group (IGG), to congratulate you on your recent appointment as Minister for Pensions in both HM Treasury and the Department of Work and Pensions.

IGG is the UK's leading provider of professional pensions trusteeship, scheme secretarial, pensions managerial and governance services. We are appointed as professional trustee to schemes of all types and sizes, ranging in asset size from the low millions through to multi-billion-pound funds, including master trusts. In total, the assets we hold across all our appointments exceeds £320bn.

We welcome the Government's continued interest in the material role pensions capital can play in preparing people for their retirement by delivering value to savers, while simultaneously driving investment in the UK economy. The golden thread which links the two is trustees' fiduciary duty to the beneficiaries of the schemes we govern. Because of this, we support all measures that provide savers with the opportunity to grow larger, more secure pension pots for their retirement through high quality investments.

In your new role, we look forward to working in partnership with you to deliver outcomes that are beneficial for the UK economy and savers. We would encourage the Government to ensure the right balance is achieved with its proposed measures to consolidate and drive scale in the DC market. The key aim should be to deliver adequacy and good value, so that the Government's and savers' ambitions are realised. Scale does not necessarily drive better returns or changes in investment behaviour, so it is important that there is also a focus on ensuring a good supply of investible and sustainable assets, and the ability for the market to innovate and develop solutions that enhance value for savers.

Maximising investment returns is only one part of the equation in ensuring that DC savers retire with an adequate income and there are a growing number of people for whom that outcome is unachievable with current contribution rates. IGG believes it is crucial that the Government moves swiftly to the next stage of the Pension Review with a view to deliver a final report – and roadmap for the future for savers and the industry – at the earliest opportunity.

We would also urge the Government to focus on reforms to the rules regarding scheme surplus to incentivise greater levels of investment in UK businesses, which can be achieved within a shorter timeframe than the proposed DC measures. A reform of the rules would provide immediate opportunity for surpluses to be used in a more productive way for scheme members and UK sponsors. We are part of the UK DB Working Group that recently wrote to your predecessor and the Chancellor with detailed proposals for how this can be achieved.

We would welcome the opportunity to meet with you and your officials as you prepare for Phase 2 of the Pensions Review to share our insights and experience as the Government seeks to leverage the power of UK pension funds to invest in UK businesses and infrastructure and drive economic growth, and to ensure that the retirement outcomes for savers are also enhanced.

Kind regards,

Andrew Bradshaw  
CEO, Independent Governance Group  
cc. Kerstin Parker