

Make pension funds work for the UK

Published: January 13, 2026, 4:29 pm

The FT [ran a story a day or so ago with the headline](#):

PM accused of overlooking potential UK pension fund investment

To give a taste it began:

David Cameron is overlooking billions of potential investment held by British savers while asking foreign governments to put money into UK infrastructure , according to a major pension fund.

Sir Merrick Cockell, London Pensions Fund Authority deputy chairman, has urged the prime minister to help local government schemes spend money on major building projects.

Why's this important? Because, as the article notes, despite the chronic need for infrastructure investment in the UK and the fact that local authority pension funds have £178bn of funds under management they have invested just £330 million into UK infrastructure projects, and all of this into second-hand PFI schemes, which in effect means that they have not created a single new asset or job as a consequence.

This is absurd, and I am pleased Sir Merrick Cockell thinks so. Perhaps he should read the pamphlet I co-authored for NEF more than a decade ago now, called '[People's Pensions](#)', or the more recent '[Making Pensions Work](#)' in which I said (referring to the plan for auto-enrolment pensions, but with the observation much more widely applicable):

Lastly we recommend that if enforced saving is to be required by the government then that government has a duty to ensure that the funds so saved are invested for the common good. Pension fund performance over the last decade has been a history of almost perpetual loss making despite the enormous subsidies that pension fund tax relief has provided to the City of London and stock markets, all of which they have frittered away. Investment in local authority bonds for local regeneration, or in bonds or shares issued by a new Green Investment Bank and in hypothecated bonds e.g. to

provide alternative funding to replace the inefficiently expensive Private Finance Initiative for funding public sector infrastructure projects would have prevented those losses — because all of these would have paid positive returns to pension fund investors. It is for exactly this reason that we recommend that such assets be the basis for any new state pension fund in the future.

I stand by that observation and believe that pension funds could unlock massive potential in the UK economy. Instead George Osborne wants them to be frittered away. Isn't it obvious which is the wiser choice?

Please note that I am still not back to normal for work purposes as I am recovering from an operation to have my gall bladder removed. I am blogging occasionally but comment moderation may take a while. I'm definitely recovering and hope to be back to normal within a week or so.