

Putting pension funds to work for the UK economy

Published: January 13, 2026, 3:12 am

I am [delighted to see a new report out from Sheffield Political Economy Research Institute deputy director Dr Craig Berry](#) published today. As SPERI says of this report:

Pension funds are among the most important investors within UK capital markets. Understanding how and why they invest the way they do is vital to understanding how the economy might develop in coming decades — and in determining how radical transformation within the UK economy might be financed.

In this new think-piece for the International Longevity Centre-UK, SPERI's deputy director Dr Craig Berry surveys the evidence on pension fund investments, and recent developments in UK pensions provision, to consider the willingness and capacity among pension funds to reorient investment practice towards long term investments. The paper also evaluates recent coalition and Conservative government policies in this area, questioning whether policy has been sufficiently focused on challenging the most important barriers to investing for the long term.

Dr Berry recommends the establishment of national and local economic renewal funds to address these concerns. These would be funded by near-compulsory allocations by all workplace pension schemes. Any individual or firm would be able to bid to the fund for investment, into projects consistent with improving the productive capacity of the UK economy. He also advocates an enhanced role for the state in supporting pension funds to facilitate long term investment through its unrivalled capacity to hedge risks, including offering hypothecated investment bonds to institutional investors and providing annuities to 'defined contribution' savers.

I agree with this. [Indeed, I wrote this in 2010](#):

Pension reform to deliver real investment

We have to ensure that there is ongoing real investment, not in financial “innovation” but in real wealth creation and real infrastructure that underpins that wealth creation by the people of the UK. That can come from the type of reform of the UK pension system I have recommended in [‘Making Pensions Work’](#). **We must require**

that at least 25% of all the pension contributions made in the UK be invested — not saved — but invested in wealth creation opportunities in this country. If that is through that same national infrastructure bank, that's fine with me. If it is direct in new share issues by UK companies seeking to create new employment opportunities — and can prove that this is the case — then that's fine too. But in this way I am convinced a further £20 billion can be released for investment in the UK economy.

I am delighted to find a new supporter.