

# Government can't just ask pension funds to invest in ou...

/Blog/2023/10/19/government-cant-just-ask-pension-funds-to-invest-in-our-future-there-has-to-be-a

Published: January 12, 2026, 8:32 pm

---

As [the FT](#) has noted this morning:

*Pension funds are resisting a UK government push to invest up to £50bn in projects and business to support economic growth, saying the country is not an attractive enough destination for more of their capital.*

*Executives from the £1.3tn sector attending a conference in Manchester on Wednesday said funds looking to support the government's growth agenda amid high pressure on public finances were encountering myriad barriers.*

I am not especially surprised by this report. There are three reasons.

First, Jeremy Hunt wants funds to invest in companies. Early-stage companies are not suitable pension fund investments, in most cases

Second, there is no guarantee: that is absurd when what the government wants funds to do is provide substitute, off-balance-sheet, funding for the government.

Third, Jeremy Hunt was a typical cowardly politician when asking funds to invest. He asked, feebly. He did not require action. There will be none as a result.

As I have long argued, [pension funds could be an ideal source of funding](#) for the green transition that we need, but there are conditions attached to that suggestion.

First, the government has to create the investment opportunities.

Second, the opportunity has to have an income stream attached to it (which is not hard: it's either a rent, or a revenue e.g. from energy, or a lease from a government department).

Third, the opportunity has to be wrapped up in a bond with a government guarantee attached to it, which then reduces the cost.

Fourth, there has to be compulsion. If tax relief on contributions to funds was linked to compulsorily investing 25% of all new funds in new green activity in the UK economy most of that money would flow into government-related activity.

Jeremy Hunt has just got to have the nouse to realise that the purpose of being in government is to require action, and not just to ask nicely. He is not alone though. Labour will also need to do this.