

Our financial services sector is failing us

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New data published in the [Financial Times this morning](#), coming a year after UK pension funds agreed with the then Chancellor of the Exchequer, Rachel Reeves, that they would invest more in UK financial markets designed to boost real economic activity in this country, shows that they have, apparently, invested £11.1 billion in assets related to this objective.

To put this in perspective, the latest data I have found on total UK pension contributions over the last year amounted to £166 billion.

To contextualise the investments, £8 billion went into what is described as British real estate. It is unclear whether this involved new property, but we can be sure that much of that spending went on land value, not job creation.

Of the remaining £3.1 billion, £1.3 billion went to infrastructure, £900 million went to private credit, with no indication of its actual destination, and £500 million went to UK private equity. Some of those sums may relate to real investment in economic activity in this country.

I have, [in my video this morning](#), suggested that at least a quarter of all new contributions to UK pension funds each year should be invested in the creation of new wealth in the UK economy, involving job creation, tangible investment, and the delivery of identifiable assets that will underpin future prosperity. What this data from the FT shows is that pension funds make negligible investments of this sort at present.

The point is, my suggestion would radically transform the availability of funds for investment in the UK economy, particularly if matched by the transformation that I propose with regard to ISAs, where I suggest that all new ISA savings (without exceptions) should, in my opinion, be invested in this way by providing the capital for a new British, green-oriented wealth fund, which would have the objective of creating permanent, secure employment in the UK dedicated to the construction of assets that will deliver long-term well-being for the people of this country.

The reality is that our financial services sector is failing us. The time for tinkering at the edges of what it does, or presuming that it will voluntarily deliver what this country needs in terms of investment, is over.

I accept that what I propose is a radical transformation, but it is nothing more than our society should expect. The presumption that savings can be used for idle speculation in the City of London and deliver long-term prosperity as a result is utterly misplaced. You cannot deliver prosperity by extracting value, which is what is happening at present.

We need an entirely new approach to investment in this country, and what I am proposing could underpin the long-term prosperity this country now lacks. This would change its fortune.

In that case, it requires a very strong counterargument to suggest anything is wrong with this proposal.