

Mansion House Pension Summit
Egyptian Hall, Mansion House
Wednesday 25th October 2023
The Rt Hon The Lord Mayor of London
Alderman Nicholas Lyons

Chancellor, ladies and gentlemen...

Good morning and a very warm welcome to Mansion House for the Mansion House Pensions Summit – building on the Mansion House Compact and the Mansion House Reforms announced, here, earlier in the year.

As I am approaching the end of my year in office, I am making the most of Mansion House while I still can!

Last week, for example, we had two very important visitors join us for a special dinner....Sam Woods and Nikhil Rathi were our guests at the City Dinner on Monday night.

And, on Wednesday, we had two other special guests...

But, today, we are here to discuss something that is crucial to the future of this country: pension reform.

Huge thanks to our friends at EY and to City of London Corporation officers for organising today's Summit.

Chancellor, all of us at the City of London appreciate your leadership and your decisive action to improve returns for British savers and unlock investment for British businesses, by reforming our pension system and mobilising some of our biggest pension funds...

...helping to fund the innovation that will make the UK a science superpower and a global tech hub, and importantly, encourage these businesses to stay and scale in the UK, creating great jobs and wealth that are critical to our economy.

Today we have convened key operators across the DC pensions industry, to build on the momentum of the Compact signed in July, and to translate intent into action.

The Compact, originally, brought together nine of the UK's largest Defined Contribution pension providers, voluntarily signing up to the objective of allocating 5% of the assets in their default funds to unlisted equities by 2030.

These providers represent over £400 billion in assets and make up the majority of the UK's Defined Contribution workplace pensions market.

With DC pensions growing by 10% per annum, this could unlock £50 billion of investment in high-growth companies, such as the fintech firms I met in Birmingham only yesterday, by 2030.

This was a landmark moment for the sector, and now we need to look at how this can best be accomplished.

At the same time, the Treasury's Mansion House Reforms aim to deliver better returns for savers through a new Value for Money Framework, moving us away from a total focus on fee compression and reliance on passive investment and index funds.

We need to keep building on this progress and work with the sector, making sure that we help participants deliver their voluntary commitments in this decade.

As well as this collective action from the pension industry, we need to continue to develop a supportive public policy framework.

This is an essential element of the City of London's Vision for Economic Growth, our industry-led roadmap for the future of UK financial services, which identifies changes to our pension and insurance funds as vital for supporting our growth economy, especially in the areas of unlisted equities and infrastructure lending.

Today's Summit is an important next step in the process.

Of course, pension contributions from employers and employees will need to rise and we need to embrace the 8 ½ million people in work today who do not yet have pensions, which merely serves to create an ever-wider gulf between the "haves" and the "have nothings".

This morning, we will be drawing on the views of experts from across the defined contribution pension value chain, including trustees, asset managers and consultants.

As well as hearing from the Chancellor, we will be hearing from the pensions regulator, from overseas counterparts and from professionals across the industry.

And we will be discussing the appetite for investing in unlisted equities, how to accelerate investment, and collective action across the pensions value chain.

The VC Investment Compact announced yesterday by the BVCA, which the Chancellor will say more about, is another important string to our bow.

We hope today's discussions will encourage more pension funds to take advantage of this current climate of change, and open up new ways of boosting returns for our pension savers and financing our future.

Delivery needs to come from the organisations represented in this room, working constructively for better outcomes, so please consider what action your organisation can take.

Building on what has been achieved already, let us use that momentum and sense of purpose.

Working together, we can take meaningful action to continue to bring down the current barriers that hinder investment in unlisted asset classes.

This will enable the sector to increase returns for British savers, improve retirement outcomes for all and unlock the investment which our economy sorely needs - All of which are vital for the UK's future prosperity.

I thank all of you here for your support.

And now, I am delighted to hand over to the Chancellor of the Exchequer, the Right Honourable Jeremy Hunt MP.