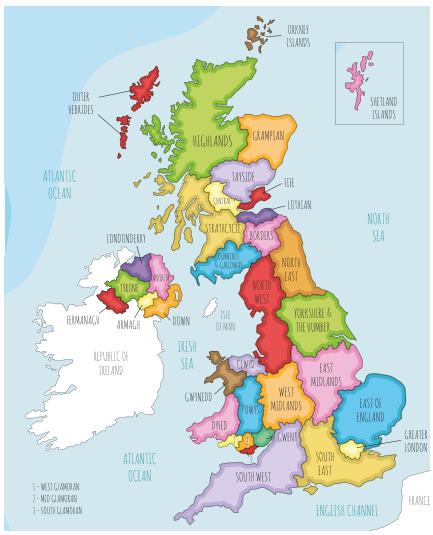
Broadening horizons

As in many other sectors, much of the UK's pensions industry is run from London. While there are some other cities where it has a significant presence, is this over-concentration of the industry making it more difficult to attract the talent it needs and to serve pension savers and scheme members effectively?



Here's a little joke for you: People from Birmingham, Manchester and Liverpool are asked which they think is the second most important city in the country. Brummies say Birmingham. Mancunians say Manchester. Liverpudlians say, 'Well, it's probably London …'

Liverpool is a fantastic place, but in truth no British city comes close to London for economic and political power. More than nine million people live there, more than in Birmingham, Leeds, Glasgow, Manchester, Sheffield, Bradford, Edinburgh and even mighty Liverpool put together. Despite the establishment of devolved parliaments and regional authorities, the relocation of some central government jobs to other cities and the opening of Andy Burnham's new Number 10 North in Manchester, London is still indisputably the centre of political power in the UK. Most large corporates have their national headquarters there, and many of the UK's industries employ more people in and around London than anywhere else.

Pensions is no exception. True, the sector has a sizeable presence in many cities, particularly Edinburgh, but most people who work in pensions still spend quite a lot of their time either in London, or working closely with colleagues based there. Might that be creating problems for the industry?

"A large portion of pensions professional roles and talent is concentrated in London and Edinburgh," says Pensions Management Institute (PMI) chief customer officer, Varsha Gicas. "But following the pandemic a lot of corporates adapted to remote and digital working models. Some have created regional offices as well, and we now see some operational roles within large regional hubs like Liverpool, Leeds, or Bristol."

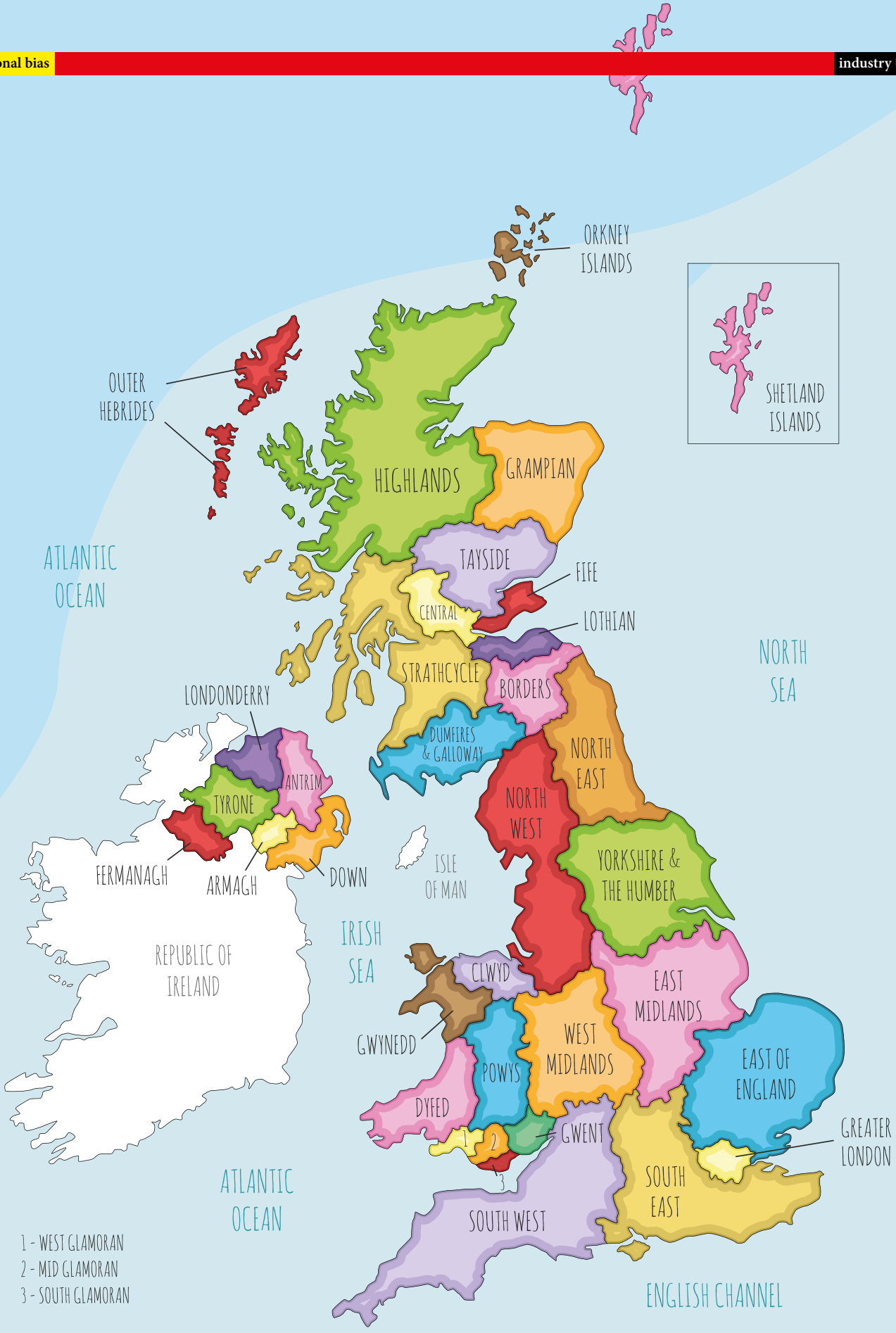
"Edinburgh and London are both important centres of expertise, but I don't think that's the whole story," says Pensions UK director of policy and regulation, Philip Brown. He points to examples of major pension institutions that take a more regional or locally focused approach, such as the Local Government Pension Scheme (LGPS), which has dozens of different administering authorities across the UK. Other major pension schemes have always been based in regional cities, such as the Universities Superannuation Scheme (USS), run from Liverpool since 1974.

London is still an easily justified location of choice for many pensions industry businesses and organisations, but this is not helping the PMI to fulfil one of its key goals: To make pensions "a profession of choice, rather than a profession of chance", says Gicas. She argues that it is more difficult to do this if most jobs are in London or Edinburgh, in part because it is so difficult for young people on graduate-level salaries to afford to live in or commute to these cities.

The Border to Coast Pensions Partnership, which provides investment pool management for a number of LGPS funds, is based in Leeds. Its chief people

Summary

- Like many other industries, the pensions industry is largely run from London, although its businesses and other organisations also employ significant numbers of people in other cities, particularly Edinburgh.
- The development of healthy financial services and pensions industry businesses in other major cities, and the spread of hybrid working patterns during and since the pandemic have both altered the situation a little, but many senior roles are still based in London or Edinburgh.
- Negative effects of this situation may include restricting the ability of the industry to recruit and retain talent, and a tendency towards groupthink, including a failure to understand the needs and perceptions of some of the people who the industry is supposed to serve.
- There is some awareness of the potential scale and dangers of this situation, but more action is needed to ensure the pensions industry can serve the whole of the UK as effectively as possible.


ORKNEY ISLANDS
SHETLAND ISLANDS
OUTER HEBRIDES
HIGHLANDS
GRAMPIAN
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CENTRAL
LOTHIAN
STRATHCYCLE
BORDERS
DUMFIRES & GALLOWAY
NORTH EAST
NORTH WEST
YORKSHIRE & THE HUMBER
EAST MIDLANDS
WEST MIDLANDS
EAST OF ENGLAND
GREATER LONDON
SOUTH EAST
SOUTH WEST
GWENT
POWYS
DYFED
CLWYD
GWYNEDD
ISLE OF MAN
LONDONDERRY
ANTRIM
TYRONE
FERMANAGH
ARMAGH
DOWN
REPUBLIC OF IRELAND
ATLANTIC OCEAN
ATLANTIC OCEAN
IRISH SEA
NORTH SEA
ENGLISH CHANNEL
1 - WEST GLAMORAN
2 - MID GLAMORAN
3 - SOUTH GLAMORAN

officer, Louise Bryan, fears that: "If career opportunities are concentrated in a small number of locations, the industry risks overlooking talented individuals who cannot, or do not wish to relocate.

"Our experience at Border to Coast shows that successful organisations don't have to be in the traditional finance hubs," says Bryan. "Leeds has a fantastic talent pool, excellent universities and a growing financial and professional services sector … [that] creates exciting career opportunities while offering employers access to deep and diverse talent pools."

Attracting talent and avoiding groupthink

But as long as many of the most senior roles in the industry are still likely to be based in London or Edinburgh, some ambitious young people will feel that regional centres are not the best places to work, says Gicas. She fears that employers may not always be offering employees working in these locations access to leadership opportunities, training, development or professional networks that would be available to them in London.

The increase in hybrid working patterns seen in recent years, particularly during and after the Covid pandemic, may have helped organisations to access a broader range of talent, but it has not removed the need to travel into the office at least some of the time. Many people, particularly younger workers, also derive significant professional and personal benefits from being physically present in the workplace, as they build professional networks and learn from more experienced colleagues.

"Hybrid working has certainly expanded access to talent," says Bryan. "However, location still matters. People value being able to collaborate in person and build professional networks and relationships. That's why having strong regional centres and a focus on recruiting a diverse range of people is so important."

A more diverse workforce should also help the industry gain a better understanding of the people it is supposed to serve. Another potential negative side effect of an overly London-centric industry is groupthink.

"There's an issue around groupthink if you are recruiting the same sorts of people, who are then growing older in that industry and not really experiencing anything else," says research consultancy Ignition House founding director, Janette Weir. "A bit more diversity of thought is a good thing – a bit more understanding of other people's perspectives."

"We need to ask if we are creating barriers by only providing roles in London or Edinburgh"

She points out that many people's experience of retirement is likely to be very different from the experience of many pensions industry employees. She cites the example of homeowners assuming they can use their home as a source of retirement income by selling it and downsizing.

"When you speak to people in the regions who have done that, you tend to find they haven't actually made much money out of it," she says. "They've found there's a shortage of houses of the right kind, and maybe they have ended up with £50,000 after moving – whereas in London they might have been able to release many times more than that."

She also cites the findings of research projects with which she has been involved that have uncovered regional variations in responses when people are asked what happens to the money they save in their pension pots while they are still working. She says people living in or near London are more likely to have some understanding of the financial markets, in part because they are more likely to know someone who works in the financial industry.

"But in the regions, because they don't have that personal connection, there is much more of a sense of 'City Fat Cats', of people in London who are making lots of money out of my money," she says. She believes attitudes like these are translating into negative views of, and a lack of trust in the pensions industry. She cites the FCA's 2024 Financial Lives survey, which found that only 19 per cent of DC pension holders had a high level of trust in their pension provider.

"I think having a clustering of people all within a certain area doesn't help build trust," she says.

Expanding opportunities and increasing diversity

So, what more can or should the industry do to escape the reality and the perception of being overly focused on or influenced by London or Edinburgh?

"We should look to complement the existing centres by developing similar networks in regional hubs," says Bryan. "We play our role by being a member of the Yorkshire & Humber Financial and Professional Skills Commission, and by developing our Graduate Programme and apprenticeship schemes, to ensure talent is developed and stays in the region."

As Gicas says, "we need to ask if we are creating barriers by only providing roles in London or Edinburgh. It's all about making the pensions profession accessible for people, regardless of where they come from or where they're based."

She also highlights the PMI's Trustee Accelerator Programme, which seeks to support recruitment and development of people from a broader range socioeconomic backgrounds to serve as scheme trustees.

"It would be wrong to say that the sector is not doing anything," says Gicas. "All the professional bodies and the corporates that I speak to have got the right intentions. But there is still a long way to go."

Written by David Adams, a freelance journalist