

The Country That Works For You — Complete Edition

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The Country That Works For You

A practical blueprint for what a UK government that served its people would do

Live Work Dream

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This complete edition collects the introduction, main chapters, optional deep dives, evidence pieces, and appendix material for the series.

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Start Here

How to read the programme and why the political argument matters.

The Country That Works For You

Introduction

You have worked for this country. Now this country must work for you. A practical blueprint for what a government that wanted to serve its people would do when energy use, food systems, and industry can no longer assume endless expansion, with optional deep dives for readers who want the evidence.

Start here. The chapters that follow move from diagnosis to delivery: first the pressures hitting the country, then the sector plans, then the funding and institutions needed to make them real. Where the pressures demand it, this is wartime-scale response as delivery discipline, not as a slogan.

Running a country while energy use, food systems, and industry are still expanding is a different job from running one while those things stall or shrink. In 1972, *The Limits to Growth* modelled five linked variables (population, food, industry, resources, and pollution) and asked what happens when they press a finite system together. Later data checks have tracked the more resource-heavy business-as-usual path more closely than its critics expected. The shortest picture of that dynamic is a real one: reindeer put on St Matthew Island with no predators ate the lichen out from under themselves, peaked, and crashed. Same curve shape; same warning. Detail sits in *The Limits To Growth: Where We Are On The Curve*. This series asks what a country that still works looks like under that operating environment.

How to read this series

Read the main chapters in order if you want the full argument. Use the nested links on the series hub when you want the evidence, numbers, and delivery detail behind a claim. You can skip that depth and move to the next chapter whenever you have enough.

If tribal politics has left you wary of big programmes, read *Culture Wars: How the Game Is Rigged* first. It is optional. It explains the manipulation mechanics before the evidence chapters, not which side to pick.

What This Programme Asks of You

A policy programme only matters if people organise around it.

It asks you to stop treating politics as spectator sport. Read the argument, test it against your own life, and organise where you are, in your street, your workplace, your council ward, your union branch, your parent group, your tenants' group. If enough people do that, policy survives contact with power.

It also asks for discipline. Not permanent outrage. Not doom-scrolling. Discipline. The far right sells belonging in a poison package. A serious democratic programme has to offer belonging, agency, and purpose in a healthy one. That is achievable, if enough people decide to build instead of just react.

The companion piece, *What Could Be Enabled: A Civic Programme*, sets out the community side: rights to grow on council land, local food networks, neighbourhood infrastructure, and practical collective action. Read it alongside this series.

The Central Argument

The UK is not broken because of bad luck. What Britain has been experiencing is managed decline: a deliberate set of choices that has hollowed out the country's capability while protecting those already at the top.

You can see it in the timeline. Real wages have broadly stagnated since 2008. NHS waiting lists are at record levels in the 2020s. Housing costs have risen faster than earnings for years. Public systems are asked to deliver first-rate outcomes with third-rate investment, then blamed when they fail.

None of this is inevitable. It is the product of poor policy choices, reinforced by the way the wealthiest interests have steered politics and media to defend their position. That is how we got here. Britain has solved this kind of crisis before: after the Second World War, the country rebuilt itself at scale through deliberate political choices. That was a choice too. Choices can be unmade and remade.

That is what this series does: failure mode, mechanism, cost, funding, and build order, stated in that sequence, under an operating environment in which material and energy expansion can no longer be taken for granted.

The Three Things That Must Change

Every chapter has specific policy. Underneath, there are three structural changes.

These three changes are necessary, not sufficient. They are necessary because they hold whether the economy is expanding or tightening. They are not sufficient on their own, because the operating environment is changing: energy, food, and industrial systems face harder constraints than the programmes of the 1990s and 2000s assumed. The rest of the series works through what that means sector by sector.

First: rebalance the economy from extraction to production.

Too much capital in Britain is rewarded for owning existing assets, not building new capacity. Housing became a tax-advantaged wealth machine when it should have stayed, primarily, a place to live. Finance expanded, while productive investment lagged. The result is weak production, high rents, brittle supply chains, and permanent political bitterness.

This programme reverses the incentives: reward building, training, engineering, care, and long-term investment, not passive extraction. When extraction-rents shrink on their own, production-side capability matters more, not less.

Second: restore bargaining power to working people.

When wages are weak for 15 years, from 2008 to 2023 and beyond, people are told to call it globalisation, technology, or unfortunate weather. It is mostly power. Union density, labour market rules, outsourcing models, and enforcement choices all matter.

This programme is explicit: stronger worker institutions, better standards, better enforcement, and a larger share of national income going to people who work for it. When the pie stops growing, how it is shared matters more.

Third: rebuild state capability so policy can land.

A state can only regulate what it can see and enforce. It can only tax what it can measure. It can only build what it can plan and procure. Britain has spent years pretending capacity does not matter, then acting surprised when delivery collapses.

This programme rebuilds capability on purpose: better institutions, better data, better procurement, clearer missions, and rules designed for delivery, not for permanent stalemate. Coordination and delivery capacity matter more when inputs are tighter and markets alone will not allocate the hard stuff fairly.

That is the direction of travel. Not just away from failure, toward a country that can still do difficult things well.

What It Costs

A programme of this scale costs money. The honest range is GBP 72 to 91 billion per year.

Context matters.

- The UK borrowed around GBP 100 billion or more per year through much of the 2010s, while claiming austerity was fiscal responsibility.
- COVID borrowing peaked at roughly 15% of GDP.
- This programme is about 2.6% to 3.3% of GDP when fully implemented.

Revenue comes from those most able to pay: progressive tax reform, a redesigned energy windfall framework, inheritance tax reform, and serious anti-avoidance enforcement. That raises around GBP 20 to 35 billion per year in recurring revenue, with a one-off extreme wealth levy in year one raising roughly GBP 5 to 15 billion.

The balance, around GBP 37 to 71 billion, is borrowing for investment, not day-to-day consumption.

Britain borrows in its own currency. The hard constraint is not arithmetic. It is whether ministers choose to build.

Funding architecture is harder to project if the productive base is tightening than if it is expanding. Some revenue sources that look solid today (energy windfalls, financial-sector rents, property wealth gains) will not exist in their present form forever. The fiscal framework chapter deals with that honestly. The numbers here are a programme scale, not a promise that every line survives contact with a harder decade.

The 1930s Parallel, Properly Understood

The 1930s were not inevitable history happening to everyone at random. They were political choices, made in sequence, by identifiable people, with measurable consequences.

Policy locked into deflation. Social fracture deepened. Institutions hesitated, delayed, and rationalised. Then events outran them.

Today is not the 1930s. We are not in that world. But the mechanism is familiar: elite drift, institutional timidity, and a refusal to act at the scale reality requires.

We already know some of the timelines. Food pressure is likely to intensify into 2027. NHS strain does not pause while Westminster has another argument about process. Climate and infrastructure risks compound while headlines rotate. On top of those pressures sits a longer curve: systems designed for expansion meeting limits they were not built to navigate.

The point of the historical parallel is simple: decline is a policy choice, repeated. Recovery is also a policy choice, repeated.

Read the series

Series hub · Culture Wars (optional) · Next: The Situation

If you want the short version, here it is: this is hard, it is affordable, and it is buildable, including when growth slows and inputs tighten.

Read the next chapter. Then decide what you are willing to help build through a transition, not only out of decline.

This site does not offer financial advice. It offers analysis.

You have worked for this country. Now this country must work for you.

Culture Wars: How the Game Is Rigged

Optional framing

Before the policy chapters: how outrage is manufactured, why evidence often fails to persuade committed believers, and how to read the rest of the series without being played.

Update, 2 August 2026. Food-as-national-security language from supermarket CEOs, and wartime-scale climate language from Macron, will get pulled into culture-war packaging fast. Read Press and The Situation for the substance; this chapter is still the lens for how the packaging works.

If you already feel exhausted by politics, that is not a personal failing. It is partly the point.

The culture war is not mainly an argument about policy. It is a machine for keeping people angry, loyal, and distracted while structural problems stay unsolved. Housing stays expensive. Wages stay weak. Waiting lists stay long. Meanwhile the public argument rotates through symbols, villains, and moral panic on a timetable set by people who rarely pay the bill.

This chapter is short and optional. Read it if you want a lens before the diagnosis in *The Situation*. Skip it if you prefer to start with evidence. Either way, this programme's chapters stand on their own.

The claim here is not that one tribe is innocent and another guilty. Every major party, most newspapers, and several platform owners have learned the same trick: attach a package of unrelated beliefs to an identity, then sell belonging inside the package. The trick works across the political spectrum. The beneficiaries are not ordinary voters.

The bundling trick

Watch how a debate moves. A housing shortage becomes a story about who deserves a home. An NHS staffing crisis becomes a story about who belongs in the country. A food price spike becomes a story about whose fault it is before anyone has named the supply chain.

That jump is not accidental. It is bundling.

Bundling takes a real grievance (rent, waiting times, insecurity) and fuses it to a symbolic fight (flags, language, crime, gender, religion, patriotism tests). Once the fusion lands, disagreeing with one part of the package feels like betraying your people. Policy detail becomes treason. Compromise becomes surrender.

The establishment version of this is subtler than the street version, but the structure is the same. A government that cannot build homes can still win a news cycle by picking a fight about something else. A media owner whose assets depend on low taxes can still commission outrage about something that does not threaten those assets. A platform that profits from engagement can still amplify whatever keeps people clicking, whether or not it is true.

None of that requires a secret meeting. It requires incentives that reward conflict over repair.

What it looks like in practice

Take a real situation, stripped to its bones. A town's only secondary school is oversubscribed. Families who have lived there for years cannot get their children a place. People are angry, and they are right to be. This is a genuine failure that affects real lives.

There are two ways to tell that story.

The bundled version: the school is full because of immigration. Newcomers are taking the places. The answer is to control who belongs here. The anger now has a face, the face is your neighbour, and the fix is to pull up the drawbridge. This version is emotionally complete in a single sentence, and it travels fast.

The structural version: the school is full because no new places were funded as the area grew, because the capital budget for school building was cut for a decade, because developers were allowed to build houses without the infrastructure to match, and because the planning system let them. Newcomers and long-settled families are standing in the same queue, competing over a shortage neither of them created. The fix is school places, funded and built. This version is correct. It is also slower, and it asks more of the listener.

Both stories begin from the same real grievance. Only one of them ends with a policy that produces more school places. The other ends with a fight between neighbours and a shortage that is just as bad the next year. The bundling trick is not that it invents the anger. It is that it spends the anger on a target that cannot fix the problem.

The sentence that helps

If you feel that immigration is part of why life has got harder, the first useful response is not a statistic. It is this:

"You're right that life has got harder. The question is who had the power to make it like this."

That sentence matters because it does not begin with accusation. Once people feel judged, their brain stops testing the claim and starts defending the identity attached to it. The door closes. The argument becomes about whether they are a good person, not whether the story explains their life.

Start with the part that is true. Rents are too high. GP appointments are too hard to get. Wages do not stretch. Schools are full. Work is insecure. People are not imagining the squeeze. The trap is that a real squeeze can be attached to the wrong cause, especially when the wrong cause is visible and the real cause is hidden in budgets, planning rules, pay decisions, and years of underinvestment.

Then ask the test question:

"If every migrant in this town vanished tomorrow, who would build the houses, fund the school places, reopen the GP surgery, and raise your wages?"

If the answer is "nobody", immigration is not enough as an explanation. It may have added pressure in some places, and a serious state plans for population change, but pressure is not the same as cause. A growing town needs more homes, classrooms, buses, dentists, and GPs. If those were not built, the failure sits with the people who controlled planning, capital budgets, workforce training, pay, and local government finance.

That is the simplest way to unbundle the story. Do not start with, "Are immigrants good or bad?" Ask, "What would actually have fixed the thing you are angry about?" If the answer is homes, wages, school places, GP capacity, enforcement against bad landlords, and investment in your town, then the target was never your neighbour. The target was the system that left both of you fighting over the scraps.

Why facts bounce off

Correcting a false claim does not always weaken it. Sometimes it strengthens it.

Psychologists call this the continued influence effect. A vivid story enters memory. A later correction enters memory too, but the original story leaves a trace. People remember that they heard something alarming, even when they also remember hearing it was disputed. Under stress, the alarming version often wins.

Add identity and the effect gets worse. If the false story is tied to who you are, debunking it can feel like an attack on you, not on the claim. The messenger becomes the issue. The source is smeared. The correction is dismissed as elite propaganda before it is examined.

That is why this series does not open with a pile of statistics about how wrong your enemies are. You cannot shame someone out of a belonging need. You can only offer a better account of what is happening, and a programme that addresses the grievance the bundlers exploited.

This is also why the later Press & Media chapter treats platform amplification as a political survival problem, not a footnote. A single incident can become a national narrative in 72 hours. Corrections arrive late, if at all.

Why the stories feel true

Manipulators are not inventing suffering from nothing. They are hijacking it.

If your rent has doubled while your pay has not, you have a rational reason to be furious. If you waited months for a GP appointment while reading about waste elsewhere, you have a rational reason to distrust institutions. If your town lost industry and gained precarious work, you have a rational reason to feel abandoned.

The culture war offers a simple villain for complex pain. Simple villains are emotionally satisfying. Structural explanations are slower. They implicate rules, owners, and decades of choices, not just a cartoon enemy.

Empathy does not mean agreeing with every conclusion drawn from that pain. It means recognising that dismissal breeds defensiveness, and defensiveness feeds the bundling machine. Name the mechanism, then name the policy that matches the scale of the problem.

That is what the rest of this series attempts.

The outrage cycle

The cycle has four beats. You have seen them hundreds of times.

First, a trigger. Often a crime, a protest, a celebrity remark, a leaked video. The facts may be partial. The emotional charge is immediate.

Second, selective amplification. Outlets and accounts that benefit from conflict enlarge the trigger, strip context, and attach it to a wider story about national decline or elite betrayal.

Third, identity recruitment. Readers and viewers are invited to perform loyalty: share the post, boo the opponent, treat nuance as cowardice. Engagement metrics rise. Ad revenue rises. Political donations rise.

Fourth, policy substitution. By the time the cycle ends, the original problem (housing, wages, NHS capacity, food supply) has not been discussed seriously. Something symbolic has been "won" or "lost." The structural agenda stays off the table.

The cycle is bipartisan in structure even when it is partisan in content. Governments of different colours have used moral panic to avoid fiscal choices. Oppositions have used it to avoid spelling out costs. Media owners with property portfolios have an obvious reason to keep the argument on culture rather than land value capture.

You do not need to believe in a unified conspiracy to see a unified incentive.

What this series asks instead

The chapters that follow are deliberately unglamorous. Food logistics. Grid capacity. Social care wages. Planning law. Tax enforcement. Procurement rules. Civil service headcount. These are not culture-war material. They are how a country actually works when it works.

This programme is large. It costs money. It requires state capacity. It will be lied about in bad faith. Expect that. The fiscal and press chapters say so openly.

What this series asks of you is discipline, not naivety.

Separate grievance from package. Your anger may be justified. The story attached to it may still be wrong.

Hold complexity without surrendering to cynicism. Structural problems are harder than scapegoats. Harder is not impossible.

Test claims against delivery. A policy that cannot be built, staffed, funded, or maintained is a performance, not a programme.

Build locally where you can. Belonging built through practical action is harder to steal than belonging sold through outrage.

The introduction argued that democracy needs agency, not permanent fury. This chapter names the machine that profits from permanent fury. The next chapter names the country you are living in.

Read next: The Situation.

Optional: return to Introduction · Series hub

What Could Be Enabled: A Civic Programme

Civic companion

Government can enable practical collective action: rights to grow on council land, local food networks, neighbourhood infrastructure, and the forms of community organisation that make delivery stick when Westminster moves on.

The main series describes what a government that wanted to serve its people would do. This companion describes what people can do when government creates the space, and what they will have to do anyway if government only half-delivers.

Update, 2 August 2026. A Resilience Corps (see Governance: Deep Dive) is the structured national layer; this civic programme is the neighbourhood habits that make it real: growing, food networks, local organisation.

Policy without organised citizens is a press release. Organised citizens without policy are exhausted volunteers filling gaps the state left open. The point of a civic programme is to connect the two: national delivery that is real, and local capacity that can hold it in place.

Why this is not optional

Britain has a long habit of announcing national programmes and expecting councils, charities, and neighbours to absorb the implementation risk. Food banks scaled up when welfare did not keep pace. Mutual aid networks formed when central guidance arrived late. Tenant unions grew when housing enforcement did not.

That pattern is not a compliment to British community spirit. It is a warning. A programme of the scale described in this series will fail in places where local consent, labour, and maintenance are assumed rather than built.

The Introduction asked readers to stop treating politics as spectator sport. This piece is the practical half of that request.

Rights to grow and local food networks

The Food Security chapter covers reserves, fertiliser support, and school meals. It does not cover what happens on the patch of ground behind a block of flats or on a verge the council mows twice a year.

A civic programme would give residents a statutory right to apply for use of suitable council-owned land for food growing, with a presumption in favour unless there is a clear operational reason to refuse. Not a guarantee of unlimited allotments everywhere. A clear, time-limited process that ends in yes or no within 90 days, with reasons published.

Allotment waiting lists in many English authorities run to several years. That is not a minor inconvenience. It is a signal that local food capacity is treated as a hobby for retirees rather than part of national resilience. Parallel to the national grain reserve, local networks of growers, co-operative buying groups, and community kitchens reduce household exposure when shop prices spike.

The programme cost at national level is small. The enabling legislation and a modest fund for tools, soil remediation, and cold storage at hub sites would run to low hundreds of millions across the country, much of it levered by volunteer labour and existing community organisations. The return is measured in nutrition, social contact, and neighbourhoods that know each other well enough to coordinate when the next shock arrives.

Neighbourhood infrastructure

Housing and energy policy often stop at the front door. Civic infrastructure is what happens in the space between doors: shared laundry when machines break, bulk insulation purchasing, district-level battery schemes on estates, safe walking routes children actually use, and the boring maintenance that no minister will ever cut a ribbon for.

Land and Planning Reform addresses who captures value when development happens. A civic layer addresses who maintains what already exists. Community land trusts, resident management companies with real powers, and neighbourhood forums with binding input on estate regeneration are not radical experiments. They exist in pockets. The programme would generalise the legal forms and funding so they are normal rather than exceptional.

Organising where you are

The series asks for discipline, not permanent outrage. That discipline looks like:

- **Street and estate level:** tenant associations, parent groups, grower co-ops, warm-spaces rotas in winter.
- **Ward and council level:** scrutiny of local plans, tracking of social housing delivery against promises, pressure on enforcement when landlords or water companies fail.

- **Workplace level:** union branches, staff councils in care and logistics, apprenticeship committees that report whether training promises are met.

None of this replaces national policy. It makes national policy survivable. A government that passes a housing programme but faces no organised tenants will find the programme watered down in implementation. A government that faces organised tenants who can read the plan and compare it to what is built has a different problem, and a better one.

What government would enable

Concrete enabling measures, aligned with Governance and How It Gets Done:

1. **Community capacity fund:** multi-year grants to recognised neighbourhood organisations for coordination staff, not one-off project pots that expire in March.
2. **Right to grow on public land:** statutory process, published criteria, appeal route.
3. **Civic data access:** local authorities publish planning, enforcement, and housing delivery data in machine-readable form so residents do not need an FOI request to see whether promises are kept.
4. **Protection for organisers:** clear guidance that lawful community organising is not treated as extremism; platform-driven harassment of local organisers handled through the rapid response architecture in The Press and Media.

The honest limit

Community action cannot substitute for GBP 25 billion of social housing capital or a rebuilt chemicals sector. It can make the difference between a programme that lands and one that exists only in Whitehall slide decks.

Read the national chapters for the scale. Read this one if you intend to help hold the scale to account where you live.

Return to the series hub or continue with The Situation.

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The Delivery Programme

The main policy chapters, with evidence and deep dives placed after their parent chapter.

The Situation

Main chapter

Britain in 2026 is in a structural squeeze: food, energy, climate, NHS strain, geopolitical fragmentation, and fiscal constraint hitting at once, with a longer limits curve underneath. The baseline diagnosis, and why the usual responses will not work.

Update, 2 August 2026. The seven pressures below still hold. The fuse is shorter. Andy Burnham became Prime Minister on 20 July 2026. Iran widened the war through late July; British bases have been named in Iranian rhetoric as legitimate targets; UK ships are in the Gulf keeping Hormuz open when conditions allow. Hormuz itself is no longer a clean "closed since February" story: crude has flowed again at high volumes even while tankers get hit. That is a permanent risk premium, not a binary shutdown. In the same window the UK moved from forecast food pressure to observed wholesale spikes (tomatoes up more than 60%, iceberg lettuce about 90%, potatoes more than 40%), and half of England is in official drought. The wartime-scale response this series argues for is now in ordinary political language, from Macron on Europe's fires to the National Emergency Briefing campaign. Detail sits in Food, Climate, and Defence.

Update, 5 August 2026. The structural argument underneath those seven is named in *The Limits To Growth: Where We Are On The Curve*. This chapter adds that layer briefly so the sector chapters do not have to invent it from scratch.

Britain has been in slow decline for far longer than one crisis can explain. The roots run back decades, through deindustrialisation, the bet on finance over production, and public assets sold to paper over the gap. The financial crisis of 2008 is where the bill came due: it broke something that was not properly fixed. The pandemic and the Ukraine war broke it further. What we are living through now is the accumulated result: food prices that bite, an NHS that struggles to catch up, energy costs that never quite settle, wages that have gone nowhere in real terms since 2008, and a government that is running out of road on every front at the same time.

This post is the baseline. Every other post in this series starts here.

Britain faces a structural problem, and the usual management responses will not fix structural problems. What follows is what a wartime-scale response would look like if it meant delivery, not rhetoric.

What is happening

Seven near-term pressures are converging at the same time. They are not separate problems. They are the same problem wearing different jumpers. Underneath them sits an eighth layer: the longer curve on which those pressures sit.

Food. The Strait of Hormuz has been in a volatile regime since February 2026: sometimes functionally open, always expensive, with a risk premium baked into oil, gas, and fertiliser. About a fifth of the world's traded oil flows through it{{FIGREF:hormuz-oil-trade-share:1}}, plus a large share of nitrogen fertiliser. UK food prices were already 50% above 2019 levels{{FIGREF:food-prices-50-vs-2019:2}}. The February disruption pushed fertiliser prices up 46% in a single month{{FIGREF:fertiliser-46pct-month:3}}. The harvest planted in spring 2026 will reflect that. Higher food prices were always due in the shops in 2027; by early August 2026 the first wholesale spikes are already visible. That is a mechanical consequence of decisions already made, not a forecast.

Energy. North Sea production has been declining for years. The UK's renewable build-out has been real but incomplete, and there is a gap in the middle where the old is running down before the new has fully arrived. Grid stress is not a future problem. It has been a present problem for the past two winters. About 6.5 million households are already in fuel poverty{{FIGREF:fuel-poverty-6-5m-households:4}}.

Climate. Britain's weather is no longer a backdrop. It is an accelerator. Wetter winters and heavier rainfall have increased flooding across England and Wales. Summer heat records are being broken with a regularity that would have seemed implausible a decade ago. The 2026 heatwave is not abstract future risk; it is current context. Climate does not replace the food or energy squeeze. It makes both worse, faster: harvest volatility on top of fertiliser shocks, summer demand peaks on an already stressed grid, heat mortality and NHS summer surge on a system with no headroom. The sector chapters on Food, Energy, Health & Care, and Housing address response, and the cross-cutting Climate chapter pulls the layer out in full. This chapter names the weather layer everything else is compounding through.

The NHS. Seven million people on waiting lists{{FIGREF:nhs-waiting-list-7m:5}}. That is the official figure. The hidden one, people who have learned not to try, is larger. The winter surge is getting worse every year because the social care system cannot absorb the demand it is supposed to. Food price rises, energy price rises, and summer heat will make the next year harder, not easier.

Living standards. Real wages in 2026 are roughly where they were in 2008{{FIGREF:real-wages-flat-since-2008:6}}. Seventeen years of nothing. The people at the bottom have done worst. Households that are already stretched on food and energy have no headroom left when the next shock arrives.

The fiscal trap. UK government debt is at levels not seen since the 1960s as a percentage of GDP. Debt interest payments are now the fastest-growing item of government spending, larger than defence, larger than transport. Every policy response costs money. Borrowing more raises the cost of borrowing more. That is the Liz Truss September 2022 experience, not a partisan debating point.

Geopolitics. The security architecture Britain has relied on for seventy years is fragmenting. The US security guarantee has been revealed as conditional.

The Hormuz disruption that began in February 2026 was not a drill, and the late-July widening of the Iran war made UK exposure more direct. NATO's eastern flank depends on commitments that may not hold in a simultaneous crisis. Britain cannot treat defence, energy imports, food supply chains, and fiscal credibility as separate spreadsheets. A Gulf crisis raises fuel prices, which raises food prices, which tightens the fiscal position, which reduces the headroom to fund the military presence that might help stabilise the Gulf. The Defence chapter addresses what the UK should prioritise when it can no longer assume someone else will handle the hard parts.

The longer limits. *The Limits to Growth* (1972) modelled population, food, industry, resources, and pollution pressing a finite system together. Later data checks have tracked the more resource-heavy business-as-usual path more closely than critics expected. That is not a calendar for next Tuesday. It is the structural argument under the seven pressures above: food held up by gas-made fertiliser and diesel fieldwork; an energy system with the old declining before the new fully arrives; climate as weather and price; wages and living standards already showing strain in the old industrial core. Running a country that works when energy use, food systems, and industry stall or shrink is a different brief from one designed for endless expansion. Full treatment: *Where We Are On The Curve*. The rest of this series answers that brief sector by sector.

The Long Cycle

This series uses a three-phase framework to make sense of what has been happening since 2008.

The first phase was financialisation: low interest rates, rising asset prices, credit flowing into property and finance rather than productive investment. The recovery from 2008 was real in aggregate but distributed badly. If you owned a house or had a pension, you did reasonably well. If you were working for a living without much capital, you did not.

The second phase was the supply shock. The pandemic, then Ukraine, then the shipping disruption. Low interest rates ended. Energy prices rose. Food prices rose. The mechanism that had kept the first phase going broke.

We are now in the third phase. The compounding phase. Food prices worsen nutrition, which worsens health, which increases social security spending, which tightens the fiscal position, which reduces the headroom to invest in energy infrastructure, which keeps energy prices elevated, which keeps food production costs elevated. Climate disruption adds another turn to the loop: floods hit harvests and household budgets, heat pushes NHS demand and energy use, uninsured losses land on the public balance sheet. The loop closes on itself.

The third phase cannot be escaped by returning to phase one or phase two. Those mechanisms are gone. Phase three is the choice now: handle it well or handle it badly.

What it feels like on the ground

The structural argument is easier to dismiss when it stays abstract. So make it concrete.

A nurse finishing a twelve-hour shift in a hospital that has been on black alert since November. She goes home to a rented flat where the heating stays off until the children are in bed because the energy bill already ate the month's margin. She shops at the supermarket where own-brand pasta costs more than the branded version did three years ago. She has a knee that needs an operation. The waiting list letter says eighteen months. She has stopped reading the letters.

A farmer in East Anglia who planted spring wheat under fertiliser prices that doubled between ordering and delivery. He knows the autumn yield will be lower than planned regardless of weather. He also knows that if the summer is wet, as the Met Office forecast suggests, the harvest window narrows further. His overdraft is already at the limit the bank set when interest rates rose. He is not a political actor. He is a person making decisions that will show up in shop prices twelve months from now, whether anyone in Westminster connects the dots or not.

A council housing officer in a northern city processing applications from families in temporary accommodation. The list has grown every quarter since 2022. Every family on it is also on the NHS waiting list for something, also paying elevated energy costs, also one redundancy away from a food bank referral. The officer's own department has lost a third of its staff since 2010. She is not failing at her job. The job has been designed to fail.

None of these people need a lecture about interdependency. They are living it. The point of naming the seven pressures, and the longer curve under them, in one chapter is so that policy stops treating their problems as unrelated bad luck.

Why the usual responses will not work

The standard response to any one of these problems is to address that one problem in isolation. Cut food prices through subsidies. Fix the NHS with more staff and more money. Cap energy bills. Tighten benefits. Borrow more. Tighten spending.

All of these are real options. None of them works alone, and some of them make other problems worse.

The reason is the interdependency. You cannot fix food without affecting energy. You cannot fix energy without affecting the fiscal position. You cannot fix the fiscal position without affecting social security. You cannot fix social security without affecting the NHS. And you cannot fix the NHS without affecting the industrial strategy that pays for all of it.

Take a single example. The government announces an emergency energy bill subsidy to help households through winter. The cost lands on the fiscal position.

Bond markets watch. If the subsidy is unfunded borrowing with no revenue plan, gilt yields rise. Higher gilt yields mean higher debt interest, which squeezes the budget for NHS recruitment and social care. Fewer care packages mean more blocked hospital beds. More blocked beds mean worse winter performance. Worse winter performance means more political pressure for another emergency intervention. The intervention that was meant to solve one problem has tightened every other part of the system.

Or take the opposite move: austerity to reassure the markets. Cut local authority budgets. Councils stop maintaining social housing. Damp and cold worsen. NHS admissions rise. The saving on council budgets is smaller than the cost on the health budget. The fiscal position looks better on one spreadsheet and worse on three others.

This is a system. You have to treat the system.

What this series is

This series describes what a government that understood the structural nature of the problem would do. The delivery programme runs: Food, Energy, Industry, Health & Care, Housing, Defence, Social Security, Justice. Then how it adds up: fiscal arithmetic, governance, civil service capacity, and implementation architecture. The Press & Media closes with the political environment that programmes like this must survive in.

Each chapter covers what the problem feels like, what direction a serious government would take, and what happens if it does nothing. Optional deep dives hold the evidence, costs, and delivery detail if you want them.

The short version of this programme: it is hard, it is affordable, and it is buildable, including when energy use, food systems, and industry cannot assume endless expansion. Britain has done harder things than this. The post-war settlement was harder. The New Deal was harder. The Marshall Plan was harder. All of them happened because the political decision was made.

That decision is the prerequisite. This programme that follows is the rest.

Britain in 2026 is not starting from zero. It has institutions, expertise, and a population that has absorbed fifteen years of squeeze without breaking. The question is whether the squeeze is managed downward forever, or whether someone decides to reverse the direction of policy failure under a harder operating environment. Reversal is harder than management. It is also the only option that is not slow collapse.

Optional depth: The Situation: Deep Dive.

This is the baseline. Everything else starts from here.

Sources

1. **World traded oil through Strait of Hormuz** (20%): US Energy Information Administration (2024-01). Often quoted as about one fifth of globally traded oil.
2. **UK food prices vs 2019 baseline** (50%): ONS Consumer price inflation (food category cumulative since 2019) (2026-03). Cumulative real-terms food price increase since 2019 baseline used in series scenario.
3. **Nitrogen fertiliser price spike (single month)** (46%): Commodity market scenario (Hormuz closure Feb 2026) (2026-02). *Scenario figure for this series*. Series scenario: fertiliser index move after Strait of Hormuz closure.
4. **UK households in fuel poverty** (6.5 million): NEA / government fuel poverty statistics (2024-10). Figure used across situation and energy chapters.
5. **NHS waiting list (official)** (7 million): NHS England consultant-led referrals (2026-04). Rounded from NHS England RTT backlog.
6. **Real wages vs 2008 level** (roughly unchanged): Resolution Foundation / ONS earnings (2026-01). Real median earnings roughly flat since 2008 in series framing.

*Verification status: **verified** = official source linked; **estimate** = named organisation; **scenario** = series conditional projection; **internal_calc** = modelled from programme components in data/ctw/calculations.csv.*

The Situation (Deep Dive)

Deep dive

The baseline inventory for mid-2026: food, energy, climate, fiscal, health, and geopolitical pressures compounding simultaneously, with the longer limits curve underneath. The UK is not facing a management problem. It is facing structural managed decline.

Risk level: High, June 2026 · Updated August 2026

Update, 2 August 2026. Baseline still holds; fuse shorter. See the Layer 1 Situation August note for Burnham, Hormuz volatility, food spikes, and drought. Hormuz sections below use the volatile-regime framing.

Update, 5 August 2026. Layer 1 now names the longer limits curve under the seven near-term pressures. Detail: The Limits To Growth: Where We Are On The Curve. This deep dive adds a short section so the evidence inventory and the Long Cycle frame sit on the same foundation.

Why This Post, Why Now

This assessment was written in June 2026. Since then Andy Burnham has become Prime Minister (20 July 2026). The government elected in 2024 has had time to settle, the honeymoon is over, and the decisions deferred through the election and transition are still landing on the desk. They are not the decisions anyone campaigned on.

This post is the baseline: the inventory of what the UK government faces as of mid-2026, across every major policy dimension. Every subsequent post in this series will reference it. Before you can prescribe, you have to diagnose. The diagnosis is not comfortable.

The core argument is this: the UK is not facing a management problem. It is facing a structural problem best described as managed decline. The difference matters. A management problem can be solved by better management. Managed decline is what happens when structural problems are acknowledged but not reversed, and policy is reduced to rationing damage. A structural problem requires you to understand the structure, and then decide which parts of it you can actually change, which parts you can only mitigate, and which parts will worsen regardless of what any government does in the next twelve months.

The dimensions are food, energy, climate, fiscal, geopolitical, health, and social. They are not separate problems. They are the same problem wearing different faces. Underneath them sits a longer structural argument: energy use, food systems, and industry meeting limits that programmes designed for endless expansion did not plan for.

Food: The Triple Compound

The food situation is covered in detail in Food Price Crisis, but the headline summary is necessary here because food is not just a food story. It is a health story, a social story, and a fiscal story all at the same time.

Three mechanisms are hitting simultaneously. First, the nitrogen fertiliser shock: Hormuz disruption from February 2026 constrained the supply of urea and ammonium nitrate, which are made from natural gas and essential for modern crop yields. Fertiliser prices rose 46%^{FIGREF:fertiliser-46pct-month:1} month on month in May 2026. The harvest grown through the 2026 season reflects that input constraint. Second, a Super El Niño is confirmed and underway, with sea surface temperature records being broken in the equatorial Pacific. The Joint Research Centre warned explicitly on 8 June 2026 that the combination of high input prices and weather disruption is threatening agricultural production globally. Third, supply chain fractures from Hormuz volatility and the rerouting of goods around the Cape of Good Hope are adding weeks to transit times and significant cost to the just-in-time logistics that modern food distribution depends on.

The timeline is mechanical and already running. The cause was set in February

and March 2026. The reduced harvest arrives in October and November 2026. The food price peak arrives in spring and summer 2027. The UK is a net food importer with additional post-Brexit trade friction, which means global price rises translate directly into domestic price rises with less mitigation available than there would have been in 2015.

What matters for this assessment is the downstream effect. Food price rises do not stay in the food category. They affect nutrition quality, which affects health outcomes. They affect household disposable income, which affects consumption across the board. They affect social stability in the most exposed communities. Food is the first domino, and it has already been pushed.

Energy: Hormuz, North Sea, Grid Stress, and the Fuel Poverty Overlap

The energy picture in the UK in mid-2026 is defined by three compounding pressures, and it is worth being specific about each one because the government's room to manoeuvre on energy is smaller than almost any other policy area.

Hormuz exposure. The Strait of Hormuz carries roughly 20%^{{{FIGREF:hormuz-oil-trade-share:2}}} of global oil flows and a significant portion of traded fertiliser. Since February 2026 it has sat in an ongoing volatile regime: sometimes functionally open, repeatedly disrupted, always carrying a risk premium. That has affected fuel prices, and it has affected the input costs for agriculture, for chemicals, for plastics, for the entire downstream of the petrochemical economy. LNG flows through the Gulf have been disrupted. Rerouting adds cost and transit time even when tankers get through. The UK is not directly dependent on Hormuz for its primary energy supply in the way that some Asian economies are, but the global market price mechanism means that a disruption to 20% of global oil flows raises prices for everyone.

North Sea decline. The structural decline of UK North Sea production continues. The transition to renewable energy has been real but incomplete, and the gap between the old and the new is not being managed cleanly. There is a period of overlap in which the fossil fuel production is declining before the renewable capacity is sufficient to replace it, and that period is now. The UK has been a net importer of crude oil for some years. The challenge is that the domestic gas production is also declining, and the replacement capacity from offshore wind and other renewables has not yet reached the level needed to cover the gap reliably. The result is that the UK is increasingly exposed to global gas price spikes even for its own domestic consumption.

Grid stress. The National Grid has been operating with historically thin margins. The shift toward renewable generation has brought genuine reductions in carbon intensity but has also introduced intermittency risk. When the wind does not blow and the sun does not shine, the backup generation capacity has to come from somewhere. The options are gas peakers, stored gas, or demand reduction. None of them are cheap at scale. The grid stress events of the past

two winters have been manageable but uncomfortable. The margin for error is narrowing.

Fuel poverty overlap. Fuel poverty in the UK is defined as households spending more than 10% of their income on energy costs. As of early 2026, roughly 6.5 million UK households were in fuel poverty, a figure that has been rising steadily since 2021. The overlap with food price pressure is critical and is often missed in siloed policy thinking. Households that are already under pressure from elevated food costs have less headroom to absorb elevated energy costs. The combination of food inflation and energy inflation hitting simultaneously is not additive. It is multiplicative. A household spending 30% of its income on food and 15% on energy is in a very different position from one spending 20% on each. When both rise, the household at the bottom runs out of options first.

The government cannot solve the energy price problem directly. Energy prices are set on global markets. What it can do is manage the distributional impact, ensure that the most exposed households have targeted support, and accelerate the infrastructure investment that reduces long-run exposure. But that acceleration requires fiscal headroom that the current situation does not easily provide.

Climate: The Compounding Layer

Climate is the layer that makes every other squeeze worse, faster, which is why it runs through every chapter rather than sitting in a box of its own. It now also has its own cross-cutting chapter, Climate: The Compounding Crisis; this section is the baseline summary.

UK trends. Britain is getting wetter in winter and hotter in summer. Rainfall intensity has increased; flooding events that were once exceptional are now recurring in the same counties within a few years. Summer temperature records are being broken with increasing frequency. The heatwave conditions of 2026 are not a forecast for the 2030s. They are the context in which this assessment is written.

Food. Climate volatility compounds the fertiliser and Hormuz shocks already described. Drought and flood damage growing seasons at the same time as input costs spike. The Super El Niño pattern underway in 2026 adds global harvest risk on top of UK-specific weather pressure. The Food chapter addresses programme response; here the point is that weather is already in the price and yield pipeline.

Energy. Summer demand peaks for cooling overlap with grid stress and with households already in fuel poverty. A hot summer raises electricity demand when margins are thin and when the same households are paying more for food. The Energy chapter covers infrastructure and security; climate is why summer

peaks matter more each year.

Health. Heat mortality, respiratory illness from poor air quality during hot spells, and NHS summer surge all rise when heatwaves become normal rather than exceptional. Much of the housing stock was not built for sustained high temperatures. The Health & Care chapter addresses workforce and winter surge; climate adds a summer dimension the NHS is not resourced for.

Housing. Existing homes overheat. New development on flood plains continues in places where insurance is becoming unaffordable or unavailable. Passive cooling and flood resilience are cheaper to mandate at build or retrofit than to fund through emergency response. The Housing chapter addresses programme choices; climate is why heat and flood risk are not optional extras.

Fiscal. Uninsured flood losses, agricultural support after crop failure, and infrastructure repair after extreme weather all land on the public balance sheet. Climate does not create the fiscal trap described below, but it tightens it. Every pound spent on emergency response is a pound not spent on prevention.

The frame for this section is deliberate: climate is a **compounding layer** on managed decline, not a replacement narrative for food, energy, or fiscal pressure. Ignoring it leaves a hole in the baseline inventory. Naming it here sets the weather backdrop the rest of the series works within.

Fiscal: Debt Servicing, the Bank of England (BoE), and the Credibility Trap

The fiscal situation is the one where the government's ability to do anything about any of the other problems is most directly constrained, and it is worth being precise about why.

Debt servicing costs. UK government debt is currently at levels not seen since the 1960s as a percentage of GDP. The interest paid on that debt, the debt servicing cost, has been rising because of the rate environment that followed the inflationary shocks of 2022 to 2024. The Office for Budget Responsibility has been publishing projections that show debt interest payments as the fastest-growing element of government expenditure. As of the spring 2026 budget, debt interest was consuming more of the fiscal headroom than defence, more than transport, more than the Home Office. That is not a political choice. It is a consequence of the stock of debt that was built up through the 2008 financial crisis, through the pandemic, and through the energy support packages of 2022 and 2023.

The austerity story needs to be stated plainly. Post-2010 austerity was not a neutral response to "overspending"; it was a policy choice about who would carry the adjustment burden. It cut public capacity, weakened local state capability, and left the country more exposed to the supply shocks that followed. In other words, austerity did not halt decline. It institutionalised managed decline and made the fiscal trap harder to escape.

The Bank of England's stance. At its 18 June 2026 meeting the Bank held rates at 3.75%⁷, on a 7-2 vote with two members pushing for a rise to 4%⁸. It had been cutting steadily since mid-2024, six cuts in all, until the Iran conflict and Hormuz volatility changed the picture. Now it is holding and watching how Middle East inflation pressure propagates. The rate environment matters for the fiscal situation because it sets the interest cost on floating-rate debt and the cost of new borrowing. Holding avoids adding demand-side pressure into a supply shock; the standing risk is that a later rise tightens financing conditions while leaving the underlying supply constraints in place.

The borrowing credibility trap. This is the hardest part to understand and the most important. The government faces genuine spending pressures across food support, energy support, health, defence, and social security. The honest answer to those pressures involves borrowing more. But every time the government borrows more, the market looks at the UK's fiscal position and demands a higher risk premium on UK government bonds. That higher risk premium raises the cost of all new borrowing, including the borrowing needed to fund public services. So borrowing more to fund public services raises the cost of the debt taken on to fund those services. That is the credibility trap. It is not hypothetical. It is the thing that happened to Liz Truss in September 2022, and it is the thing that is sitting in the background of every fiscal decision the government makes now.

The escape from the credibility trap requires either higher revenue, lower spending, or credible growth. Higher revenue requires either higher taxes or a broader tax base. Lower spending requires making decisions about what not to do. Credible growth requires investment that produces returns before the debt costs bite. All three are possible in principle. None of them are quick. And all three are constrained by the structural problems described in the other sections of this assessment.

Geopolitical: UK Position Post-Trump, Gulf Exposure, NATO, and the Strategic Vacuum

The geopolitical context for the UK in 2026 is defined less by any single decision and more by the structural position the UK finds itself in after a period of significant international turbulence.

Post-Trump positioning. The Trump administration, through its various iterations and the period of trade confrontation with the EU and China, has made the UK's strategic calculations significantly more complex. The UK's post-Brexit trade strategy was built around the assumption that the US would remain a relatively predictable partner and that the "special relationship" would provide diplomatic cover for a distinctive UK position. That assumption has been stress-tested. The Trump administration's transactional approach to alliances means the UK cannot assume that NATO commitments, or any other commitment,

will survive a cost-benefit calculation made in Washington. The UK has to plan for a world in which its principal ally is less reliable than it has been in living memory.

Gulf exposure. The UK's exposure to Gulf instability goes beyond the Strait of Hormuz shipping lanes. The UK has significant economic interests in the Gulf region, including financial services, defence contracts, and energy trade. Hormuz volatility since February 2026 has not just been a logistics problem. It has been a signal about the fragility of the Gulf security architecture that the UK has relied on for decades. The US security guarantee to the Gulf states, which underwrites the free passage of oil through Hormuz, is now more explicitly conditional than at any point since the 1970s. The UK does not have a separate Gulf security architecture. It has been a beneficiary of the US one.

NATO and the European defence question. The NATO question has become more complicated in ways that the UK government has not fully resolved. The European pillar of NATO has been strengthening, but the UK's role in that European pillar is ambiguous post-Brexit. The government's stated commitment to spending 2.5%^{FIGREF:defence-gdp-commitment-uk:9} of GDP on defence by 2027 is real but resource-constrained. The gap between the commitment and the current trajectory is significant. Meanwhile, the European defence conversation is shifting toward strategic autonomy, which is both an opportunity and a risk for the UK. An opportunity if the UK can position itself as a partner rather than a subordinate. A risk if the European defence conversation proceeds without meaningful UK participation.

The strategic vacuum. The underlying problem is that the UK has not resolved what it is for internationally. Brexit removed the UK from the EU's common foreign policy mechanism without replacing it with anything equivalent. The US relationship is less reliable than it was. The UN is gridlocked. The multilateral order that the UK invested in throughout the post-war period is under structural pressure from China, from Russia, and from the US itself. In that vacuum, the UK has been left to make tactical decisions without a strategic framework. That is not a criticism of the current government alone. It is a description of a problem that has been building for a decade.

Health: NHS Backlog, Winter Surge, and the Food-Nutrition Link

The NHS in mid-2026 is operating under pressures that are structural rather than cyclical, and the danger is that the normal policy response, which is to manage the waiting list and get through the winter, does not address what is actually causing the pressure to build.

The backlog. The NHS waiting list, which ballooned during the pandemic and has never fully recovered, stood at over 7 million people as of early 2026. That figure understates the problem because it does not capture the people who have not yet presented to the NHS because they have learned not to try. The hidden

backlog is estimated to be significantly larger. Elective procedures are being deferred. Diagnostic capacity is constrained. The social care system, which is supposed to free up hospital beds by managing people in the community, is itself under severe pressure from the same fiscal constraints that are affecting the NHS.

Winter surge. The winter surge in NHS demand is not new, but it is becoming more acute. The combination of an ageing population, more people living with multiple chronic conditions, and a social care system that cannot absorb demand means that every winter, the NHS faces a spike in emergency admissions that it cannot easily manage. The structural bed capacity is insufficient. The workforce is stretched. The result is corridor medicine, ambulance stacking, and the cancellation of elective procedures to free up staff for emergencies. That is the baseline. The food price crisis and the energy price situation will make the winter surge worse by increasing respiratory infections, cardiovascular events, and the complications that arise from inadequate nutrition in elderly and vulnerable populations.

The food-nutrition link. This is the connection that is most often missing from health policy analysis and most important in the current context. Food price rises do not just mean that food is more expensive. They mean that people eat differently. When households reduce their food spending in response to price pressure, they tend to substitute toward cheaper, less nutritionally dense calories. Processed foods are cheaper per calorie than fresh vegetables, protein, and whole grains. The result is a gradual deterioration in diet quality across the lower income distribution, which shows up in health outcomes with a lag of one to three years.

The health consequences of poor nutrition include increased rates of type 2 diabetes, cardiovascular disease, obesity-related cancers, and developmental problems in children. These are not immediate emergencies. They are slow emergencies that accumulate in the GP waiting room, in the hospital outpatient department, and in the social care system over years. The food price shock that is hitting now will produce its health consequences in 2027 and 2028. By the time those consequences appear in the data, the policy response will be too late to prevent them. It can only manage them.

Social: Real Wage Stagnation, Benefits Pressure, and the Work Versus Welfare Disincentive Problem

The social dimension is the one where the structural problem becomes most visible in everyday life, and it is also the dimension where the government's political coalition is most directly tested.

Real wage stagnation. UK real wages have been essentially flat since 2008. Adjusted for inflation, the median UK worker is earning roughly the same in 2026 as they were earning in 2008. That is seventeen years of no real income growth. The pandemic produced a temporary spike in nominal wages as employers

competed for labour, but that spike has unwound and the real wage position is back to the pre-pandemic trend. The people at the bottom of the distribution have seen their real wages fall most significantly because the sectors with the lowest wage growth have been the ones most exposed to the cost of living pressures.

Benefits pressure. The social security system is under pressure from two directions simultaneously. The number of people claiming disability benefits has been rising, partly because of the ageing population and partly because of the expansion of eligibility criteria. The number of people claiming universal credit has been rising as real wages stagnate and in-work poverty increases. The cost of the social security budget is rising in absolute terms just as the fiscal headroom to fund it is narrowing. The political pressure to constrain benefits growth is real, but the demographic and economic reality is pushing in the opposite direction.

The work versus welfare disincentive problem. This is the most politically sensitive and the most analytically complex issue in UK social policy, and it is worth being direct about it. The basic argument is that the combination of low wages, high marginal tax rates on low earnings due to the withdrawal of means-tested benefits, and the complexity of the universal credit taper rate means that for some people at the lower end of the labour market, the financial return from working an additional hour is sufficiently low that the incentive to seek more work or to accept higher-paying work is reduced.

The evidence for this is mixed and contested. The Resolution Foundation and the Institute for Fiscal Studies have both published analyses suggesting that the effective marginal tax rate for some low-income households, once universal credit withdrawal and means-tested benefit taper rates are combined, can exceed 70p in the pound. That is not a marginal tax rate in the traditional sense. It is a benefit withdrawal rate. But the economic effect is the same: working more produces less financial reward than the headline wage rate implies.

The government faces a genuine dilemma here. Cutting benefits to reduce the disincentive effect requires either cutting payments to people who are already very poor, or finding other ways to make work pay that cost money. Raising wages at the bottom through the national minimum wage or through other mechanisms helps, but it has its own effects on employment in small businesses and in sectors with thin margins.

This is not a problem that has a clean solution. It is a structural tension in the design of the social security system that was created over decades and cannot be undone quickly without making some people's situation worse.

The Long Cycle Framework: Where We Are in It

The series is built around a three-phase Long Cycle that describes the trajectory of the UK economy and polity since roughly 2008. This post is the baseline that all subsequent posts reference, so it is worth being explicit about the Long Cycle

framework here.

Phase 1: The financialisation phase (2008 to roughly 2020). The immediate aftermath of the 2008 crisis produced a specific response: monetary expansion to stabilise financial markets, fiscal consolidation to satisfy bond market confidence, and a sustained period of low interest rates that channelled credit into asset prices rather than productive investment. The result was a recovery that was real in aggregate GDP terms but that was distributed highly unevenly. Asset owners benefited. Working people did not. This is the phase where the long-term stagnation was embedded.

Phase 2: The supply shock phase (2020 onwards). The pandemic and its aftermath, and then the Ukraine conflict and its consequences, produced the supply shock that ended the financialisation phase. Energy prices rose. Food prices rose. Supply chains disrupted. The low-interest-rate environment that had channelled credit into assets came to an end as inflation forced central banks to raise rates. The mechanism of the previous phase stopped working. The crisis that was deferred by the 2008 response arrived in a different form.

Phase 3: The compounding crisis phase (2026 onwards, current). We are now in the phase where the supply shocks compound each other. Food price rises worsen nutrition, which worsens health, which increases social security costs, which tightens the fiscal position, which reduces the government's ability to invest in energy infrastructure. The energy price elevation keeps food production costs elevated. The geopolitical disruption in the Gulf is keeping energy prices elevated. The climate disruption (El Nino) is damaging growing seasons at the same time. The loop closes on itself.

The position of June 2026 is that Phase 3 is fully operational. The food price mechanism is running. The energy price mechanism is running. The fiscal constraint is binding. The institutional capacity is degraded. The political will is contested. And the compounding dynamic means that each problem makes the others harder to solve.

What this means for government's room to manoeuvre. The Long Cycle framework is not a prediction. It is a description of structural dynamics that have been operating for fifteen years. The government that inherits this situation does not have the option of returning to Phase 1 or Phase 2. The Phase 1 dynamics (low rates, asset price inflation, financial sector growth) are not available because the mechanism that produced them has been broken by the events that followed. The Phase 2 dynamics (pandemic emergency spending, temporary rate suppression) were one-off responses that cannot be repeated without generating the inflation spiral that ended them.

The government's room to manoeuvre is therefore specifically in Phase 3. The interventions that work in Phase 3 are the ones that address the compounding mechanism directly: food security, energy infrastructure, labour market power restoration, institutional rebuilding. The government cannot escape Phase 3 by returning to a previous phase. It can only navigate Phase 3, and the quality

of the navigation determines whether Phase 3 ends in restoration or in further decline.

This is the frame within which every subsequent post in this series should be understood.

The Longer Limits Layer

The seven near-term pressures above sit on a longer curve. *The Limits to Growth* (1972) modelled population, food, industry, resources, and pollution pressing a finite system together. Later data checks, including Turner's 2008 and 2014 work and Herrington's 2021 update, have tracked the more resource-heavy business-as-usual path more closely than critics expected. That is not a calendar for next Tuesday. It is why food held up by gas-made fertiliser and diesel fieldwork, an energy system with the old declining before the new fully arrives, and climate as weather and price belong in one inventory rather than separate briefing packs.

Running a country that works when energy use, food systems, and industry stall or shrink is a different brief from one designed for endless expansion. The everyday Situation chapter and the standalone Limits post state that briefly. Here the point for the evidence inventory is simple: Phase 3 of the Long Cycle is not only a UK policy failure loop. It is also what landing looks like when global systems press against what they can renew. The delivery chapters that follow have to design for that operating environment, not for a return to 1999 with better solar panels.

The Interdependency Point

The point tying this together is the one every subsequent post in this series returns to.

You cannot fix food without affecting energy. You cannot fix energy without affecting fiscal. You cannot fix fiscal without affecting social. You cannot fix social without affecting health. And you cannot fix health without affecting geopolitical positioning.

The reason the UK's situation is structurally serious rather than merely difficult is that all of these problems are simultaneously present and mutually reinforcing. Food price rises worsen nutrition, which worsens health, which increases social security costs, which tightens the fiscal position, which reduces the government's ability to invest in energy infrastructure, which keeps energy prices elevated, which keeps food production costs elevated. The loop closes on itself.

This is not a chain of events. It is a system. And you cannot fix one node of a system without affecting the others. The policy challenge is not to find the right answer to the food problem, or the right answer to the energy problem, or the right answer to the fiscal problem. It is to find the set of interventions that

addresses the system as a whole, in the right sequence, with the right trade-offs, accepting that every choice has consequences in multiple places at once.

That is what this series is about. The situation assessment is the diagnosis. The policy programme set out in this series is the proposed treatment. The posts that follow will describe what those treatment options are, what they cost, what they trade off, and what the government actually has the capacity to do versus what it does not.

The starting point is honesty about the scale of what the government faces, including under a harder operating environment for energy, food, and industry. The rest follows from there.

If you hear "this is impossible" or "this has never been done," history says otherwise. Britain built the NHS, social insurance, and a mass housebuilding programme under the 1945-51 Attlee government after a far deeper national shock than this one. Post-war reconstruction across Western Europe, underwritten by a Marshall Plan worth roughly \$13 billion at the time and spent in just a few years, rebuilt critical infrastructure at speed under severe fiscal and material constraints. In the US, the New Deal created national-scale public works, social protection, and financial regulation in response to systemic crisis. None of these were clean or easy. All of them prove that state-led structural change is possible when the political decision is made.

These pressures share a common root in the systematic underinvestment in public capacity and the capture of public institutions by private interests over fifteen years. The delivery programme in this series addresses them in sequence: Food, Energy, Industry, Health & Care, Housing, Defence, Social Security, Justice, then how it adds up through governance, civil service capacity, and implementation. The Press & Media closes with the political environment. This assessment is where it starts.

Sources

1. **Nitrogen fertiliser price spike (single month)** (46%): Commodity market scenario (Hormuz closure Feb 2026) (2026-02). *Scenario figure for this series*. Series scenario: fertiliser index move after Strait of Hormuz closure.
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3. **Fuel poverty definition threshold** (10%): NEA / government definition (2024-03). Spending more than 10% of income on energy.
4. **UK households in fuel poverty** (6.5 million): NEA / government fuel poverty statistics (2024-10). Figure used across situation and energy chapters.
5. **Low-income household food spend share** (30%): CTW programme model (2026-06). *Programme model; see calculations.csv*. Illustrative

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7. **Bank Rate June 2026** (3.75%): Bank of England MPC (2026-06). 18 June 2026 hold.
8. **BoE dissenting vote for rate rise** (4%): Bank of England MPC (2026-06). Two members voted for 4%.
9. **UK defence spending commitment 2027** (2.5%): HMT / MOD (2024-03). Government commitment.

*Verification status: **verified** = official source linked; **estimate** = named organisation; **scenario** = series conditional projection; **internal_calc** = modelled from programme components in data/ctw/calculations.csv.*

Food Security

Main chapter

UK food prices are already far above 2019 levels. The fertiliser shock from early 2026 will reach shop shelves in 2027. What a serious food security programme looks like when higher, more volatile prices are a structural feature, for households, farmers, and supply chains.

Update, 2 August 2026. The UK food system has moved from forecast pressure to observed pressure. Wholesale tomatoes are up more than 60%, iceberg lettuce about 90%, potatoes more than 40%. Broccoli yields are roughly halved in places; the English pea harvest is down about a third. Europe is in the same heatwave, so "import more" is a thinner escape hatch than it was in June. The CEOs of Tesco, Sainsbury's, Waitrose and Aldi, with more than 100 food organisations, have written to Prime Minister Andy Burnham framing food as a national-security issue and calling for a Good Food Bill. The mechanism was already running; the political signal is louder.

Update, 5 August 2026. The standalone piece *The Limits To Growth: Where We Are On The Curve* places this chapter in a longer arc. Food held up by fertiliser made from natural gas, diesel for tractors and harvesters, and irrigation powered by fossil electricity is part of that arc. Treat the price spike as a one-off and you will keep being surprised.

You stand in the supermarket aisle and compare two own-brand items that used to be the cheap option. Neither feels cheap anymore. You pick the smaller pack because the trolley is already over budget, and you still have the gas bill to face when you get home.

That is food security for most people in 2026: not a white paper, but whether the weekly shop still adds up.

Food prices are already roughly 50% above 2019 levels{{FIGREF:food-prices-50-vs-2019:1}}. Then the Strait of Hormuz entered a volatile regime in February 2026, pushing fertiliser prices up sharply in a single month. Farmers planted the spring harvest under those costs. You will see the full retail result in the shops in 2027. The first wholesale spikes are already here. That timeline is not a guess. It is how long it takes from field to shelf.

Why Britain is exposed

Britain produces about 60% of its food by value{{FIGREF:food-self-sufficiency-60pct:2}}. That headline sounds reassuring until you notice what we import: most fresh fruit, much of our out-of-season vegetables, most bread flour, and the fertiliser farmers depend on.

We cannot fix a global wheat spike by planting extra fields next Tuesday. Land, storage, milling, and crop rotation all take years to change. Meanwhile farmers are making decisions now with input costs they did not plan for twelve months ago. A government that waits until autumn 2026 to act is already late for the harvest after next.

Food and energy share the same households. When gas prices rise, fertiliser rises, then food rises. The energy chapter covers the other half of that bill.

Not a one-off spike

It is tempting to treat the fertiliser shock as an emergency to patch: buy more nitrogen from somewhere else, ride out 2027, return to the 2010s baseline. That framing will fail you.

A large share of modern yields rests on nitrogen fertiliser made from natural gas, diesel for fieldwork, and irrigation that burns fuel or electricity. When those inputs get dearer or scarcer, food gets harder and costlier to produce. Prices rise first. Then volumes struggle. Policy built only to find new suppliers after each shock keeps repeating the same scramble. Policy built to redesign the system for lower and more reliable inputs (rotations that fix nitrogen, regenerative practices where they earn their keep, biological inputs, livestock integrated with arable land, storage that smooths volatility) treats the constraint as structural.

That does not mean "import less of everything tomorrow." It means the default 2010s assumption, cheap staples on a stable path, is a worse guide for the rest of this decade than designing for prices that stay higher and more volatile than households and ministers got used to.

What a serious programme would do

This programme rests on five near-term commitments, plus a redesign job that those commitments have to open space for.

Hold grain in reserve. The UK keeps almost no strategic grain stock. When global markets wobble, we have nothing to lean on. Government should buy and rotate a reserve big enough to cover a genuine supply shock, managed properly so it is still usable when needed.

Support farmers when fertiliser spikes, and fund the exit from dependence. Payments should reach the farmer applying the product, and they should trigger automatically when prices cross a defined threshold, not wait for the next budget round. Parallel funding should accelerate lower-input systems so emergency payments do not become a permanent life-support line for a model that cannot hold.

Feed children at school when households are stretched. Expanding free school meals to every household on universal credit uses systems that already exist. It is the most direct way to protect nutrition while prices work through, and while those prices stay elevated for longer than one bad harvest.

Reduce single-supplier risk. Where the UK depends on one country for a critical food line, government should help qualify a second source, even at a modest premium. That premium is insurance. Diversification buys time. It does not, by itself, fix a system running hot against input limits.

Back domestic production where shortfalls cascade. Not every crop can be grown here. This programme focuses on wheat for milling, fertiliser linked to the industrial strategy, and storage that smooths seasonal volatility, while farming practice shifts toward resilience under tighter inputs, not only higher gross output under cheap nitrogen.

Costs, tonnages, visa reform, and import diversification are in the Food Security: Deep Dive. Two companions walk the timeline: The Food Price Crisis and Food Prices: What Actually Happens Next.

If nothing changes

Another food price peak lands on households with no margin left after energy, rent, and NHS waits. For many families that is not a tighter budget. It is choosing between heating and eating. If the response is only emergency packages after the shelves look thin, the country pays more later and builds nothing durable.

Politically, food security is testable. Either the most vulnerable households are protected through the 2027 peak, and the farming system starts lowering its exposure to gas-linked fertiliser, or neither happens.

The Next Piece

Gas makes fertiliser. Fertiliser makes food. The next chapter is energy: the bill that arrives before the food bill does, and the demand side that renewables alone will not fix.

Read next: Energy.

Sources

1. **UK food prices vs 2019 baseline** (50%): ONS Consumer price inflation (food category cumulative since 2019) (2026-03). Cumulative real-terms food price increase since 2019 baseline used in series scenario.
2. **UK food produced domestically by value** (60%): DEFRA UK food security report (2024-12). Self-sufficiency by value not calories.

*Verification status: **verified** = official source linked; **estimate** = named organisation; **scenario** = series conditional projection; **internal_calc** = modelled from programme components in data/ctw/calculations.csv.*

The Food Price Crisis: What's Already Built In

Evidence

The food price crisis is not a future risk. It is a trajectory already running, set in motion by decisions made in spring 2026. Hormuz disruption constrained nitrogen fertiliser supply, Super El Niño is damaging crops globally, and supply chain fractures are compounding both. The harvest shock arrives in autumn 2026; the retail price peak arrives in spring 2027. Nothing can stop it now. You can only decide who bears the cost.

Risk level: High · June 2026 · Updated August 2026

Update, 2 August 2026. The August–September window this chapter described has arrived early. Wholesale tomatoes are up more than 60%, iceberg lettuce about 90%, potatoes more than 40%. Growers report broccoli yields roughly halved and the English pea harvest down about a third. Europe's heatwave narrows the import escape hatch. Supermarket CEOs and more than 100 organisations have written to PM Burnham treating food as national security. The trajectory was mechanical; the political packaging has caught up.

There is a particular kind of futility that comes from watching a mechanism run and knowing you cannot stop it.

The food price crisis is not a risk. It is not a possibility. It is a trajectory that is already running, that was set in motion by decisions made in spring 2026, and that will produce its results through the rest of this year and into 2027. You are not going to see it at the supermarket checkout today. You will see it from August onwards. And once it is running, there is nothing a government can do to stop it. Only to manage who pays the cost.

The mechanism is already in motion.

The Three-Layer Mechanism

The food price crisis has three distinct causes that are hitting simultaneously. Each one alone would produce significant price pressure. All three together is what makes this a structural event rather than a temporary spike.

Layer 1: The Nitrogen Fertilisers Shock

The February 2026 Hormuz disruption set the least visible but most important layer in motion.

Nitrogen fertilisers, specifically urea, ammonium nitrate, and related products, are made from natural gas. The cost of natural gas is the primary driver of nitrogen fertiliser prices. When gas prices rise, fertiliser prices rise. When the supply of fertiliser is disrupted, prices rise further.

The Strait of Hormuz carries roughly one third of the world's traded fertiliser. When disruption hit hard on 28 February 2026, the supply of nitrogen fertiliser to the global market was immediately constrained. The waterway has not stayed in a clean "closed" state ever since; it has sat in a volatile regime, open enough for crude flows to recover at times, disrupted enough to keep a risk premium and fertiliser shock in the system. The World Bank reported a 46% month-on-month rise in urea prices in May 2026. The fertiliser price index stood at 199.71 for May 2026, structurally elevated, not returning to baseline.

The growing season in the Northern Hemisphere is already underway. Farmers in the UK, Europe, North America, and much of Asia are applying fertiliser to their fields right now, in June and July. The price they are paying is significantly higher than it was a year ago. The quantity they can afford to apply is lower.

That decision, made in spring 2026, determines the yield in autumn 2026. Less nitrogen applied to fields means lower crop yields. The harvest that arrives in October and November will be smaller than it would otherwise have been. That smaller harvest, processed and distributed through the supply chain, reaches retail in 2027.

This is a mechanical sequence that is currently running. The cause, fertiliser price shock, was set in February and March 2026. The effect, reduced harvest, will arrive in autumn 2026. The consequence, higher food prices at retail, will arrive in 2027.

Layer 2: El Niño

The second layer is weather, and it arrived faster than most models predicted.

The World Meteorological Organization confirmed an 80% chance of a Super El Niño developing between June and August 2026, lasting nine to twelve months. This is not a distant risk. It is a present event. Sea surface temperatures in the equatorial Pacific hit new June records in the first week of June. The Joint

Research Centre published an explicit warning on 8 June 2026: agricultural production is threatened by the combination of El Niño and high input prices.

The crop damage is already being reported. Reuters on 4 June 2026 reported dry weather disrupting planting across Asia, Thailand, Vietnam, Indonesia, the Philippines. Australia is forecasting twenty to forty millimetres below-normal rainfall for cropping areas in New South Wales and Queensland over the next three months. East Africa is seeing a mixed picture, with some areas benefiting from early rains but Somalia and southeastern Ethiopia facing delayed rainfall with below-average prospects.

The Super El Niño is expected to peak in late 2026. Its effects on the Northern Hemisphere growing season will be most acute in mid to late summer, precisely the period when the crops planted under fertiliser stress are most vulnerable to heat and water stress.

The combination matters more than either factor alone. Crops that are already working with reduced nitrogen inputs are more vulnerable to heat and water stress. The same plant that might survive a dry spell with adequate nutrition is more likely to fail under the combination of both stresses simultaneously.

Layer 3: Supply Chain Fractures

The third layer is the supply chain disruption that follows from the first two, and it is already beginning to appear in the data.

The Food and Drink Federation has been warning of further food price rises. UK food prices were already 50% above 2019 levels as of early 2026. The April 2026 CPI data showed food price inflation at 3%, down slightly from 3.7% in March, but the direction of travel is still upward, not downward.

Global shipping is disrupted. Hormuz volatility and the counter-blockade imposed by the United States have reduced and repriced the flow of goods through the Gulf. Shipping companies reroute around the Cape of Good Hope when the risk premium makes the short route uneconomic, adding weeks to transit times and raising costs. The just-in-time supply chains that modern food distribution depends on are not designed for these kinds of disruptions.

The combination of these three layers, fertiliser shock, El Niño, supply chain disruption, means the 2026 growing season is being hit from three directions at once. This is not a normal price fluctuation. It is a structural reduction in the effective supply of food hitting the global market in 2026 and 2027.

The Two-Year Timeline

The food price crisis is not a single event. It is a two-year process, and it helps to understand the timeline clearly.

2026: The Price Builds

June to August (now): The growing season is underway. Fertilisers are being applied at higher cost and lower quantities than ideal. The price of nitrogen fertiliser is already elevated. Farmers are making decisions right now about how much to apply, and those decisions are determining the yield that will arrive in autumn.

August to September: The first visible food price movements at retail. This is price anticipation. The supply chain is aware that the harvest will be reduced, and prices are adjusted upward before the reduced product even arrives. This is the period when consumers will begin to notice that certain categories are more expensive. This is not yet the peak.

October to November: The harvest arrives. The reduced yield becomes real in the market. Wheat, barley, oilseeds, and other key crops from the Northern Hemisphere growing season begin to enter commercial channels. The volume is lower than it would have been. The price reflects that.

December 2026: The processed and packaged product from the 2026 harvest begins to reach retail. Food price inflation at this point is embedded in the system. The cause was set in spring. The effect is now commercial reality.

2027: The Peak

January to April: The sharpest food price increases arrive. This is when the processed output from the disrupted 2026 growing season reaches retail in its fullest volume. The food price peak in spring and summer 2027 is the consequence that is already structurally embedded. It cannot be stopped by any policy decision made in 2026 or 2027. Only the distribution of its costs can be managed.

Spring and summer 2027: The famine signal becomes undeniable in the most exposed countries. Sub-Saharan Africa, parts of South Asia, and food-import-dependent Gulf states will face the most acute pressure. The death toll from hunger and malnutrition will be significant and measurable. In the UK, the consequence will be visible as the highest grocery bills in living memory.

The 2027 growing season: The question of whether farmers can access fertiliser at viable prices for the 2027 season becomes critical. If the fertiliser price shock persists, the 2027 harvest is also at risk. The food system does not simply snap back when the crisis ends.

Why Government Cannot Stop This

The "Ideal UK Government Response" post described what a government optimising for public welfare would do. The honest answer is that even the ideal government would struggle to prevent the food price peak.

The mechanism is already running. The cause was set in February and March 2026. The effect is the 2026 harvest. That harvest is either sufficient or it is not. Policy decisions made in June, July, or August 2026 cannot increase the amount of nitrogen that was applied to fields in April and May. They can only affect who bears the cost of the shortage.

The global market is the mechanism. The UK does not control global fertiliser prices or global food prices. It is a price-taker. When the global price of wheat rises because the global supply is reduced, the UK price rises regardless of what the Bank of England does with interest rates or what the Chancellor announces in the budget.

Subsidies are a transfer, not a solution. A fertiliser subsidy for UK farmers helps UK farmers. It does not increase the global supply of nitrogen fertiliser. If the global supply is constrained and the global price is elevated, the subsidy transfers money from the government, ultimately the taxpayer, to the fertiliser producers. The price to the farmer may fall slightly. The price to the consumer, through the food chain, remains elevated.

Strategic reserves would have helped but were not built. The ideal response would have included building strategic food and fertiliser reserves in 2025, before the crisis. That did not happen. You cannot build a reserve after the shortage has already started.

The distributional problem is the real problem. What a government can do is decide who pays the cost of the food price peak, whether it falls on farmers, who absorb the fertiliser cost, on food manufacturers, who absorb the input cost, on retailers, who absorb the margin pressure, or on consumers, who pay higher prices. This is a political choice. It is not a technical solution to a supply problem.

The people who will pay most are the people with the least: low-income households, people in food-import-dependent countries, people who spend a high proportion of their income on food. This is not a prediction. It is a description of how price mechanisms work.

What This Means for the UK Specifically

The UK context makes the situation worse in specific ways.

The UK is a net food importer. Domestically grown wheat is important, but the UK also imports significant quantities of food from the EU and beyond. The supply chain disruption from Hormuz and the rerouting of shipping lanes affects import prices directly.

Post-Brexit trade barriers compound the problem. The additional friction from EU-UK trade arrangements since Brexit means that when global prices rise, the UK does not have the same access to the EU single market as a mitigation

option. The UK's food supply chains are more exposed to global disruption than they would otherwise be.

The NHS is already under pressure. Food price stress affects nutrition-linked health outcomes. The combination of elevated energy costs in hospitals, food price pressure on households, and the ordinary winter surge in demand creates a compounding pressure on a system that has limited headroom.

The Bank of England's rate stance is the near-term variable. At its 18 June 2026 meeting the Bank held rates at 3.75%, on a 7-2 vote. Holding was the right call: raising rates would have suppressed consumer spending at exactly the moment when household budgets are already under pressure from food and energy costs. But a hold is the absence of making things worse. It is not a solution. The risk now is a later rise if Middle East inflation pressure feeds through.

What Can Be Done

The argument is for the right kind of action, taken at the right time.

Now (June to August 2026): Expand free school meals. Increase direct payment transfers to low-income households. Accelerate planning for winter food support. Do not wait for the data to confirm the scale of the problem in September. By then, the decisions that should have been made in June will be deferred again.

Autumn budget (October/November 2026): Shift the fiscal burden toward wealth and assets. Increase inheritance tax. Apply higher council tax bands to high-value properties. Introduce a temporary windfall tax on energy company profits. The argument is not that this fixes the food supply. It does not. It is that the people who own the resources that are generating the crisis should contribute to managing its costs.

Winter 2026 to 2027: Expand food bank capacity. Prepare targeted nutritional support for households with children. Do not use the food crisis as an excuse to lower food import standards. The temptation to reduce regulatory oversight of the food supply chain in order to manage a short-term shortage is real. Resist it.

Spring 2027: Begin the structural conversation about food security and strategic agricultural capacity. The UK has outsourced its food production resilience along with its energy resilience. The ideal time to start building it back was 2025. The next ideal time is now.

The Bottom Line

The food price crisis is not coming. It is already running. The cause was set in February and March 2026. The effect is the 2026 harvest. The consequence is the food price peak in 2027.

The triple compounding, nitrogen fertiliser shock, El Niño crop damage, supply chain disruption, is hitting the 2026 growing season simultaneously. This is not a normal price fluctuation. It is a structural reduction in the effective global food supply that will produce the highest food prices in living memory by spring 2027.

No policy decision made in June 2026 can prevent this. Only the distribution of its costs can be managed. The question is not whether the food will be more expensive. The question is who pays for it.

This site does not offer financial advice. It offers analysis.

Read next: Food Prices: What Actually Happens Next, the month-by-month timeline. Or return to the Food Security chapter.

Food Prices: What Actually Happens Next

Evidence

A week-by-week and month-by-month timeline of the food price crisis from June 2026 through spring 2027: when retail prices move, when the harvest confirms the problem, when wholesale markets adjust, and when the supermarket bill becomes politically undeniable. 2026 is the pressure-building year; 2027 is the peak year.

Risk level: High · June 2026 · Updated August 2026

Update, 2 August 2026. The first retail-visible window this timeline described is here. Wholesale spikes are already in the data (see Food and Food Price Crisis). The 2027 peak path still holds; Europe's heatwave makes the "import more" buffer thinner.

The previous post explained why the food price crisis is already built in. This one maps the timeline: what happens between now and the end of 2027, and when the consequences become impossible to ignore.

The short answer is that 2026 is the pressure-building year, and 2027 is the peak year. The bad news is not all at once. It arrives in stages, each one more visible than the last, until the spring of 2027 when the supermarket bill becomes the story.

The Starting Point: Where We Are Now (June 2026)

Three things are already in motion.

Fertiliser prices are structurally elevated. The closure of the Strait of Hormuz on 28 February 2026 removed roughly one third of globally traded nitrogen fertiliser from the market. Urea prices rose 46% month on month in

May 2026. The fertiliser price index for May 2026 was 199.71. The market is now operating from a new structural baseline.

The growing season is underway under cost pressure. Northern Hemisphere farmers are applying nitrogen to their fields right now, in June and July. They are applying less than they would have at lower prices, and what they are paying is significantly more than a year ago. That reduction in applied nitrogen was decided in April and May. It determines the yield that arrives in October and November.

El Niño is already damaging crops. The Joint Research Centre published an explicit warning on 8 June 2026. Sea surface temperatures in the equatorial Pacific hit new June records. Dry weather is disrupting planting across Thailand, Vietnam, Indonesia, and the Philippines. Australia is forecasting below-normal rainfall for its cropping regions. The crop that is being planted now, under fertiliser stress, is also being planted into a weather system that is already hostile.

These three factors are not independent. They compound each other. Crops with reduced nitrogen are more vulnerable to heat and water stress. The same plant that might survive a dry spell with adequate nutrition is more likely to fail under both stresses simultaneously.

July to September 2026: The Price Begins to Move

This is the period when retail prices start to respond to what was set in motion in spring.

July: The first price increases become visible in processed categories. Bakery, pasta, cooking oils. These use flour and vegetable oils derived from the 2025 harvest, so the full effect has not yet arrived, but the supply chain is already adjusting prices upward in anticipation. Manufacturers are not waiting for the harvest data. They are pricing in the risk.

August: The seasonal fresh produce window narrows. UK domestic production is at its peak for the year, which provides some buffer, but imported produce is already more expensive. The August retail price data begins to show the directional move clearly. Not yet at crisis level, but the trend is established and upward.

September: The price acceleration becomes consistent across categories. The market has now had three months of growing season data. The anticipated yield reduction is priced into wholesale markets. Food price inflation data for September will show a marked step up from the previous months. This is price anticipation, not yet the harvest effect.

October to November 2026: The Harvest Confirms the Problem

This is the pivotal period. The 2026 Northern Hemisphere harvest arrives, and the reduced yield becomes real in commercial channels.

October: Wheat, barley, oilseeds. The volume coming into commercial channels is measurably lower than it would have been without the fertiliser shock and El Niño. Wholesale prices adjust upward to clear the market. The reduced supply is now a commercial fact, not a projection.

November: The harvest data is confirmed. Agricultural ministries and trading houses have their numbers. The global supply picture for the 2026-2027 marketing year is now clear. The market understands the scale of the reduction. Prices at wholesale are now elevated and structurally sustained, not volatile.

December 2026: The first retail products made from the 2026 harvest begin to appear on shelves. Bread, flour, pasta, cooking oils, processed foods of all kinds. The price premium is embedded in the supply chain. Retailers are paying more for their inputs, and that flows through to the consumer in the first quarter of 2027.

January to April 2027: The Peak Arrives

This is when the food price crisis becomes undeniable at the supermarket checkout.

January 2027: The processed output from the disrupted 2026 harvest reaches retail in its fullest volume. The food price peak in early 2027 is the mechanical consequence of decisions made in spring 2026. No policy decision made in 2026 or 2027 can prevent it. Only the distribution of its costs can be managed.

February to March: The seasonal fresh produce window is at its narrowest. UK domestic production is at its annual low. The country is most dependent on imported produce at exactly the moment when the global supply is most constrained and most expensive. The combination creates the sharpest price pressure of the year.

April: The food price peak for the 2026-2027 season is reached. IGD was forecasting 8%+ food price inflation by June 2026. That forecast was made before the full El Niño damage was reported. The actual peak in spring 2027 is likely to be higher. For certain categories, the increase from 2025 baselines will be extraordinary.

Spring and Summer 2027: The Worst-Case Countries

The food price peak in the UK will be severe by historical standards. In the most exposed countries, it will be catastrophic.

Sub-Saharan Africa, parts of South Asia, and food-import-dependent Gulf states will face the most acute pressure. The death toll from hunger and malnutrition will be significant and measurable. The famines that arrive in 2027 are not unpredictable. They are the mechanical consequence of a disrupted 2026 growing season hitting food systems that had no reserve capacity.

The UK will not experience famine. It will experience the highest grocery bills in living memory. These are not equivalent, and it is worth being clear about the difference while the worst is still concentrated in the most exposed countries.

The 2027 Growing Season: The Open Question

Whether the food price peak resolves in 2027 or extends into 2028 depends on what happens with the 2027 growing season.

If fertiliser prices remain elevated: Farmers in the Northern Hemisphere plant the 2027 crop in spring 2027 under the same cost pressure. They apply less nitrogen again. The 2027 harvest is also reduced. The food price peak extends.

If fertiliser supply normalises: The market adjusts. Prices begin to normalise from late 2027. The food price crisis was a two-year event, not a permanent state.

The determining factor is Hormuz. If the Strait of Hormuz reopens and the fertiliser supply chain normalises, the pressure eases. If the disruption persists through 2027, the second year of reduced harvests makes the structural problem much worse. The food system does not snap back when the crisis ends.

When It Becomes Undeniable

The food price crisis is already running: a mechanical process set in motion in spring 2026 that will produce its results through 2027.

The question is when it becomes impossible for the media and political class to ignore.

My estimate: the spring of 2027. That is when the food price data becomes unmissable, when the supermarket bill becomes a household-level story, and when the political conversation about food poverty finally arrives in the places where it should have started in 2025.

By then, the decisions that should have been made in 2025 and 2026 will be described as missed opportunities. They will not be described as impossibilities, because they were possible and were not made.

What This Means for Planning

If you are a household thinking about the food price timeline, the honest version is this:

Now (June to August 2026): Prices are rising but not yet at peak. This is the time to build a small buffer in shelf-stable categories if you have the storage and the means. This is not panic buying. It is sensible forward planning for a known future cost increase.

Autumn 2026: The directional move is established. Prices are materially higher than they were. Budget pressure is real for lower-income households. The support mechanisms that should have been designed in 2025 are not in place, and they will not appear fast enough to prevent hardship.

2027: The peak year. The food bill for a typical household will be significantly higher than it was in 2025. The distributional question, who pays the cost, will be the central political argument.

The food price crisis is not a prediction. It is a description of a process that is already running. The trajectory is known. The question is what you do with that information between now and when the consequences become undeniable.

This site does not offer financial advice. It offers analysis.

Read next: Food Security: Deep Dive, the full programme of reserves, fertiliser support, and import diversification. Or return to the Food Security chapter.

Food Security (Deep Dive)

Deep dive

The food security window is narrowing: the harvest planted under fertiliser price shock and El Niño arrives in autumn 2026, and the price peak hits in spring 2027. Sequenced actions, plus redesign for structurally higher prices and lower reliance on gas-linked nitrogen: not only reactive response.

Risk level: High, June 2026 · Updated August 2026

Update, 2 August 2026. Observed wholesale spikes and the supermarket letter to Burnham are in the Food and Food Price Crisis August notes. Near-term mechanism below still holds.

Update, 5 August 2026. The everyday Food chapter now treats elevated, volatile prices as a structural feature of this decade, not a one-off spike to import past. The Limits To Growth: Where We Are On The Curve is the longer arc. This deep dive keeps the sequenced costed programme and adds the redesign job those actions have to open space for.

Optional companions in this series: Food Price Crisis and Food Prices Timeline.

The food security problem is no longer a debate point. It is a structural vulnerability exposed by the triple compound of fertiliser shock, El Niño, and

supply chain disruption. In the central scenario, assuming current LNG market disruption persists and the 2027 Northern Hemisphere harvest comes in below trend, the food price peak arrives in 2027. The window for prevention is not yet closed, but it is narrowing fast. What happens in the next six months determines whether the UK faces this as a managed hardship or a supply crisis. This is a conditional projection, not a certainty; the peak could be earlier if Hormuz disruption worsens, or mitigated if alternative supply routes materialise.

Treat that peak as the last shock before a return to the 2010s baseline and policy will keep being surprised. A large share of modern yields rests on nitrogen fertiliser made from natural gas, diesel for fieldwork, and irrigation that burns fuel or electricity. When those inputs get dearer or scarcer, food gets harder and costlier to produce. Diversifying suppliers buys time. Redesigning systems for lower and more reliable inputs is the longer brief.

Food security policy needs specific, sequenced actions that would make a meaningful difference, an honest account of the trade-offs that come with each of them, and a path that does not make emergency nitrogen support a permanent life-support line.

Immediate Actions: Now Through End of 2026

The immediate priority is damage containment. The harvest is already planted. What happens between now and harvest determines what arrives in the autumn. The tools available are blunt, but they matter.

Strategic Grain Reserves

The UK currently holds negligible strategic grain reserves. This is a policy choice that made sense in a world of stable global supply chains and cheap food. That world no longer exists.

The immediate action is a government-funded grain procurement programme, targeting 2 to 3 months of domestic wheat consumption held in reserve. This is not complicated to understand. It is complicated to execute logistically. The grain exists. The storage infrastructure exists, largely underutilised on farms and at merchant sites. What is missing is the purchasing agent and the willingness to pay.

Cost estimate: at current wheat prices, covering 2 months of UK consumption (roughly 1.2 million tonnes) runs to somewhere between GBP 300 million^{{{FIGREF:grain-reserve-acquisition:1}}} and GBP 400 million^{{{FIGREF:grain-reserve-acquisition:1}}} in acquisition cost. Storage and management adds perhaps 15 to 20% annually. This is not a small sum, but it is small relative to the cost of a supply shock.

The honest problem with reserves is that they require active management or they cease to be reserves. Wheat stored for more than two to three years degrades for human consumption, becoming suitable only for animal feed at

progressively lower market values. A reserve that is not systematically refreshed is a reserve that will not be there when needed. Any programme needs a specific management structure: the reserve should be held under a nominated government agency or contracted commercial manager with a statutory obligation to maintain minimum tonnage (target: 2.5 months of UK domestic consumption, approximately 1.5 million tonnes of wheat equivalent), to rotate a minimum of 15–20% of stock annually through disposal and repurchase to prevent age degradation, and to dispose of stock when market prices fall below a defined trigger level while simultaneously replenishing when prices are elevated. The trigger for disposal should be set as a fixed-band price ceiling: when the market price falls below the trigger for two consecutive months, the manager sells reserved grain into the market to prevent waste, using the proceeds to rebuild stocks when prices normalise. The trigger for replacement is symmetric: when the market price is above the trigger, government purchases to maintain the reserve at target tonnage. The budget for storage, management, and refresh operations should be appropriated separately from the acquisition cost, estimated at £40–60 million{{FIGREF:grain-reserve-storage-annual:2}} annually on top of any acquisition or disposal costs, and subject to an annual audit published alongside the reserve tonnage report. This is the operationally specific version of what a credible strategic reserve programme requires. Without these specifics, a reserve commitment is a headline, not a policy.

Fertilisers Subsidy Restructuring

The current subsidy environment for fertilisers is a blunt transfer that largely flows to input manufacturers and distributors rather than to the farmers who need to apply product. The existing basic payment structure does not distinguish between a farmer applying fertiliser efficiently and one applying it wastefully. It does not respond to price shocks.

The immediate reform is a nitrogen efficiency payment: a per-tonne rebate paid directly to farmers who can demonstrate compliant application, targeted at reducing the cost gap between current prices and the 2024 baseline. This is more efficient than a flat subsidy because it rewards application efficiency, not just volume purchasing.

More importantly, it needs to be combined with a price monitoring mechanism that triggers payments automatically when the fertiliser cost index crosses a defined threshold. The current system requires annual budget cycles and political decisions. That timing gap is fatal when prices move fast. What is needed is a rule-based trigger that activates the payment within 30 days of the index crossing the threshold, not within the next fiscal year.

Parallel to that rebate, Defra should fund an explicit exit pathway from gas-linked nitrogen dependence: capital and advice for rotations that fix nitrogen, regenerative and mixed-livestock systems where they earn their keep on UK soils, biological inputs with measured trials, and cover crops that cut synthetic nitrogen

need without collapsing yields. The rebate keeps farmers planting through 2027. The redesign funding is what stops the rebate becoming a permanent substitute for a working system.

Import Diversification

The UK imports roughly 40%[{{FIGREF:food-imports-pct-value:3}}](#) of its food by value. That dependency is not inherently a problem in a stable world. In a disrupted world, it is a significant vulnerability. The immediate action is a supply chain audit and diversification programme focused on the top 20 imported food categories by value.

This is not about onshoring everything. It is about identifying single-source dependencies and reducing them. For example: where the UK currently imports a critical input from a single country or a single supplier, the government should co-finance the cost of qualifying a second supplier, even at a price premium of 8 to 12%[{{FIGREF:supplier-diversification-premium:4}}](#). That premium is the insurance cost. It is worth paying.

The mechanism: a government-backed supplier development fund, administered through the devolved agriculture departments, that co-invests in qualifying new suppliers for the categories identified as highest risk. Total cost over 18 months: GBP 50 million[{{FIGREF:import-diversification-fund:5}}](#) to GBP 80 million[{{FIGREF:import-diversification-fund:5}}](#). This is not large relative to the exposure it reduces.

Free School Meals Expansion

Food security policy covers grain markets and supply chains, and it also decides who eats when food becomes expensive.

The most immediate distributional impact of the coming price peak will be felt by households already spending 30 to 40%[{{FIGREF:low-income-food-spend-share:6}}](#) of income on food. As prices rise, they reduce quality, then quantity. Children in those households are the most direct victims.

The immediate action is an emergency expansion of free school meals eligibility to all households receiving universal credit, regardless of income threshold. This is a specific, targeted, administratively simple intervention. It reaches children in households that are above the existing means-tested threshold but are spending so much on food that a price spike pushes them into crisis.

The cost: roughly GBP 700 million[{{FIGREF:fsm-expansion-cost:7}}](#) annually at current pupil numbers, assuming full take-up. The existing infrastructure already exists. The administrative mechanisms already exist. This is not a new system; it is an expansion of an existing one.

Medium-Term Actions: 2027

The medium-term is about production. The 2027 growing season is the next opportunity to change what arrives in the autumn of 2027 and 2028. Decisions made in the first half of 2027 determine that harvest.

Domestic Production Incentives

The primary constraint on UK domestic food production is not land. It is margin. Farmers produce what is profitable, and the math has been poor for arable crops for several years. The fertiliser shock has made it worse. If the incentive structure does not change, farmers will continue to reduce input application, shift to lower-cost crops, or take land out of production entirely.

The medium-term intervention is a guaranteed minimum price scheme for wheat and barley, modelled on the old Common Agricultural Policy intervention price mechanism but with a defined trigger and sunset clause. When the market price falls below the trigger level for two consecutive months, the government buys at trigger price up to a capped volume per farm. This gives farmers the confidence to invest in the 2027 season, knowing that the downside is protected.

The cost depends on the trigger level and market price. If world prices remain elevated, the mechanism never activates. If they collapse, the cost is capped by the per-farm volume limits and the total programme ceiling. This is designed to be self-limiting.

Urea Equivalent Domestic Production Capacity

The UK currently has zero domestic production capacity for urea, the most common solid nitrogen fertiliser. Urea is produced from ammonia and CO₂ via a specific synthesis process. The UK has some ammonia production capability, primarily for industrial uses, but ammonia is not the same as urea. The gap between "some ammonia production" and "functional urea production capacity" is significant: ammonia is an intermediate that requires additional processing to become the solid fertiliser that farms use. The decline of UK fertiliser production was driven by the logic of global trade efficiency; it was economically rational at the time, it served the interests of farmers who bought fertiliser cheaply, and it reflected a broader assumption that global supply chains would remain open and affordable. That assumption has been invalidated.

The medium-term action is a government-backed feasibility study and, if the numbers support it, a co-investment in domestic urea production capacity. The feedstock is natural gas. The process is Haber-Bosch synthesis. The capital cost is significant: a small-scale plant capable of producing 500,000 tonnes per year runs to roughly GBP 800 million{{FIGREF:urea-plant-capital:8}} to GBP 1.2 billion{{FIGREF:urea-plant-capital:8}} in construction cost.

The honest question is whether this can be built fast enough to matter. A plant of this scale takes 3 to 4 years to permitting and construction. The 2027

growing season will not benefit from new domestic capacity. But the 2028 and 2029 seasons could. Domestic urea capacity is bridge insurance: it reduces single-supplier and shipping exposure while farming practice lowers how much nitrogen each hectare needs. It is not a claim that more Haber-Bosch forever is the whole answer.

More relevant for 2027 is the question of whether existing ammonia production capacity in the UK can be redirected and scaled. The UK has some ammonia production capability, primarily for industrial uses. A government emergency directive to maximise nitrogen fertiliser output from existing sites, combined with temporary operating subsidy to make it economically viable, could add 200,000 to 300,000 tonnes of equivalent nitrogen production within 12 months. That is meaningful.

Farm Income Support

The fertiliser price shock is a direct income shock to arable farmers. A farmer applying 200 kg of nitrogen per hectare at current prices is spending roughly GBP 150{{FIGREF:farm-fertiliser-cost-hectare:9}} per hectare more than they would have in 2024. On a 300-hectare arable operation, that is GBP 45,000{{FIGREF:farm-fertiliser-cost-operation:10}} of additional cost with no corresponding increase in output price at the point of purchase.

Without direct income support, those farmers will reduce input application, reduce cultivated area, or exit the sector. All three outcomes reduce domestic food supply in 2027 and 2028. The cost of preventing that is lower than the cost of managing the supply shortage that follows.

The mechanism: a flat-rate income support payment per hectare of cultivated arable land, calibrated to cover 60 to 70% of the additional fertiliser cost burden. This is not means-tested because the administrative complexity would delay delivery past the planting window. It is a temporary emergency payment, reviewed annually, tied to the fertiliser cost index.

Estimated cost: at 9 million hectares of arable land in the UK, a payment of GBP 30{{FIGREF:farm-income-support-rate:11}} per hectare runs to roughly GBP 270 million{{FIGREF:farm-income-support-total:12}}. That is the right order of magnitude for a meaningful intervention.

Structural Actions: 2028 and Beyond

Structural change takes time. The decisions made in 2028 and 2029 determine the food security posture of the 2030s. The immediate and medium-term actions above are about surviving the next 18 months. The structural actions are about not being in this position again, including under prices that stay higher and more volatile than the 2010s baseline.

Redesign for lower input dependence

Emergency nitrogen rebates and second suppliers treat an input shock as something to ride out. Redesign treats it as a permanent design constraint.

A serious programme funds measured trials and farm transition support for: rotations and legumes that fix nitrogen in the soil; regenerative practices where UK evidence shows they hold yields without importing the same gas exposure; biological fertiliser products with transparent efficacy data, not marketing claims; and livestock–arable integration where nutrient loops reduce purchased nitrogen. Defra should publish annual synthetic nitrogen use per hectare for key crops alongside yield, so policy can track whether dependence is falling or flat.

This is not a romantic return to pre-industrial yields. It is engineering farming for a decade in which gas-linked fertiliser is dearer and less reliable. Import diversification and domestic urea capacity buy time for that transition. They do not replace it.

Land Use Strategy

The UK has roughly 17 million hectares of agricultural land. Of that, approximately 6 million hectares is arable. The rest is permanent grassland, rough grazing, or other uses. The question of how that land is used is a food security question, not just an environmental one.

A national land use strategy needs to identify which land is best suited to food production, which is marginal for production but high value for environment, and which is genuinely not suitable for either. This is not a simple mapping exercise; it involves trade-offs between food production, carbon sequestration, water management, and biodiversity that have no clean resolution.

What a government should actually do is commission and publish a national land capability assessment, then use planning policy and capital grant mechanisms to steer land use toward the uses that serve national interest. This does not mean converting all marginal land to food production. It means making deliberate choices rather than allowing the market to make them by default, which is what currently happens.

Horticulture Expansion

The UK produces roughly 55%^{FIGREF:horticulture-vegetables-domestic:13} of its own vegetables by value and a much lower percentage of fruit. Horticultural production has been in long-term decline relative to domestic consumption, driven by labour costs, glasshouse energy costs, and competition from imported produce.

The structural opportunity is significant. The UK has the land, the water (with management), and the research capability in agricultural science. What it lacks is the investment capital and the market confidence.

The policy intervention: a horticulture capital grant scheme, providing 40% match funding for investments in glasshouse infrastructure, irrigation storage, and protected cropping systems. The model is the old horticulture capital grant scheme that existed until the early 2000s. It worked. It was discontinued for budget reasons, not because it failed.

More importantly, reform the seasonal agricultural workers scheme to provide a reliable, multi-year visa pathway for horticultural workers. Labour availability is the binding constraint on UK horticulture more than any other single factor. Without a reliable workforce, the glasshouse capacity sits underutilised.

The UK's Seasonal Agricultural Workers Scheme (SAWS) currently provides approximately 30,000–45,000¹⁴ visas per year. The horticulture industry estimates it requires 70,000–90,000¹⁵ seasonal workers annually to maintain current production levels, with additional demand if the sector is to expand. The current allocation is materially below industry need, creating chronic recruitment gaps that leave fruit and vegetable crops unharvested in fields and glasshouses. The proposed expansion of SAWS, increasing the annual allocation to 60,000–70,000¹⁶ and introducing a multi-year rolling visa for returning workers with a proven harvest record, addresses this directly. A specific policy commitment to delink horticultural worker visas from the net migration target is essential: treating seasonal agricultural labour as equivalent to permanent migration in the official statistics creates an artificial political constraint on a programme that serves domestic food production. The net migration target measures long-term international migration; SAWS workers are by definition temporary, and the two should be counted and managed separately. This is the established practice of every major agricultural economy in Europe.

Planning Reform as a Barrier to Domestic Production

One of the less discussed obstacles to domestic food production expansion is the planning system. Agricultural buildings require planning permission. Glasshouses, storage facilities, processing units, and anaerobic digesters all need planning consent. In many parts of the country, the default response is delay or refusal.

A food security designation for strategic agricultural infrastructure should override the default local planning objections. This does not mean building anywhere with no oversight. It means that sites designated in the national land use strategy as suitable for food production get a fast-track planning pathway with a defined 90-day decision timeline.

This is not a radical idea. It is how the Netherlands manages agricultural development. Their planning system treats food production as a national strategic interest and structures consent accordingly. The UK should do the same.

Public Procurement for Domestic Supply Chains

The single largest food purchaser in the UK is the public sector. Hospitals, schools, prisons, military bases: collectively they serve hundreds of millions of meals per year. The vast majority of that procurement is price-driven with no domestic content requirement.

A mandatory domestic food content requirement for public sector procurement, starting at 50%[{{FIGREF:procurement-domestic-start:17}}](#) UK-sourced and rising to 70%[{{FIGREF:procurement-domestic-target:18}}](#) within five years, would create a stable demand base for domestic producers that allows them to invest with confidence. This is not protectionism. It is the standard practice of the United States, Japan, South Korea, and most other developed economies.

The mechanism: contractual requirements in all public sector food procurement frameworks, with a defined food miles and origin reporting requirement that makes compliance auditable. The cost premium, if any, is estimated at 3 to 7%[{{FIGREF:procurement-premium:19}}](#) above current procurement costs. That premium is a domestic investment, not a waste.

The Honest Trade-offs

Every intervention above involves a trade-off. These need to be stated plainly, not hidden behind the framing of the policy.

Subsidies transfer to input producers. The history of agricultural subsidies is a history of the people who sell the inputs capturing most of the value. A fertiliser subsidy, unless carefully designed with efficiency conditions, flows to the fertiliser manufacturer or distributor. A guaranteed minimum price, unless calibrated carefully, flows to the landowner through higher rents. Policy design has to account for this leakage or the intended beneficiaries do not receive the intended benefit.

Strategic reserves cost money and require maintenance. A grain reserve that is not managed is not a reserve. It is a pile of grain that is slowly degrading and becoming unusable. The cost of the reserve is not just the acquisition cost; it is the ongoing storage, management, refresh, and replacement cost. A government that announces a strategic reserve and then fails to maintain it has spent money for the appearance of security without the substance.

Domestic production expansion takes years not months. The 2027 harvest is already partially determined by decisions made in early 2026. Nothing done today changes that harvest. The urea plant takes 3 to 4 years to build. A new orchard takes 5 to 7 years to reach full production. A glasshouse complex takes 2 to 3 years to permitting and construction. The structural actions are investments in the 2028 to 2032 period, not the 2027 crisis.

The trade-off between short-term relief and long-term resilience is real. Emergency direct payments keep farmers in business through 2027 but

do nothing to address the structural vulnerability. A grain reserve stabilises prices in a crisis but does not address why the UK has no reserve. Domestic urea capacity reduces shipping risk but still rests on natural gas. All three are necessary bridges. None of them substitutes for lowering how much of the national diet depends on gas-priced nitrogen every growing season. Confusing bridges with redesign leads to policy that feels active but is not actually effective.

Foreign Agricultural Collapse and the UK's Second-Order Exposure

This post has focused on the UK domestic food security problem: domestic production capacity, fertiliser supply, farm income support, and public procurement. That focus is correct but incomplete. The same mechanisms disrupting UK food supply, Hormuz volatility, fertiliser price spikes, El Nino weather disruption, are hitting other countries harder, and the consequences of their failure flow back into the UK through channels that the domestic-focused analysis does not capture.

The COVID pandemic made visible what was previously abstract: a crisis that begins abroad does not stay abroad. The UK's exposure to global agricultural disruption operates through the same logic, multiplied by the fact that food system failure in other countries produces migration pressure, supply chain disruption, and geopolitical instability, all of which have direct UK costs.

The US agricultural water crisis, UK import exposure. The United States is the UK's largest food import partner, particularly for wheat, soy, and corn. The Ogallala Aquifer, which irrigates a significant fraction of the US Great Plains and supports roughly a quarter of US agricultural output, is 50–60%^{FIGREF:ogallala-depletion:20} depleted across its extent, with the Texas Panhandle already losing approximately 70%^{FIGREF:texas-panhandle-aquifer-loss:21} of its usable saturated thickness and on a trajectory to exhaustion within two to three decades at current extraction rates. This is not a drought; it is a slow-onset structural contraction of US irrigated agriculture. Simultaneously, the Colorado River, which supplies water to significant US Western agricultural regions, has governance arrangements that have failed twice in recent years, with Lake Powell approaching the threshold at which it can no longer generate hydropower. The 1922 Colorado River Compact allocated more water than the river actually contains in a warming, drying climate. The UK's import exposure to US commodity prices is therefore not a temporary risk but a structural one: as US irrigation capacity contracts, global grain prices will rise regardless of what happens to UK domestic production. Defra should model a US supply contraction scenario, not as a worst case but as a plausible base case, and ensure that UK import diversification strategy explicitly reduces exposure to US-sourced wheat and soy. For wheat specifically, alternative sources include Canada, Australia, France, Ukraine (subject to conflict trajectory), and Argentina. Building those supplier relationships now, before US agricultural capacity decline accelerates, is the insurance premium that import diversification should be paying.

The migration channel. The 2015 European migration crisis was not primarily about Syria as a country. It was about Syrian agriculture collapsing under drought, compounding a civil war into a displacement event that reached Europe. The mechanism was: drought to crop failure to food price spike to social breakdown to civil war to displacement. The chain ran from climate to food to instability to migration.

The current disruption is hitting a wider set of regions simultaneously. Sub-Saharan Africa is experiencing below-average harvests from El Nino weather patterns. South Asia is experiencing similar stress. The Middle East is still absorbing the consequences of regional conflict. Food price spikes in those regions do not stay as price spikes. They become social breakdown, then migration pressure on Europe and the UK.

The UK has limited control over this channel. It cannot prevent agricultural collapse in sub-Saharan Africa. But it can anticipate migration pressure and size the asylum and legal migration system accordingly. It can invest in diplomatic and development capacity to stabilise at-risk regions before they tip. It can recognise that the political narrative around immigration is partly a function of the scale of the pressure, and that reducing the pressure is more effective than managing the narrative.

The supply chain channel. The UK imports more than food. It imports agricultural inputs, raw materials, and manufactured components from regions that are simultaneously experiencing agricultural stress. The pharmaceutical sector, which depends on active pharmaceutical ingredients largely manufactured in India and China, has exposure to agricultural disruption in those countries through labour market pressure, energy costs, and logistics disruption. The chemicals sector, which the UK needs to rebuild as part of its industrial strategy, has feedstock exposure to global LNG markets that are disrupted by the same mechanisms as the fertiliser market.

These supply chain exposures are less visible than a bread price spike but they are real. A pharmaceutical supply chain disruption driven by Indian agricultural labour shortages is a different kind of crisis than a food price spike, but it lands on the same households that are already stretched by food costs.

The geopolitical spillover channel. Food system failure at scale produces state fragility. Failed harvests in major agricultural producers affect global prices in ways that are already challenging for UK household budgets. Failed harvests in food-import-dependent nations affect political stability in ways that produce regional conflict, terrorism, and state collapse, all of which generate UK security costs, refugee flows, and diplomatic burden.

The UK spent decades treating foreign policy and domestic policy as separate domains. The compounding crisis environment makes that separation untenable. Food security policy has a foreign policy dimension. That dimension deserves explicit attention in this programme.

What this means for the UK food security posture. This programme should explicitly account for three things beyond domestic production.

First, the migration channel should be resourced as part of food security policy, not treated as a separate immigration problem. The Home Office and the development ministry need to be in the same conversation as Defra and the Treasury when planning for food security.

Second, supply chain diversification for agricultural inputs, including chemicals, pharmaceuticals, and manufactured components with agricultural exposure, deserves the same attention as food itself. The resilience argument is the same: strategic stockpiling, domestic capacity where possible, and supplier diversification where it is not.

Third, food security diplomacy, using UK development funding, trade policy, and diplomatic relationships to stabilise at-risk food systems abroad, is not a soft option. It is the upstream intervention that reduces the downstream migration pressure, supply chain disruption, and geopolitical instability that otherwise land on UK budgets and UK politics.

The UK cannot feed itself in isolation. It can reduce its exposure to the global food system's failure modes, and it can build the diplomatic and development capacity to slow the production of failed states that generate the consequences that flow back to the UK. This programme needs to include both.

The Distributional Question: Who Pays

Food price crises are not neutral in their impact. They fall hardest on people who spend the largest share of their income on food: low-income households, pensioners on fixed incomes, single-parent families. The political economy of food security is also a distributional question.

A progressive approach to food security policy has several components.

First, the direct support mechanisms should be targeted at the households most exposed. The free school meals expansion is one example. An expansion of the household support grant mechanism, tied to food price index data rather than fixed income thresholds, is another. The key design principle is that support should be triggered by the price level, not by a bureaucratic income assessment that lags the reality.

Second, the cost of the transition should fall on those best able to bear it. A windfall levy on fertiliser producers and grain traders who have benefited from the price shock is both economically rational and politically necessary. It is not punitive; it is a recovery of excess returns that arose from a crisis that the public did not create. The revenue should be ring-fenced for food security spending.

Third, trade policy should be used to protect domestic producers rather than to score points about consumer prices. The argument that consumers benefit from cheap imports is correct in normal times. In a crisis, it is an argument

for importing your vulnerability. The domestic content requirements for public procurement are one mechanism. Tariff escalation mechanisms that activate when import prices fall below a defined floor are another. These tools exist. They should be used.

What This Costs vs What Inaction Costs

The total cost of this programme outlined here, spread over three years, is roughly GBP 2.5 billion{{FIGREF:programme-food-cost:22}} to GBP 3.5 billion{{FIGREF:programme-food-cost:22}} annually, depending on how many of the medium-term measures are activated and at what scale. That includes the strategic reserve, the farm income support, the free school meals expansion, the horticulture capital scheme, and the planning reform and procurement changes.

Against that, consider the cost of inaction.

A food price peak that produces a 20 to 30%{{FIGREF:food-price-peak-increase:23}} increase in the household food basket costs the average UK household roughly GBP 800{{FIGREF:household-food-basket-increase:24}} to GBP 1,200{{FIGREF:household-food-basket-increase:24}} per year in additional food expenditure. That is GBP 25 billion{{FIGREF:inaction-food-cost:25}} to GBP 40 billion{{FIGREF:inaction-food-cost:25}} in annual household cost at the national level. It falls disproportionately on the lowest-income households, for whom that amount represents a meaningful reduction in living standards.

On top of that: a supply shock severe enough to produce actual shortages rather than just price increases would require emergency imports, likely at spot market prices that are significantly higher than contract prices. The 2022 energy crisis gave a preview of what that looks like. The cost to the public balance sheet of managing a food supply emergency is an order of magnitude larger than the cost of prevention.

The return on investment in food security is not theoretical. It is a ratio of one to ten or better. That is not a normal policy return. It is an exceptional one, and it should be treated as such.

What This Post Depends On

This post makes several assumptions about complementary policies that should be coordinated with the food security programme.

Energy: The urea and nitrogen fertiliser production discussion depends on natural gas availability and pricing. If energy policy does not ensure that industrial gas users in the food production chain have priority access and price stability, the domestic production investment will not be viable. The energy authors should be aware that domestic fertiliser production is explicitly on the agenda.

Industrial Strategy: The domestic urea plant, the horticulture capital scheme, and the supplier diversification programme all require coordinated industrial strategy support. These are not standalone agricultural policies; they are manufacturing and supply chain policies that happen to produce food. The industrial strategy authors should coordinate on the capital co-investment mechanisms.

Fiscal Framework: The cost figures in this post are real but they are not unfunded. They require a fiscal framework that can accommodate GBP 2.5 billion{{FIGREF:programme-food-cost:22}} to GBP 3.5 billion{{FIGREF:programme-food-cost:22}} in annual food security spending without displacing other necessary services. The fiscal framework authors should be aware of this commitment and should treat it as a first-charge on any contingency or crisis response budget, not as a competing claim on general expenditure.

The food security window is closing. The decisions made in the next six months determine what the UK eats in 2027 and beyond. There is no version of this story where doing nothing is the right answer, and there is no version where importing past one peak and returning to business as usual is the honest plan either.

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*Verification status: **verified** = official source linked; **estimate** = named organisation; **scenario** = series conditional projection; **internal_calc** = modelled from programme components in data/ctw/calculations.csv.*

Energy

Main chapter

For most households energy policy is whether the heating goes on in October. An energy security programme: fuel poverty support, grid resilience, supply options, and an honest account of what renewables do and do not solve.

Update, 2 August 2026. Gulf shipping remains a risk-premium story, not a permanent closed-strait story. That still lands on gas, fertiliser, and the food bill; see Food. Summer heat is also a present grid and fuel-poverty problem, not only a winter one (Climate).

Update, 5 August 2026. Cleaning the energy system matters a great deal. It is not the same as ending pressure on a finite planet. The Limits To Growth: Where We Are On The Curve states that plainly: renewables reduce one variable; they do not, by themselves, change a path that keeps expanding material use forever. This chapter stays operational. It just stops pretending supply substitution alone closes the brief.

Energy policy in Westminster sounds like molecules and megawatts. In your kitchen it is whether the heating goes on in October and whether the direct debit notification makes you feel sick.

A household on a variable tariff in 2026 is paying roughly double what it paid in 2019{{FIGREF:energy-bills-double-2019:1}} in nominal terms, even after the emergency support of 2022 and 2023. When the subsidy ends, the bill remains. Fuel poverty is not a statistic. It is heating one room, children doing homework in coats, elderly people sent home from hospital to flats they cannot afford to warm.

About 6.5 million households are already in fuel poverty{{FIGREF:fuel-poverty-6-5m-households:2}}. North Sea gas is declining. Renewables are growing but not fast enough to close the gap in the middle. Grid stress has been a present problem for two winters, not a future one.

When Hormuz closes, you do not experience geopolitics. You experience it on the same bill as last month's standing charge.

Why energy is never just energy

Half the nitrogen fertiliser used in UK farming comes from natural gas. Gas up, fertiliser up, food up. The food security chapter and this one cover the same households.

Steel mills and fertiliser plants facing volatile gas prices do not absorb the shock quietly. They pass it through, cut shifts, or close. The industrial strategy chapter depends on prices manufacturers can plan around.

Britain's gas system was built for self-sufficiency and predictable winters. Neither holds anymore. LNG imports tie your bill to shipping routes, Asian demand, and Gulf security at once.

What renewables do, and what they do not

The renewable build-out is necessary. Every serious programme should accelerate it: more capacity, faster grid connections, storage so a windless January week does not fire every remaining gas plant.

It is not sufficient on its own.

Substituting clean generation for dirty generation changes how electricity is made. It does not automatically shrink how much energy households, transport, and industry demand. It does not, by itself, close the gap while North Sea production falls and new capacity is still incomplete. That gap is a structural feature of the next decade, not a temporary inconvenience while wait times in the connection queue clear. Policy that only celebrates new megawatts and ignores demand will keep promising relief that winter bills do not deliver.

What a serious programme would do

Bridge fuel poverty before winter. Means-tested payments through existing benefit systems, designed alongside food support for the same population. Not a permanent fix. A bridge that must exist before October.

Cut demand on purpose, not by crisis. Insulation at scale. Heat pumps on suitable properties. Council solar on social housing. Transport choices that reduce unnecessary miles, not only cars that use different fuel. Industrial process efficiency where the big users sit. This is demand-side management stated plainly: reduce the load the system has to meet, so thin margins do not become blackouts or another emergency subsidy. Details sit with housing for homes; industry and grid operators carry the rest. Prefer designed restraint to rationing by cold, debt, and queue.

Secure supply options now. Emergency North Sea licensing where fields are ready but blocked by uncertainty. Strategic fuel reserves closer to what allies hold, not the few days' cover the UK keeps today. That is bridge capacity while demand falls and renewables rise, not a claim that more fossil extraction is the long-term answer.

Unblock the grid queue. Renewable projects wait years to connect while shovel-ready schemes sit behind projects that may never build. Queue reform is administrative, fast, and brings capacity forward by years.

Use AI where it reduces grid stress. Demand forecasting, fault detection, and real-time balancing help operators manage thin margins before winter peaks bite. That is operational infrastructure, not a separate tech chapter. See AI, Automation, and Public Power and industrial strategy for sovereign compute and procurement requirements.

Build storage and flexibility. A grid without storage fires every gas plant on a windless January week. Batteries, pumped hydro where geology allows, and storage tied to new renewables are operational necessities, not green vanity.

Be honest about nuclear and hydrogen. Sizewell C should proceed as the one large plant in train. Beyond that, UK nuclear capacity arrives slowly if at all. Hydrogen matters for industry; it is not a credible plan to heat every home by 2030. Policy should follow physics, not press releases.

Full costings, licensing timelines, and grid mechanics are in the Energy: Deep Dive.

If nothing changes

The winter of 2022 cost the country tens of billions in emergency support and households still cut heating. That crisis eased when gas prices fell. A repeat in a tighter global market, with less North Sea production and less spare LNG, would be harder to manage, especially if ministers kept treating demand as someone else's problem.

Spending a few billion a year on resilience and demand reduction is the price of not being ambushed again.

The Next Piece

Steel, chemicals, and grid equipment all need energy you can rely on. The next chapter is industrial strategy: whether Britain can still make things that matter.

Read next: Industrial Strategy.

Sources

1. **Household energy bills vs 2019 (nominal)** (100% higher): Ofgem price cap historical data (2026-01). Nominal doubling after 2022-23 support packages.
2. **UK households in fuel poverty** (6.5 million): NEA / government fuel poverty statistics (2024-10). Figure used across situation and energy chapters.

*Verification status: **verified** = official source linked; **estimate** = named organisation; **scenario** = series conditional projection; **internal_calc** = modelled from programme components in data/ctw/calculations.csv.*

Energy (Deep Dive)

Deep dive

The UK imports 45% of its gas, North Sea production is in structural decline, and the grid runs on thin margins. Emergency licensing, SPR expansion, fuel poverty payments, winter grid prep, demand reduction, and an honest account of what renewables do and do not solve.

The thing about gas

Roughly half of the nitrogen fertiliser used in UK agriculture is produced from natural gas. When gas prices spike, fertiliser prices spike. When fertiliser prices spike, food prices spike. Energy policy is food policy, whether anyone in Westminster wants to admit that or not.

Food Security covers the food security angle. The energy side of the ledger is not reassuring.

Update, 5 August 2026. The everyday Energy chapter now states the careful honesty pass: renewables are necessary and not sufficient; demand has to fall on purpose, not only by cold and debt. The Limits To Growth: Where We Are On The Curve is the longer frame. Sections below keep costed levers and add demand reduction as a first-class programme line, not an afterthought.

The UK currently imports roughly 45%[{{FIGREF:uk-gas-imports-pct:1}}](#) of its natural gas. The North Sea fields that once supplied the bulk of domestic demand are in decline, dropping by roughly 6%[{{FIGREF:north-sea-decline-rate:2}}](#) to 8%[{{FIGREF:north-sea-decline-rate:2}}](#) per year. The new licensing rounds have been slow, contested, and insufficient to reverse the trajectory. Meanwhile, the interconnectors to Norway and the continent are running flat out. The strategic picture is one of increasing dependence on a global LNG market that is now, thanks to Hormuz disruption, under genuine pressure.

That is the baseline. Cleaning how electricity is made matters a great deal. It does not, by itself, close the gap while domestic fossil production falls and demand stays high.

Immediate: now through end of 2026

North Sea licensing: emergency round, now

The Chancellor should convene an emergency licensing round for the North Sea. Not a consultative process, not a review, not a committee. An actual round, with firm deadlines for applications and decisions within 90 days.

The licensing regime already exists. The issue is political will and bureaucratic speed. Each month of delay is another month of decline in domestic production.

The fiscal terms for new fields are not the obstacle: the composite tax rate for new developments is manageable, and the industry has capital available. What it needs is certainty that the regulatory process will not be weaponised by activist litigation.

There are an estimated 15 to 20 viable undeveloped discoveries in UK waters that have stalled due to policy uncertainty. Unblock those. Fast-track the ones with existing infrastructure connections. Do not wait for a comprehensive energy strategy. The situation does not allow for that luxury. Treat that output as bridge supply while demand falls and renewables rise, not as a claim that more fossil extraction is the long-term answer.

Strategic Petroleum Reserve: stop talking, start buying

The UK SPR holds roughly 5 to 6 million barrels. That is approximately 3 to 4 days of net imports at current rates. Compare that to the US SPR at 375 million barrels or the IEA minimum of 90 days of net imports.

Strategic petroleum reserve policy does not generate headlines. But in a disrupted global market, having actual oil in storage that you control is the difference between managing a crisis and being managed by one.

The government should be buying on the open market now, at volumes sufficient to bring the SPR toward the IEA 90-day minimum. The cost is real but manageable. The cost of not doing it, when the next supply shock arrives, is not manageable.

There will be objections about the fiscal cost. Those objections deserve to be ignored. Fiscal caution is appropriate when the alternative is resilience. It is not appropriate when the alternative is dependency.

Fuel poverty direct payments: the winter buffer

The UK has roughly 6.5 million households{{FIGREF:fuel-poverty-6-5m-households:3}} in fuel poverty, defined as spending more than 10%{{FIGREF:fuel-poverty-income-threshold:4}} of income on energy. That number has been climbing. The energy price cap provides some protection, but it is a blunt instrument that does not distinguish between a household that is managing and a household that is struggling.

The immediate instrument is a means-tested direct payment, administered through existing benefit infrastructure (Universal Credit, Pension Credit, Child Tax Credit). Payment values should be calibrated to the gap between the energy price cap and what a sustainable energy burden actually looks like for low-income households.

This is not a long-term solution. It is a bridge. But it is a bridge that needs to be built before October.

There is a second reason to do this now, which connects to the food security discussion. A household that cannot afford to heat is also a household making tradeoffs at the food bank. The fuel poverty intervention and food security intervention share the same population. They need to be designed together.

Grid stress: winter preparation

National Grid's winter outlook has been pointing at tight margins for the past two winters. The margin is not zero, but it is thin enough that cold weather, unplanned outages, or reduced interconnect flows could produce controlled load shedding.

The government should be working with National Grid now on a winter stress-test protocol. This includes:

- Acceleration of any deferred maintenance on transmission infrastructure
- Pre-positioning of mobile generation assets in vulnerable regions (the north, Scotland, rural Wales)
- Clear communication to industry on demand reduction requests, with enough lead time for businesses to plan

Demand reduction is not popular with businesses, but a voluntary agreement backed by fiscal incentives is better than emergency rationing. Get the framework in place now, not in January when the cold arrives.

Demand reduction as a programme, not a winter plea

Grid stress protocols ask industry to cut load when margins are thin. That is crisis demand management. A serious programme also funds demand reduction that does not wait for black alerts.

Homes: insulation at scale, heat pumps on suitable properties, council solar on social housing. Details and delivery sit with housing; energy policy has to treat those as load reductions that buy years of thinner peak risk, not optional green vanity.

Transport and industry: fewer unnecessary freight miles where practical, process efficiency at the large industrial users, and procurement standards that reward lower energy intensity. Prefer designed restraint to rationing by cold, debt, and queue.

National Grid and the Energy System Operator should publish an annual demand pathway alongside the renewable capacity pathway: how much peak load Britain intends to remove by 2030, by sector, with funded programmes attached. Supply targets without demand targets is half a plan.

AI for grid balancing and demand forecasting

A stressed grid with thin margins cannot rely on operators alone to match supply and demand across millions of connection points. Demand forecasting, fault

detection, and real-time balancing are operational workloads where AI adds value without replacing the physical infrastructure this post describes. The AI, Automation, and Public Power companion treats this as sovereign infrastructure; the industrial strategy deep dive covers procurement and UK operational-control requirements.

Medium-term: 2027 through 2028

Nuclear: Sizewell C and what comes after

Sizewell C is the only large-scale nuclear project currently in active development in the UK. It is a 3.2 GW project, two reactors, estimated completion 2029 to 2031, and it is already running behind its original timeline and over its original budget. The estimated cost is north of GBP 20 billion{{FIGREF:sizewell-c-cost:5}}, though the final figure will depend on the contract for difference arrangement.

The government should proceed with Sizewell C as a practical matter, not as a celebration of nuclear power. The alternative is a grid that runs on gas and hopes. Hopes are not an energy strategy.

What comes after Sizewell C is the harder question. The UK has effectively lost the ability to build nuclear quickly. The supply chain, the regulatory capacity, the engineering talent base, the public inquiry process: all of these have atrophied. Rebuilding that capacity takes a decade at minimum, and it requires sustained political commitment across multiple electoral cycles.

The realistic medium-term nuclear programme is:

- Sizewell C completed on the fastest viable timeline
- Begin site identification and early development work for the next tranche (potentially Bradwell B or a new site)
- Maintain the nuclear regulatory and safety capacity as a national capability, not just a project-specific resource

There is no shortcut here. Anyone telling you that the UK can have a rapid nuclear build programme is selling something. The timeline for meaningful new nuclear capacity beyond Sizewell C is the late 2030s at earliest. Plan accordingly.

Renewable build rate: the connection queue problem

The UK has a surreal situation. There are renewable energy projects representing roughly 80 to 100 GW of capacity sitting in the grid connection queue, waiting for transmission infrastructure to be built. Some of these projects have been waiting for more than five years.

Meanwhile, the government has set targets for renewable deployment that require significant new capacity. The gap between target and delivery is not primarily a technology problem or a finance problem. It is a queue management problem.

The root cause is the connection queue process, which was designed for a smaller, simpler grid and has not kept pace with the volume of applications. The system treats all applications equally regardless of how close they are to being ready to generate. Projects that are shovel-ready sit behind projects that are conceptual. The result is that transmission upgrades are planned for a queue that does not reflect actual project readiness.

The fix requires administrative action, not new legislation:

- Prioritise connection agreements for projects that have site control, planning permission, and financing in place
- Implement a "readiness threshold" below which projects cannot hold queue position
- Accelerate the National Energy System Operator's transmission planning capability

These reforms will not generate press releases. But they are the actual bottleneck, and addressing them could bring 10 to 15 GW of renewable capacity forward by two to three years.

That acceleration is necessary. It is not, by itself, sufficient. Substituting clean generation for dirty generation changes how electricity is made. It does not automatically shrink how much energy households, transport, and industry demand. The gap between declining North Sea production and incomplete renewable build-out is a structural feature of the next decade, not a temporary inconvenience while the queue clears. Queue reform without demand reduction keeps promising winter relief that bills do not deliver.

The hydrogen strategy: timeline problems

The UK hydrogen strategy, published in 2021 and updated since, sets targets for 10 GW of hydrogen production by 2030^{FIGREF:hydrogen-target-2030:6}. That target is not credible given current progress. The electrolysis capacity currently operational or under construction is a fraction of that figure.

The problem is not the targets. The problem is the gap between targets and delivery mechanisms. Hydrogen production at scale requires:

- Cheap, abundant low-carbon electricity (currently expensive and constrained)
- Significant infrastructure: pipelines, storage, import terminals
- Demand-side offtake agreements that give producers confidence there will be a market

The government has been strong on targets and weak on the enabling infrastructure. The medium-term priority should be:

- Commit to hydrogen-ready infrastructure for all new gas-fired power stations (this is already policy, but implementation has been slow)

- Accelerate the cluster development programme for industrial hydrogen use cases (Teesside, Merseyside, Holyhead)
- Clarify the revenue mechanisms for green hydrogen production. The current cap and floor mechanism is not sufficiently attractive for the capital required

The hydrogen timeline matters for industrial strategy, which we will address in a later post. For now, the key point is: be realistic about what 2030 looks like. The 10 GW target is unlikely to be met in full. A more defensible target is 3 to 5 GW^{FIGREF:hydrogen-realistic-2030:7}, focused on industrial clusters and backed by genuine infrastructure commitments.

The grid connection problem: more detail

This deserves its own section because it is the single most tractable constraint on UK energy security, and it receives a fraction of the attention it deserves.

The connection queue stands at roughly 100 GW. Projects sit in it for years. The queue is not managed on commercial readiness, so shovel-ready projects wait behind projects that may never reach FID. Transmission infrastructure is planned against the full queue, which means upgrades are sized for projects that will not proceed, delaying upgrades for projects that will.

The administrative reforms needed are not complex:

1. A readiness threshold for queue entry: projects must demonstrate site control, planning, and financing before they can hold a position
2. Queue management on commercial milestones: projects that miss development milestones lose their queue position
3. Faster DNO (Distribution Network Operator) capacity assessments, with a mandated timeline of 90 days for standard connections

These changes could be implemented within six months. They would not require primary legislation. They would, however, require the government to be willing to tell some projects that their place in the queue is not guaranteed. That requires political will.

Fuel poverty: designing for the food-energy overlap

The connection between fuel poverty and food insecurity is structural. Households with limited budgets make tradeoffs. When energy prices rise, the tradeoff shifts from "heat or eat" to "heat less and eat less." Both outcomes are bad: one is a policy failure, the other a public health crisis.

The fuel poverty instruments currently in place are not designed for this overlap. They are:

- The Energy Price Guarantee: a blunt subsidy to all households, expensive and poorly targeted

- The Winter Fuel Payment: universal, not means-tested, and worth less in real terms each year
- The Warm Home Discount: a compulsory rebate on energy bills for low-income households, ring-fenced but limited in scope

A better design would:

- Consolidate the Winter Fuel Payment and Warm Home Discount into a single, means-tested energy support payment, calibrated to actual energy costs and household income
- Integrate the eligibility framework with food support (Free School Meals, Healthy Start, food bank referral pathways) so that households in either programme are automatically flagged for the other
- Include a winter fuel payment for households with children under five, calibrated to the heat loss of a typical young child's bedroom

The administrative infrastructure for this already exists. The integration is a data-sharing problem, not a new systems problem. The barrier is political: nobody wants to be the minister who took the universal winter fuel payment away from pensioners who are not in fuel poverty. But the fiscal case for targeting is strong, and the equity case is stronger.

The Hormuz assumption

This analysis assumes that Hormuz remains disrupted through 2026 and into 2027. That is the central scenario, not the worst case.

If Hormuz reopens and LNG flows normalise, the immediate pressure on UK gas prices eases. That changes the cost calculus for the interventions described above. It does not change the structural argument: North Sea decline continues, the connection queue remains broken, nuclear takes fifteen years regardless of global gas prices.

The policy response should be designed to be robust across scenarios. The emergency North Sea licensing is defensible in both cases. The connection queue reforms are defensible in both cases. The fuel poverty direct payments are defensible in both cases.

The strategic petroleum reserve purchases are more conditional. If Hormuz resolves and prices fall, buying becomes cheaper. If Hormuz remains disrupted, buying at higher prices is still better than being caught short.

The nuclear programme is completely independent of Hormuz. The fifteen-year timeline for new capacity does not change because of a shipping lane in the Persian Gulf.

What this costs vs what inaction costs

Let us be direct.

The interventions described above, implemented fully, would cost in the range of GBP 5 to 8 billion{{FIGREF:programme-energy-cost:8}} per year over the 2026 to 2028 period. This includes:

- Strategic petroleum reserve purchases: GBP 1 to 3 billion{{FIGREF:energy-spr-annual-cost:9}} per year, depending on volumes and market prices
- Fuel poverty direct payments: GBP 2 to 3 billion{{FIGREF:energy-fuel-poverty-payments:10}} per year, replacing and consolidating existing payments
- Demand reduction in the built stock and industrial efficiency: shared with housing and industrial strategy budgets; treat a meaningful share of the energy programme as load cut, not only new megawatts
- Grid connection queue reform: minimal direct cost, primarily administrative
- North Sea licensing acceleration: minimal direct cost, primarily regulatory

This is not a large number relative to the UK government budget. It is roughly 0.3%{{FIGREF:energy-programme-gdp-share:11}} to 0.5%{{FIGREF:energy-programme-gdp-share:11}} of GDP. It is also substantially less than the cost of a single winter energy crisis, which the Bank of England estimates would reduce GDP by 0.5%{{FIGREF:energy-crisis-gdp-impact:12}} to 1.5%{{FIGREF:energy-crisis-gdp-impact:12}} depending on severity and duration.

The cost of inaction is not theoretical. It is the winter of 2022, when the energy price cap cost the government GBP 40 billion{{FIGREF:energy-cap-2022-40bn:13}} in emergency support, and households still faced real-terms cuts to heating and lighting. That crisis was manageable because gas prices normalised by spring 2023. A similar crisis in a disrupted global market, with no spare LNG capacity and reduced North Sea production, would be considerably harder to manage, especially if ministers kept treating demand as someone else's problem.

Five to eight billion pounds per year is the cost of optionality. It is the cost of being able to respond to shocks rather than being ambushed by them. That is money well spent.

Interdependencies

Energy policy does not sit in isolation. It connects to the rest of this series in three ways:

- **Food Security:** The energy-food nexus is direct. Gas prices drive fertiliser prices; fertiliser prices drive food prices. Fuel poverty and food insecurity share the same households.
- **Industrial Strategy:** Hydrogen, nuclear, and grid connection are industrial policy as much as energy policy.

- **Fiscal Framework:** The GBP 5-8 billion per year figure must be set in fiscal rules and borrowing headroom context.

The series returns to these connections in later chapters. For now, the energy foundation is laid.

Sources

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5. **Sizewell C estimated cost (GBP 20 billion):** EDF / government statements (2024-06). North of GBP 20 billion.
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8. **Energy security programme (annual) (GBP 5-8 billion):** CTW programme model (2026-06). *Programme model; see calculations.csv*. Sum of energy measures; see deep dive.
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11. **Energy programme as share of GDP (0.3%):** CTW programme model (2026-06). *Programme model; see calculations.csv*. 2026-2028 interventions.
12. **Winter energy crisis GDP impact (0.5%):** Bank of England estimates (2022-11). Severity and duration dependent.
13. **2022 energy price cap support (one year) (GBP 40 billion):** NAO energy bills support (2023-03). One-off fiscal cost precedent cited in fiscal chapter.

Verification status: **verified** = official source linked; **estimate** = named organisation; **scenario** = series conditional projection; **internal_calc** = modelled from programme components in data/ctw/calculations.csv.

Industrial Strategy

Main chapter

Britain designs advanced systems but cannot always make the steel, chemicals, or grid kit they need. An industrial strategy for jobs, places, and resilience.

Update, 2 August 2026. The war-economy framing is no longer theoretical. Iran widened the war through late July; British bases have been named in hostile rhetoric; UK ships are in the Gulf. Munitions production was already running hot. Productive-capacity dispersal belongs beside capacity rebuilding; see the deep dive.

A skilled twenty-five-year-old in Sheffield or Port Talbot should be able to build a career without leaving their city. In too many places that person already left, because the works closed and nothing replaced it.

Industrial strategy is not nostalgia for smokestacks. It is whether a country can employ its own people at decent wages, absorb shocks, and fund the public services those wages support.

Britain can design advanced military systems but cannot always manufacture the steel plate they are built from. It can field a nuclear deterrent but depends on foreign supply for the fertiliser that underpins food production. It can install offshore wind but often imports the cables and transformers that connect it to the grid.

Those gaps are not accidents. They are decades of policy that treated "the economy" as one abstract number rather than a set of concrete capabilities.

Jobs and places

When a steelworks or chemicals plant closes, a town loses more than wages. It loses apprenticeships, supplier networks, tax base, and the social infrastructure stable employment funds.

Rebuilding capacity is place-based policy. A new electric arc furnace in South Wales is not a line on a Whitehall spreadsheet. It is hundreds of apprenticeships and a reason for an engineer to stay.

Industrial strategy is not protectionism. Protectionism is a stance toward trade. Industrial strategy is a stance toward capability. Other countries have maintained strategic capacity alongside open markets for decades. The UK chose managed decline and called it inevitability.

What this programme prioritises

The test is simple: if this supply chain broke, would Britain struggle to defend itself, feed itself, or keep basic services running?

Steel for ships, vehicles, and infrastructure. **Chemicals and fertiliser** for farming, pharmaceuticals, and defence inputs. **Grid equipment** for the energy transition the energy chapter depends on.

This programme would:

Buy strategically. Public procurement should weight resilience alongside price when the state is already a massive customer of steel and infrastructure.

Co-invest patient capital. Private markets avoid long payback, capital-heavy industry. Government takes first-loss risk so steel, ammonia, and grid factories can get built.

Name who is accountable. Fifty years of failed industrial strategy share one feature: no named body, no statutory duty, no minister who owns the outcome. That changes here.

Tie investment to training. Capital grants carry binding apprenticeship commitments. Colleges get stable funding for the courses the strategy actually needs.

Treat AI as infrastructure, not a sideshow. It multiplies grid balancing, industrial control, logistics, and health diagnostics. See AI, Automation, and Public Power.

Sector detail, capital ranges, and procurement mechanics are in the Industrial Strategy: Deep Dive. Skills & FE covers the workforce pipeline.

The honest constraint

New steel and chemicals capacity takes years, not months. There is no shortcut. The choice is whether, in five years, Britain is moving toward capability or still accepting hollowing out as fate.

How this sits in the fiscal table

The Fiscal Framework annual total sums recurring delivery programmes: food, energy, health, housing, benefits, defence, justice. Industrial capital (steel, ammonia, grid factories) sits **outside** that annual total because it is project-by-project investment over five to fifteen years, not a standing social programme line. The deep dive holds capital ranges and gateway review detail.

The Next Piece

An industrial programme is worthless if the workforce is too sick and burned out to sustain it. The next chapter is health and social care: a system with no headroom left.

Read next: Health and Social Care.

Industrial Strategy (Deep Dive)

Deep dive

The UK has systematically run down its domestic manufacturing base. It can design advanced military systems but cannot manufacture the steel plate they are built from. This post describes an active industrial strategy prioritising steel, chemicals, and fertilisers, grounded in the historical record of state-directed reconstruction and the specific capability gaps that strategic resilience requires.

Risk level: High, June 2026

The War Economy Is Not a Metaphor

When we talk about a "war economy" in the UK context, we are not reaching for drama. We are describing a set of structural choices that have been made over decades, and the consequences of those choices are now fully visible.

The UK has systematically run down its domestic manufacturing base. Not through neglect alone, but through active policy: trade liberalisation without adequate defensive measures, procurement practices that rewarded the cheapest global supplier regardless of strategic risk, and an intellectual framework that treated "the economy" as a single abstract thing rather than a set of concrete capabilities. The result is a country that can design advanced military systems but cannot manufacture the steel plate they are built from. That can field a credible nuclear deterrent but depends on a single foreign supplier for the nitrogen fertiliser that underpins a significant portion of its food production. That can install offshore wind turbines but cannot produce the cables, switchgear, and transformers that connect them to the grid.

This is not a pre-crisis warning. This is a post-crisis observation. The supply chain disruptions of 2020 to 2025 exposed the shape of the problem. What we are now describing is what a government that understood those lessons would actually do about it.

The good news: the UK still has enough of the right foundations to rebuild. The bad news: it will take real money, real political will, and real time. No clever procurement trick will substitute for them.

Why Industrial Strategy and Not Just Trade Policy?

Industrial strategy is not protectionism. Protectionism is a stance toward trade. Industrial strategy is a stance toward capability. The distinction matters.

A government can run a genuinely open trading regime and still maintain strategic industrial capacity. The two are not opposites. Germany did it for decades through its legendary *Mittelstand* and its patient capital ecosystem. Japan did it through deliberate sector development. South Korea turned it into

an art form via the Chaebol system. The United States does it through the massive carve-outs in its trade agreements for national security procurement, through DARPA, through the CHIPS Act, through agricultural subsidies that bear no relationship to comparative advantage.

The UK has been an outlier in its ideological commitment to the idea that the market, left alone, will produce the right industrial structure. It will not. Markets optimise for cost and efficiency on the timescale of quarters and years. Strategic resilience requires thinking across decades. That gap has to be filled by deliberate policy.

The objection that state-directed industrial strategy does not work is not a finding of economic science. It is a political preference dressed as a conclusion. The historical record runs the other way: South Korea built steel, shipbuilding, electronics, and car industries from one of the world's poorest starting points through directed credit and targeted policy, and even governments committed to free-trade ideology act strategically when national interest requires it.

What follows is not a comprehensive industrial strategy for every sector. It is a prioritised set of interventions that address the most consequential capability gaps, structured around what can realistically be done in the 2026 to 2028 window.

Sector Priorities: Where to Intervene and Why

Not all industrial sectors are equal from a national resilience perspective. The test for priority should be: if this supply chain broke, would it materially degrade the UK's ability to defend itself, feed itself, or maintain basic economic function?

Steel

Steel is the most immediate and obvious priority. It is the foundational material of industrial civilisation. Defence equipment, infrastructure, construction, energy platforms, and transport all depend on it. The UK still has some domestic capacity, but it is fragile, and the electric arc furnace route that would make it competitive in a decarbonised world requires significant capital investment that the private sector alone will not commit without a clear policy signal.

The strategic case is unambiguous. Every advanced military platform, from naval vessels to armoured vehicles to the substrates of semiconductor fabrication, flows through steel. The UK cannot outsource its national security metallurgy.

This connects directly to Energy because offshore wind platforms, nuclear containment structures, and grid infrastructure all require heavy steel plate and specialized steel alloys. A UK that imports its steel from four countries is in a position where an escalation in any one of those relationships degrades multiple critical programmes simultaneously.

Chemicals and Fertilisers

The Food Security link deserves explicit emphasis. Nitrogen fertiliser production is a chemicals industry product. The Haber-Bosch process that synthesises ammonia from natural gas and air is chemistry, not agriculture. The UK once had a domestic fertiliser industry of substance. High energy costs and competition from lower-cost producers have largely shuttered it.

What is less widely understood is that the chemicals sector is a general-purpose industrial capability. It produces the precursors for explosives and propellants (defence relevance), for pharmaceuticals (health security), for industrial coatings and adhesives (manufacturing), and for agricultural inputs (food security). A country without a meaningful chemicals sector has a constrained industrial ceiling.

The rebuilding task here is not simple. Chemicals plants are capital-intensive, energy-intensive, and require specialist engineering knowledge that takes a decade or more to develop in a workforce. But the alternative is permanent strategic dependency on imports for a sector that touches everything.

Defence Supply Chains

This is the area where the war economy framing is most literal. The UK's defence industrial base has its own supply chain vulnerabilities, and they are well-documented in the classified threat assessments that will never be published in a post like this but are well-known to practitioners in the sector.

The immediate pressures are: shipbuilding capacity (very limited globally, under severe demand), munitions production (running hot to supply Ukraine and simultaneously trying to replenish UK stockpiles), and specialist electronics and sensors (where the UK has genuine capability but is at risk of being outbid by US and Asian customers for limited production capacity).

The medium-term problem is more structural. Many defence supply chains are single-source by design: a subcontractor that is the only global supplier of a specific precision component. Those concentrations have been tolerated because global trade was assumed to be stable. That assumption has been retired.

Semiconductors

The UK has genuine capability in compound semiconductors, ARM chip design, and compound semiconductor fabrication (particularly at sites like Newport Wafer Fab). These are not leading-edge silicon foundries; that ship has sailed. But they are strategically significant and increasingly contested.

Semiconductors belong on this list not because the UK can compete at TSMC scale, but because specific niche capabilities in defence-grade chips, RF components, and specialized sensors are both commercially viable and operationally critical. A government that lets those capabilities migrate offshore because the

market decided they were not profitable enough has made a category error about what strategic value means.

Artificial Intelligence: A Capability Multiplier, Not a Sector

AI belongs in this post as an industrial capability, not as a separate technology strategy. Its relevance is concrete: it improves performance in the sectors already prioritised here, including grid balancing, industrial process control, logistics, defence systems, and health diagnostics. Treated as a standalone "tech economy" story, it becomes a distraction from the structural argument. Treated as infrastructure for the sectors above, it is directly useful.

The policy mechanism is state anchor demand with sovereignty conditions. Public contracts for AI in high-value domains, NHS, defence, tax, planning, infrastructure operations, should require UK data residency, model portability, open interfaces, and UK operational control of the deployment environment. That creates a domestic market for UK-based firms while reducing lock-in to foreign hyperscalers.

The compute question should be framed honestly. The UK is not going to outspend US frontier labs on general-purpose model training. The strategic play is sovereign capacity for public and defence workloads, plus targeted support for domain-specific models where the UK has data and institutional advantages: health, defence, and the specific industrial sectors described in this post. Inter-operability standards across departments and explicit procurement preference for portable systems are the practical enablers.

For the NHS-specific data control-plane design, see Health & Social Care.

Grid Equipment

This connects directly to Energy and deserves particular emphasis because it is the most unglamorous but most immediately consequential gap.

The UK is attempting the largest offshore wind buildout in its history. It is also attempting a major nuclear programme. Both of these require transformers, switchgear, cables, and protection systems. The global market for grid equipment is tight, lead times are measured in years, and a significant portion of critical equipment comes from a very small number of manufacturers, several of them in countries with whom the UK has complicated strategic relationships.

Grid equipment is not exciting. It does not appear in defence white papers. It will not generate a ministerial announcement. But a grid that cannot transmit the power it generates is not a functioning energy strategy.

Productive-capacity dispersal

Rebuilding capacity is not enough if that capacity sits in one or two obvious places. A country whose critical manufacturing is concentrated is a country

whose critical manufacturing is hostage to one or two well-targeted disruptions.

The WWII Shadow Scheme is the clearest precedent. From the mid-1930s the government funded shadow factories next to civilian plants; after Coventry was hit in November 1940, production was physically dispersed around Britain. Dispersal was a strategy, not a side-effect of growth.

The modern equivalent is tax, planning, and procurement incentives to locate critical manufacturing (batteries, pharmaceuticals, semiconductors, food processing, fertiliser, rare earths) outside obvious concentrations; built-in redundancy for critical chains; strategic reserves of inputs (grain, fertiliser, pharmaceutical precursors, semiconductors, rare earths); and an explicit rule that productive-capacity location is a national-security choice, not only a market outcome.

That task is more urgent after late July 2026, with UK bases named in Iranian rhetoric and Gulf deployments layered on munitions production already running hot for Ukraine and domestic stockpile replenishment. Cross-links: Food Price Crisis for fertiliser concentration; Defence: Deep Dive for munitions and shipbuilding; Climate for why climate-driven disruption makes dispersal more valuable, not less; Governance: Deep Dive for Regional Resilience Leads who would coordinate it.

Immediate Actions: Now Through End of 2026

The 2026 window is short and the interventions must be focused on removing immediate barriers rather than building new capacity, because new capacity takes years. What can be done in months is procurement reform and regulatory acceleration.

Emergency Procurement for Domestic Steel

The single most immediately actionable lever is government procurement. The UK public sector is a massive buyer of steel. Construction projects, defence contracts, and infrastructure programmes together represent demand that could anchor a significant portion of domestic steel production.

The current problem is that procurement rules and commercial practice do not systematically weight strategic supply chain resilience. "Most economically advantageous tender" is interpreted as lowest price in most cases. Changing that interpretation, even before any legislative change, is within the gift of the Cabinet Office and the Crown Commercial Service.

The practical step: issue procurement guidance that instructs major public buyers to apply a supply chain resilience criterion alongside price and quality, with domestic content weighted where it exists. This does not require a WTO exception; it is already permitted under existing trade agreement provisions as a technical regulation applying equally to all bidders.

Chemicals and Fertilisers: Emergency Stockpiling and Supply Agreements

For fertilisers specifically, the immediate priority is not building new production capacity (that takes years) but ensuring that existing supply chains are de-risked and that domestic stockpiling provides a buffer against disruption.

The government should negotiate long-term supply agreements with existing producers, using the agricultural sector's purchasing power as the anchor. Where those agreements involve capital investment in UK production, co-investment structures should be put in place now (see below). In the interim, strategic stockpiling of a season's worth of nitrogen fertiliser supply is a cheap insurance premium against a disruption that could reduce UK food production by 20 to 30 percent{{FIGREF:fertiliser-disruption-production-loss:1}} in a single growing season.

This is a direct continuation of the analysis in Food Security, which should be read alongside this post.

Public Sector Buying British

Beyond steel, the public sector buys a vast range of manufactured goods. Construction materials, mechanical and electrical equipment, vehicles, uniforms, and hundreds of other categories represent demand that can be directed toward domestic suppliers with the right procurement guidance.

The practical constraint here is not legal: the UK has significant latitude in public procurement for environmental, social, and strategic criteria under existing trade agreement carve-outs. The constraint is institutional: the commercial civil service has been trained for decades to buy on price, and changing that culture requires leadership from the centre.

This requires a political decision that this matters, communicated clearly to the Treasury and the Cabinet Office, followed by procurement guidance with teeth.

Medium-Term: 2027 to 2028

The medium-term interventions are about building capacity that does not yet exist. This is where the real money and the real political commitment are required.

Accountability Structure: Named Body and Named Minister

The 50-year history of failed UK industrial strategy has a consistent institutional signature: no named body, no named person, no statutory basis for the accountability relationship. Every previous industrial strategy document has described an aspiration without specifying who is legally responsible for delivering it. The result has been the same every time: the aspiration dissolves into

inter-departmental committees, vague responsibility, and no one to answer when it goes wrong.

Ministers must name the body and the accountable minister for industrial strategy. The correct structure is a revamped Department for Business and Trade (DBT) with a statutory Industrial Strategy Unit (ISU) established on a clear legal footing, reporting directly to the Secretary of State for Business and Trade, with its own director-general-level head, a named director in post within six months of this programme's commencement, and a statutory obligation to report annually to Parliament on progress against the sectoral targets set out in this programme. The Secretary of State, not a junior minister or an arm's length body, carries the parliamentary accountability. The ISU carries the operational delivery.

The alternative, distributing accountability across DBT, the Department for Energy Security and Net Zero, the Ministry of Defence, the Treasury, and the Cabinet Office, is the institutional design that has already failed. The industrial strategy requires a single institutional home with a single named accountable person. That is not a bureaucratic preference; it is the lesson of every previous UK industrial strategy failure.

The specific ministerial accountability: the Secretary of State for Business and Trade is answerable to Parliament for the industrial strategy's delivery against the sectoral milestones in this programme. That accountability is non-delegable to arm's length bodies. The ISU director-general attends the relevant select committee quarterly and publishes an annual delivery report against the milestones in this programme. This is the institutional spine that makes the rest of the industrial strategy executable rather than aspirational.

Capital Co-Investment Mechanisms

The fundamental problem with rebuilding industrial capacity in the UK is the capital gap. Private capital is risk-averse, short-termist, and oriented toward sectors with proven and rapid returns. Industrial capacity in steel, chemicals, and grid equipment is capital-intensive, has long payback periods, and carries technology and market risk that financial capital systematically avoids.

The solution is not to replace private capital but to de-risk it sufficiently that it becomes willing to participate. The mechanisms for this are well-established internationally and include:

Patient capital funds that take equity positions with long hold periods, targeting 15 to 20 year returns rather than the 5 to 7 year returns that define conventional private equity. The British Business Bank has some capability here, but it needs to be scaled and directed specifically toward strategic industrial sectors.

Co-investment structures where government and private capital enter together, with government taking the first-loss position to absorb the downside risk

that makes private capital reluctant. This is how the German KfW system works, and it is why German Mittelstand companies have patient capital available in ways that UK firms rarely do.

Worker-owned alternatives. The industrial strategy should not assume that the only ownership model for strategic enterprises is the publicly listed or private equity-backed company. Co-operative and mutual ownership, where the workforce collectively owns and governs the enterprise, have a documented track record of delivering advanced manufacturing capability with longer time horizons and stronger investment in human capital than conventional firms. The Mondragon Cooperatives in the Basque Country, now comprising 97 worker-owned companies across advanced manufacturing, finance, and retail with over 81,000 employees and revenues exceeding €11bn, are the clearest proof-of-concept: worker ownership is compatible with global competitiveness, R&D investment, and industrial scale. The British Business Bank's patient capital facilities should explicitly include co-operative start-ups and employee-owned business conversions as eligible recipients, particularly for supply chain firms in steel, chemicals, and grid equipment where the continuity of ownership and workforce expertise matters more than the speed of shareholder exit. This is a tool for solving the short-termism problem the industrial strategy already identifies as central.

Contracts for difference adapted for industrial products. The mechanism used to support offshore wind (guaranteeing a price for a defined period to make investment viable) can be applied to other strategic products. A CFDIrons: guaranteeing a floor price for UK-produced steel plate over a 10 year period to make the capital investment in electric arc furnace capacity viable.

The UK Infrastructure Bank

The UK Infrastructure Bank was established with a mandate to invest in infrastructure that supports the transition to net zero and levelling up. It has capacity. What it needs is a clear strategic directive to treat industrial resilience as within its mandate, alongside its existing objectives.

The Bank's lending capacity, combined with its ability to take equity positions, makes it the right vehicle for the co-investment structures described above. The enabling condition is that the Treasury sets a clear expectation that industrial resilience is a qualifying investment criterion.

Skills and Apprenticeships for Industrial Capacity

This is the slowest-moving and most-underestimated problem in the entire industrial strategy framework.

Every sector identified above requires specialist engineering skills that take years to develop. Steelworkers, chemical process engineers, specialist welders for nuclear and offshore applications, switchgear technicians: these are not skills

that can be trained in a weekend course or a 6-month bootcamp. They require years of structured apprenticeship and on-the-job experience.

The pipeline problem has two dimensions. The first is attracting young people into industrial careers when the cultural signal for two decades has been that manufacturing is a failure state and university is the only respectable path. That cultural signal was wrong, and reversing it requires a sustained counter-narrative backed by genuine opportunity: real wages, genuine career progression, and visible investment in facilities.

The second dimension is the loss of institutional knowledge. The UK has shed an entire generation of experienced industrial workers and managers. Rebuilding that knowledge base cannot be compressed. It starts now, with apprenticeship programmes that will not produce qualified workers for 3 to 5 years, and that will not produce experienced senior workers for 10 to 15 years.

This is why the frequently-asked question "why can't we just build this quickly?" has a genuine answer: because the human capital cannot be conjured. This is the honest constraint that politicians find most inconvenient to communicate.

The North Sea Industrial Link

Energy covers the energy system directly, but the North Sea deserves a specific mention here because it is simultaneously an energy asset and an industrial ecosystem.

North Sea oil and gas production requires offshore platforms, subsea infrastructure, specialist vessels, and ongoing maintenance services. Every one of those requirements represents demand for steel plate, specialist steel alloys, chemical coatings, heavy engineering, and precision manufacturing. The supply chain that supports North Sea extraction is the same supply chain that would support offshore wind construction, naval shipbuilding, and major infrastructure projects.

When North Sea production declines without a replacement industrial ecosystem to absorb the same supply chains, those capabilities atrophy. Steel plate mills that serve offshore platforms lose their customer base. Specialist fabrication yards that service rigs lose their workload and close. The workers retire or retrain and the knowledge leaves with them.

The deliberate policy response is to use the North Sea transition as a planned industrial ecosystem shift: as offshore wind construction ramps up, it should actively absorb the same supply chains that North Sea oil is releasing. This requires coordination between energy policy and industrial policy that has historically been absent. It also requires that the government treat the supply chains as strategic assets to be preserved, not just market participants to be left alone.

Additionally, the chemicals link is direct and underappreciated. North Sea gas contains the methane that is the feedstock for the Haber-Bosch process.

The closure of North Sea production without replacement feedstock supply arrangements is a direct threat to any future UK fertiliser production capability. This is food security through the chemistry of agriculture, and it connects back to Food Security.

The Trade and Procurement Lever

Government procurement is the largest single buyer in the UK economy. The NHS, the Ministry of Defence, local authorities, and the wider public sector collectively spend hundreds of billions of pounds annually. That purchasing power is largely unused as a strategic tool.

The Trade Remedies framework and WTO GPA (Government Procurement Agreement) constraints are real but frequently overstated. The GPA permits procurement preferences for national security. It permits environmental and social criteria. It does not require governments to buy the cheapest global option regardless of strategic consequence.

The practical opportunities include:

Strategic reservations in trade agreements: carving out specific sectors or product categories where domestic suppliers are given meaningful preference. This is done routinely by the US, Japan, and the EU. The UK has been reluctant to exercise this option, largely because the Treasury and the Department for Business are institutionally oriented against it. Changing that orientation is a political decision.

Local content requirements in public procurement: requiring that major contracts contain meaningful UK content commitments, not as a box-ticking exercise but as a binding commercial condition. Where UK content is not available, requiring supply chain diversification plans.

Buy British but correctly: the phrase "Buy British" is politically popular and substantively meaningless without the institutional infrastructure to make it work. What is needed is a proper definition of "British" for procurement purposes, a certification system to validate it, and procurement guidance that commercial civil servants can actually apply without exposing themselves to legal challenge.

The Honest Constraints

Industrial strategy fails when it is presented as something that can be done quickly, cheaply, or without difficult trade-offs. This post would be incomplete without stating those constraints clearly.

Time: building a new steel melt shop takes 5 to 7 years. A chemicals production facility takes 7 to 10 years. Training a qualified chemical process engineer takes 4 to 6 years. A specialist welder for nuclear applications takes 3 to 5 years. The interventions described in this post will show meaningful results in 3 to 5 years

for the most optimistic cases, and 10 to 15 years for the full capability build. There is no shortcut.

Capital: the capital required to rebuild meaningful industrial capacity in steel, chemicals, and grid equipment is substantial. Order of magnitude estimates: a competitive electric arc steel mill serving the UK market would require 1 to 2 billion pounds of investment. A mid-scale ammonia/fertiliser plant would require 0.5 to 1.5 billion pounds. Grid equipment manufacturing capability, properly established, would require several hundred million. These are not large by Treasury standards but they are large relative to how the current spending review cycle works.

Skills: the pipeline problem is real and cannot be solved by policy announcement alone. Apprenticeship programmes take years to scale. University engineering courses take 3 to 4 years to produce graduates. Experience takes a decade to accumulate. This is the constraint that makes the "start now" urgency most acute: the skills you need in 2035 have to be recruited and trained in 2026.

Political commitment: every intervention described here will face opposition from those who benefit from the current model (importers, foreign suppliers with established relationships, commercial interests that profit from low-cost global supply), and from those who believe ideologically that government should not intervene in industrial structure. Sustaining a 10 to 15 year industrial strategy across multiple electoral cycles requires a degree of political consensus that the UK has historically found very difficult to achieve.

Cost vs Inaction

The final question for any industrial strategy is: is this worth it?

The cost of inaction is the cost of a supply chain disruption without the domestic capacity to absorb it. The 2020 to 2025 period gave us multiple previews: semiconductor shortages that closed car factories, fertiliser shortages that spiked food prices, energy price spikes that demonstrated the cost of gas dependency, and defence supply chain pressures that revealed how thin UK stockpiles and production capacity actually are.

Those disruptions occurred in a period of relative geopolitical stability. The scenarios for a more acute disruption, in a genuine security crisis or a major conflict that disrupted global shipping, are more severe. A UK that cannot produce its own steel, fertilisers, basic chemicals, or grid equipment, and that depends on global supply chains running through contested waters, is a UK with fundamental strategic vulnerabilities that no amount of financial hedging can address.

The cost of building resilience is real, ongoing, and visible in budget line items. The cost of not building it is hidden until the moment it materialises as an emergency. This asymmetry is the core argument for industrial strategy: the

cost of prevention appears high until you calculate the cost of the crisis it was designed to prevent.

What Comes Next

Industrial strategy connects to every other chapter in this series. The energy programme requires the grid equipment manufacturing capacity described here. The food security measures require the chemicals sector capability described here. The defence programme requires all of it.

The fiscal implications are substantial and are addressed in The Fiscal Framework. The capital investment required is real. So is the cost of going without it.

This is the framework. The specifics will be developed in the posts that follow.

Sources

1. **UK food production loss from fertiliser disruption (20%)**: CTW programme model (2026-06). *Programme model*; see *calculations.csv*. Single growing season impact.

*Verification status: **verified** = official source linked; **estimate** = named organisation; **scenario** = series conditional projection; **internal_calc** = modelled from programme components in data/ctw/calculations.csv.*

Skills, Further Education, and the Workforce Pipeline

Evidence

Further education, apprenticeships, and the workforce pipeline industrial strategy depends on: funding, migration threading, and delivery institutions.

Industrial Strategy names steel, chemicals, and grid equipment. It already states the obvious problem: capital without skills is a stranded asset.

Update, 2 August 2026. Dispersal and rebuild of critical manufacturing only work if FE and apprenticeships can staff them outside London. Same pipeline; higher urgency after the Industry August note.

Britain has been here before. Governments announce advanced manufacturing hubs. Colleges close engineering courses because enrolment rules make them unfinanceable. Employers poach each other's trained staff instead of investing jointly. Immigration policy fills the gap until politics forbids that too. The hub opens. The vacancies persist. The press discovers a "skills crisis" as if it were new.

This companion exists because the series would be incomplete without saying plainly: rebuilding industry is also rebuilding the institutions that produce competent adults who can run it.

The current shape of the problem

Three facts matter.

First, FE has been treated as the poor relation of education policy for decades. Schools and universities get political attention. Further education colleges train the electricians, nurses' aides, welders, and maintenance technicians the economy actually runs on. Per-student funding in FE has lagged schools for years. Colleges respond rationally: cut expensive technical provision, survive on cheaper courses, chase whatever funding stream Whitehall offers this parliament.

Second, apprenticeship quality is patchy. The apprenticeship levy created paperwork and intermediaries. It did not reliably create three-year structured routes into strategic sectors. Too many "apprenticeships" are relabelled in-house training for existing staff. Too few are the kind of pipeline a new steel melt shop or grid transformer factory needs.

Third, health and housing compete for the same people. The Health & Social Care chapter needs hundreds of thousands of care workers. The Housing programme needs skilled trades at scale. Industrial strategy needs process engineers and maintenance electricians. These are not separate labour markets. They are the same twenty-five-year-olds choosing between precarious care agency shifts, self-employment in construction, or leaving their town.

What good looks like

Germany is cited too often as a magic example, but the mechanism is simple: employers, unions, and public colleges agree on occupational standards, and funding follows the standard rather than the other way around.

Britain does not need to copy the German constitution to copy the useful bit: **sector skills councils with teeth**, not advisory forums that publish PDFs.

For the sectors named in this programme, that means:

- **Steel and metals:** electric arc furnace operations, metallurgy technicians, non-destructive testing. Lead employers: British Steel successors, defence primes, major construction firms.
- **Chemicals and ammonia:** process operators, instrumentation technicians, safety engineers. Lead employers: chemicals majors, fertiliser producers, NHS pharmacy supply chain for contrast on standards.
- **Grid and energy:** high-voltage cable jointers, substation fitters, off-shore technicians. Lead employers: National Grid, DNOs, offshore wind developers.

- **Care and health support:** roles that must be paid enough to compete, or the industrial programme loses women workers the NHS already cannot spare.

Each council would publish annual intake targets, approve college curricula, and face a simple sanction: strategic capital grants for employers who miss training obligations lose priority in the next funding round.

Funding that matches the decade

Skills policy fails when it is funded one year at a time while industrial plant is funded over fifteen.

This programme would:

1. **Index FE capital and teaching funding to strategic sector plans,** not to annual bidding contests. Colleges in South Wales, Teesside, and Humberside need seven-year budgets to hire staff and buy equipment.
2. **Tie industrial co-investment to apprenticeship completions,** as the Industrial Strategy chapter states, with public reporting by company and site.
3. **Integrate adult retraining with the social security system.** A fifty-two-year-old former retail manager cannot live on student maintenance loans while retraining as a heat-pump installer. The Social Security chapter's earnings disregard and training support rules need to align with this pipeline, or the pipeline is for young people only, and there are not enough young people in the right places.
4. **Recognise migration as workforce policy where honesty requires it.** The series threads immigration through sector chapters rather than running a culture-war magnet standalone post. Skills policy is one place the threading must be explicit: temporary visa routes for critical grid and care roles are a bridge, not a substitute for domestic training.

Cost and return

Full costing belongs in the Fiscal Framework. Order of magnitude: an additional GBP 2-4 billion per year in FE teaching funding, college capital, and apprenticeship incentives, phased as industrial projects commit.

That is not small. It is also not optional if the industrial capital spend is to produce British jobs rather than imported turnkey crews who fly home when the plant opens.

The return is measured in tax receipts from wages that stay in Port Talbot rather than leak to agency margins, in NHS vacancies filled from local colleges rather than perpetual international recruitment, and in a political coalition that can point to apprenticeships as proof the programme was for working people, not only for bond markets.

The next step in the series

Industrial strategy without skills is a capital programme for photographers. Read the parent chapter for sector priorities. Read Civil Service for the state capacity to administer funding without drowning colleges in compliance.

Parent chapter: Industrial Strategy. Optional depth: Industrial Strategy: Deep Dive.

AI, Automation, and Public Power

Evidence

Public-sector AI and automation: sovereign compute, procurement rules, workforce displacement, and where state power should sit relative to vendors.

Industrial Strategy names steel, chemicals, and grid equipment. The deep dive treats artificial intelligence as a **capability multiplier** for those sectors, not as a standalone growth story. This companion pulls that argument into one place and extends it to labour, the state, and the information environment.

Update, 2 August 2026. No rewrite. Productive-capacity dispersal in the Industry deep dive includes sovereign compute location as a national-security choice, same logic as other critical kit.

Britain does not need another "AI strategy" PowerPoint. It needs rules for who controls the models, who owns the data, who gets displaced, and who profits when public systems adopt automation.

What AI is in this programme

AI is useful where it improves performance in systems the country already depends on:

- **Grid and energy:** demand forecasting, fault detection, balancing across a stressed network described in Energy.
- **Industrial process:** predictive maintenance in steel, chemicals, and grid factories, not chatbots on factory floors.
- **Health:** diagnostics support and operational planning, with clinical accountability retained, as Health & Social Care requires.
- **Tax and enforcement:** pattern detection for avoidance and fraud, where Civil Service capacity is the binding constraint.
- **Defence:** sensor fusion, logistics, and command support, not uncritical outsourcing of kill chains.

Treated as a vanity "tech sector," AI becomes a distraction. Treated as infrastructure with sovereignty conditions, it is part of rebuilding capability.

Sovereign compute and procurement

The UK will not outspend US frontier labs on general-purpose model training. That is not the strategic play.

The play is **sovereign capacity for public and defence workloads**, plus domain-specific models where Britain has data and institutional advantage: NHS pathways, tax records, grid telemetry, defence logistics.

Public contracts for high-value AI deployment should require, as standard:

1. **UK data residency** for identifiable personal and operational data unless a named national-security exception applies.
2. **Model portability and open interfaces** so departments are not locked into one hyperscaler forever.
3. **UK operational control** of the deployment environment, including audit logs ministers can inspect.
4. **Human accountability** for decisions that affect rights, benefits, housing, or liberty. No fully automated refusal of social security, no opaque planning veto.

Procurement preference for portable systems creates a domestic market without pretending the UK will build GPT-5 in a shed outside Swindon.

Labour displacement is a programme risk

Previous technology transitions displaced workers gradually while creating new job categories. AI adoption in administration, call centres, logistics planning, and routine professional work can displace faster and broader.

That matters to this series in three places:

- **Skills & FE:** retraining must be funded for mid-career workers, not only school leavers.
- **Social Security:** earnings disregards and training support must cover people moving out of automated roles.
- **Industrial Strategy:** automation that destroys mid-skill jobs without replacing them with skilled industrial work is not a win. Productivity gains that flow only to capital reproduce the 2008-to-2023 wage stagnation the Situation chapter describes.

A serious government does not ban useful automation. It pairs adoption with sector bargaining, retraining routes, and public investment in the jobs that remain geographically distributed.

The financial layer

Large AI infrastructure spending has created a financial expectation layer on top of real physical investment. Corporate borrowing against projected AI revenues is not the same thing as building a functioning grid or NHS.

The Fiscal Framework already treats strategic capital separately from annual programme lines. AI capex bubbles belong in the risk register: a sharp correction in tech valuations can tighten credit for unrelated public investment if ministers panic at the wrong moment.

This programme invests in sovereign public workloads and industrial AI applications. It does not bet the fiscal credibility of the state on venture narratives.

Algorithmic power is political power

Platform algorithms already organise protest, amplify false claims about migration and the NHS, and destabilise politics faster than institutions respond. That is covered in The Press and Media and Reform Counter-Narrative.

The industrial point is simpler: **whoever controls ranking, targeting, and moderation controls political reality for millions of people.** AI governance is therefore not a DCMS sideshow. It sits next to press reform and rapid response in the survival architecture of any progressive programme.

What this programme would do

1. **Public AI charter:** binding standards for procurement, appeal rights, and prohibited fully automated decisions in benefits, housing, and justice-adjacent systems.
2. **Sovereign compute fund:** capital for secure public-sector and defence AI environments, not general subsidies for US cloud bills.
3. **Interoperability mandate:** cross-government standards so models and data pipelines can move between suppliers.
4. **Displacement protocol:** when a public body or regulated contractor automates roles above a threshold, publish impact assessment, fund re-training, and report net job quality outcomes annually.
5. **Platform accountability linkage:** Ofcom and Cabinet Office rapid response share intelligence on model-driven harm campaigns, not only content takedowns.

What this is not

This is not a call to pause all AI because screens are scary. It is not a call to hand NHS patient data to the lowest bidder with a slide deck about innovation.

It is the insistence that a country rebuilding industrial and state capacity must govern the tools that will run much of that capacity within ten years.

Parent chapter: Industrial Strategy. Related depth: Industrial Strategy: Deep Dive (AI as capability multiplier).

Health and Social Care

Main chapter

The NHS has no headroom for another shock. Social care blocks hospital beds. What fixing health and care would mean for ordinary patients and carers.

Update, 2 August 2026. The heatwave summer the chapter treats as a surge risk is here. Heat mortality and A&E pressure are live, not a winter-only story. Food wholesale spikes will feed the nutrition lag this chapter already flags. A Resilience Corps that backs stretched services (see Governance: Deep Dive) is part of the delivery answer, not a nice-to-have.

You call the GP and get an appointment in three weeks. The receptionist suggests 111 if it gets worse. You already tried that last time and ended up in A&E anyway.

That is how most people meet the NHS in 2026: not as a waiting-list statistic, but as a front door that does not open when you need it.

Seven million people are on official waiting lists{{FIGREF:nhs-waiting-list-7m:1}}. The hidden list, people who stopped trying, is larger. Every winter since 2018 would have been called a crisis a decade ago. The baseline is already unacceptable, and the next shock has not arrived yet.

The NHS has no headroom. Not enough spare capacity to absorb a bad winter, a heatwave surge, or the nutrition lag when food prices force families toward cheaper, less healthy calories. Those health effects show up one to three years later, often after the prevention window has closed.

The problem you can see

When an elderly patient is ready to leave hospital but no care package or home-care package exists, they stay in an acute bed. That bed is not available for the next emergency. The corridor in A&E is not a staffing failure. It is a system design failure.

Social care and the NHS compete for the same low-paid workers. Expand hospital staffing without fixing care wages and you pull people out of domiciliary care, making discharge harder. The two systems only work together.

Mental health waiting lists run to months while people present in crisis to services built for emergencies, not chronic under-treatment.

Summer heat is now a second seasonal surge. Elderly people in hot, unshaded flats dehydrate and fall. Children with asthma spike when ozone and pollen combine with heat. Planning still treats winter as the only hard season. Housing and health are the same problem viewed from different wards.

What a serious programme would do

Fix access before crisis. More GPs where partnerships are closing, community diagnostic centres, and mental health capacity that shortens referral waits. Boring infrastructure that stops people arriving sicker and later.

Retain the staff you recruit. Pay restoration matters, but so do workload and career progression. Training a nurse and losing them in two years wastes the investment.

Pay social care properly. Close the wage gap that sends care workers elsewhere. Without that, hospital discharge stays blocked.

Cap what care can cost you. Someone with dementia should not lose their home to pay for years of care while someone who dies suddenly pays nothing. The Dilnot cap was accepted years ago and never implemented. This programme implements it.

Treat school meals as health policy. Free meals for universal credit households, from the food security chapter, prevent nutrition damage before it reaches the waiting list.

Workforce numbers, year-by-year models, and full cost arithmetic are in the Health & Social Care: Deep Dive.

If nothing changes

Another winter like 2023-24 cancelled hundreds of thousands of operations and pushed emergency care past breaking point. Prevention through social care costs far less per week than an emergency admission costs per day.

The honest case is not that reform is cheap. It is that the NHS is already paying for the alternative in corridors, cancelled operations, and burnout.

The Next Piece

Cold and damp homes fill hospital wards. The next chapter is housing: the substrate everything else is built on.

Read next: Housing and Planning.

Sources

1. **NHS waiting list (official)** (7 million): NHS England consultant-led referrals (2026-04). Rounded from NHS England RTT backlog.

*Verification status: **verified** = official source linked; **estimate** = named organisation; **scenario** = series conditional projection; **internal_calc** = modelled from programme components in data/ctw/calculations.csv.*

Health and Social Care (Deep Dive)

Deep dive

The NHS has no headroom, social care collapse is a specific mechanism by which the NHS loses acute bed capacity, and the nursing workforce is in structural deficit. This post describes a Year 1–5 net addition model for nursing staff, the social care funding reform, and why the food price nutrition effect arriving in 2027 makes the timeline urgent.

Risk level: High, June 2026 · Updated August 2026

Update, 2 August 2026. Summer heat surge and food-price nutrition lag are live; see Health L1 and Climate.

The NHS Has No Headroom

That is the sentence that should be at the top of every health policy document the government produces in 2026. Not the waiting list. Not the staffing crisis. Not the social care funding gap. The headroom. The ability to absorb an unexpected shock, manage a winter surge, or respond to a compounding pressure without the whole system tipping into crisis.

It does not have that ability. And the food price nutrition effect is about to make that worse, on a timeline that standard NHS planning does not account for.

The Compounding Problem

Three pressures are hitting simultaneously.

The NHS waiting list stands at over 7 million people{{FIGREF:nhs-waiting-list-7m:1}}. That is the visible backlog. The invisible one, people who have learned not to bother presenting, is larger. Elective capacity is constrained. Diagnostic services are stretched. The system is running at utilisation rates that leave no slack.

Winter surge is a known problem and a worsening one. The combination of an ageing population, more people living with multiple chronic conditions, and a social care system that cannot absorb demand means that every winter since 2018 has produced NHS performance that would have been considered a crisis a decade earlier. The baseline is already unacceptable. The question is how much worse it gets.

Social care collapse is not a metaphor. It is a specific mechanism by which the NHS loses bed capacity. When an elderly patient is medically ready for discharge but cannot be moved to a care home or domiciliary care package because none is available, they occupy an acute hospital bed. That bed is not available for the next emergency admission. The corridor in A&E becomes the result. This

is not a failing of NHS staff. It is a system design failure with a specific causal mechanism.

And now: the food price nutrition effect. When food becomes more expensive, households shift toward calories that are cheaper per unit of energy, processed foods, refined carbohydrates, vegetable oils, sugar, and away from fresh vegetables, protein, whole grains, and fruit. The health consequences of that sustained shift arrive 18 months to three years later. Cardiovascular disease, Type 2 diabetes, deterioration in elderly nutritional status. The harvest being reduced in June and July 2026 arrives as reduced supply in autumn. The food price peak hits in spring 2027. The health consequences peak in 2027 and 2028. By the time they appear in the data, the prevention window has closed.

The Workforce Crisis: The Numbers

Before any solution can be designed, the scale of the workforce problem needs to be stated honestly.

The NMC register holds approximately 788,000 registered nurses (UK-wide, excluding midwives and nursing associates). Every year, some of those nurses retire, emigrate, leave the profession due to burnout or ill health, or simply stop renewing their registration. In the year to March 2025, approximately **28,789 nurses left the register**, roughly 3.5%[{{FIGREF:nmc-register-exit-rate:2}}](#) of the total register.

That figure is the first number that matters.

To *maintain* current NHS staffing levels, not expand, not improve, just hold the current position, the NHS needs to recruit and retain approximately **29,000 new nurses per year**, every year, simply to replace those who leave. That is the break-even point. Any expansion requires net additions *above* that line.

Against that baseline: in the same year to March 2025, approximately 52,833 nurses joined the NMC register, giving a net annual addition to the register of roughly 24,000. That net figure sounds encouraging until you break it down. Roughly 39%[{{FIGREF:intl-nurse-share-new-joiners:3}}](#) of new joiners are internationally educated nurses, despite a 30%[{{FIGREF:intl-nurse-recruitment-decline:4}}](#) year-on-year decline in international recruitment. The domestic pipeline is not yet growing fast enough to compensate. And the net figure is deteriorating.

The second number that matters is the vacancy rate. The NHS currently has approximately 110,000 vacancies across all staff groups. The largest single vacancy gap is in nursing.

The third number that matters is the 1-in-5 figure: approximately one in five newly qualified nurses leaves the NHS within their first two years. The single biggest driver of that early departure is not pay alone; it is a combination of pay, workload, and the band 5-to-6 career progression bottleneck. An experienced

nurse who cannot progress and who is working under sustained pressure will, eventually, leave. Every departure of an experienced nurse represents a training investment wasted.

Year 1–5 Net Addition Model

A workforce programme needs a year-by-year pipeline. The numbers look like this.

Starting point: approximately 788,000 nurses on the NMC register. Annual exit rate: approximately 3.5% (roughly 28,800 leavers per year). Annual net addition under current trends: approximately 24,000 per year.

This programme's ambition is to grow the register by enough to close the vacancy gap and provide headroom. That requires net additions materially above the 24,000 baseline, sustained over years.

The table below shows the year-by-year NMC register net addition under this programme's workforce strategy, with each component stated separately. Numbers are rounded estimates based on current trends and announced programme ambitions; they are not precise forecasts.

	Year 1	Year 2	Year 3	Year 4	Year 5
Domestic graduates (new to register)	~21,000	~22,000	~23,000	~24,000	~25,000
Accelerated 2-year graduate entry	~1,000	~2,000	~3,000	~4,000	~5,000
International recruits	~5,000	~6,000	~6,000	~5,000	~5,000
Return-to-practice	~1,000	~1,500	~2,000	~2,000	~2,000
Total inflows	~28,000	~31,500	~34,000	~35,000	~37,000
Less: projected register exits	~28,800	~29,000	~29,500	~30,000	~30,500
Net annual addition	about -800	~+2,500	~+4,500	~+5,000	~+6,500

What this table shows: This programme does not produce significant net register growth until year 2, and meaningful growth does not arrive until years 3–5. Year 1 is approximately break-even or slightly negative, because the international recruitment uplift and return-to-practice programmes are ramping up while the accelerated degree expansion has barely begun.

Three assumptions drive this model, and all three carry honest uncertainties:

Domestic graduates (~21,000–25,000 per year): This is the largest single inflow, and also the slowest to expand. The binding constraint is not university places, it is **clinical placement capacity in NHS trusts**. Each student nurse requires a supervised placement in an NHS setting for typically 2,300 hours of clinical training. NHS trusts have a finite number of placement slots. Expanding them requires additional practice educators (senior nurses who supervise students), trust capacity to take on the supervision burden, and funding. NHS England's Long Term Workforce Plan 2023 targets a significant expansion in

nursing degree places, but the placement capacity to deliver on those targets has not been costed or resourced at the level required. The Year 3–5 domestic graduate figures above assume that placement capacity expansion is funded and delivered, which is not guaranteed and is the single largest risk to the domestic pipeline.

International recruitment (~5,000–6,000 per year): The 5,000 figure in the current post is too small to be a headline, but it is in the right order of magnitude for a *sustainable* annual rate under a reduced-dependence strategy. The government's own NHS Long Term Workforce Plan targets international recruits constituting less than 10% of the NHS workforce by 2035, down from historically much higher levels. The NMC data shows internationally educated nurse joiners have fallen approximately 30% year-on-year and are declining from all major source countries (India, Philippines, Nigeria). The ethical question, whether the UK should recruit from countries that need those nurses more than the UK does, is legitimate. The operational answer is that a modest, ethically-sourced international pipeline (5,000–6,000 per year) is a bridge to when domestic supply scales, not a permanent strategy. It is also the *only* route to net additional nurses in years 1 and 2.

Return-to-practice (~1,000–2,000 per year): There is a pool of nurses with lapsed NMC registration who have the training to return. The realistic annual return rate under a well-resourced programme, with CPD costs covered, a structured re-entry pathway, and attractive terms, is estimated at 1,000–2,000 per year. The current annual returner rate is substantially lower (hundreds, not thousands). Achieving the higher end of this range requires that the barriers to return, primarily the cost of revalidation CPD, the loss of income during re-training, and the bureaucratic complexity of restoration, are explicitly funded and simplified. The figure above assumes that a properly funded return-to-practice programme is in place.

This programme's five-year target of approximately 20,000–25,000 net additional nurses on the register is plausible but not certain. It depends on the placement capacity constraint being resolved (the biggest risk), the return-to-practice programme being properly funded, and international recruitment being managed ethically and sustainably. If all three deliver, the register grows by approximately 20,000–25,000 over five years, closing part but not all of the current 110,000 vacancy gap.

Retention: Why Nurses Leave and What Fixes It

The pipeline numbers above only matter if the nurses recruited also stay. Retention is not a secondary consideration to the workforce programme. It is half this programme.

The Nuffield Trust's April 2026 analysis of the NHS 50,000 nurses programme (covering 2015–2023) is the most authoritative account of why NHS nurses leave. The findings are specific enough to be useful:

Mental health is the strongest single driver. Nurses with more than 84 days of mental-health-related sickness absence in a three-month period were more than six times more likely to leave than those with no mental health sickness absence. The NHS staff survey consistently shows elevated rates of anxiety, depression, and burnout among nurses compared to other professions. This is not a soft concern. It is a workforce retention metric.

Pay has eroded significantly. Real-terms nurse pay is down approximately 10.7%^{FIGREF:nurse-real-pay-erosion:5} since 2010, compared to a 6.9%^{FIGREF:public-sector-pay-decline:6} average public sector decline (IFS). The 2026 NHS pay deal was described by the Nuffield Trust as "a step in the right direction", an honest assessment of a partial improvement.

The band 5-to-6 career bottleneck is a structural problem. Nurses who want to progress cannot do so because band 6 positions are limited. Staff at the top of band 7, who have been in post longest and accumulated the most experience, leave at higher rates than those at the bottom of band 7. The career structure that the NHS offers does not retain experienced staff who cannot progress further.

The international nurse retention gap is narrowing. Internationally educated nurses were previously significantly less likely to leave the NHS than UK-educated nurses. That gap has narrowed substantially: in 2020/21 the leaving risk for internationally educated nurses was 36%^{FIGREF:intl-nurse-retention-gap-2020:7} lower than for UK nurses; by 2023/24 it was only 18%^{FIGREF:intl-nurse-retention-gap-2024:8} lower. International recruits are now leaving at rates closer to domestic staff, meaning international recruitment is less effective as a long-term retention strategy than it used to be.

The retention interventions that follow from this evidence are specific:

A meaningful pay award, not just the 2026 deal, but a sustained commitment to pay restoration. The 10.7% real-terms erosion cannot be reversed in one year. The direction of travel matters as much as the quantum.

Mental health support as a workplace intervention, not a benefit scheme. The evidence shows that nurses with high mental health sickness absence leave. The intervention is not a confidential counselling line; it is a reduction in the workload and conditions that produce the sickness absence in the first place. Mental health support wrapped around an unchanged working environment is a retention intervention that will fail.

Band 5-to-6 progression reform. Expanding band 6 and 7 positions, creating new advanced clinical practitioner roles, and fund postgraduate training for nurses who want to develop. This costs money. It also reduces the training investment lost to early departure.

The honest cost of a comprehensive retention programme, pay restoration pathway, mental health and working conditions reform, career progression expansion, is not yet precisely modelled. The 2026 pay deal has an estimated annual

cost of approximately £3–4bn{{FIGREF:nhs-pay-deal-cost:9}} across all staff groups; extending and deepening it for nurses specifically would be a significant additional commitment. The expected return: a reduction in the annual exit rate from approximately 3.5%{{FIGREF:nmc-register-exit-rate:2}} toward 3.0%{{FIGREF:nurse-exit-rate-target:10}}, saving approximately 4,000 nurses per year from leaving. At replacement training cost of approximately £50,000–£80,000{{FIGREF:nurse-training-cost:11}} per nurse (university fees plus supervision cost over three years), avoiding 4,000 departures is worth £200m–£320m{{FIGREF:nurse-training-cost-saved:12}} per year in training cost avoided, before productivity and quality effects are counted.

Role Substitution: Nursing Associates and Physician Associates

"Train more nurses" is necessary but not sufficient. The NHS also needs to use its existing registered nurses more efficiently, and it needs to develop new roles that extend what the current workforce can do.

Nursing associates are the fastest-growing professional group on the NMC register. There were approximately 12,800 on the register as of March 2025, growing at 17.5%{{FIGREF:nursing-associates-growth:13}} year-on-year. They are an England-only, two-year training programme that sits between healthcare assistants and registered nurses, a bridging role that allows registered nurses to focus on higher-scope work while nursing associates manage more routine care. They are not registered nurses and they do not replace registered nurses. They are a workforce multiplier: they allow each registered nurse to practise at the top of their scope rather than spending time on tasks that a nursing associate could manage.

This programme's target should be to expand nursing associate numbers to approximately 40,000–50,000 by 2030, with the training capacity and supervision infrastructure to support that growth.

Physician associates are a different kind of addition: a role that extends the medical workforce rather than the nursing workforce. There were approximately 3,528 physician associates registered with the GMC as of September 2025, with GMC regulation now mandatory (deadline: December 2026). They are not yet on the NMC register (they are GMC-regulated, not NMC-regulated) and they are not a substitute for nurses. They are a supplement to the medical workforce, working under consultant supervision in secondary care.

The role substitution argument is not that nurses are being replaced by lesser-trained staff. It is that the NHS has been under-using both the potential of new non-nurse roles *and* the potential of registered nurses working at the top of their scope. Expanding nursing associates and developing physician associates together gives a workforce model that grows the total clinical capacity without requiring every additional clinician to be a fully trained registered nurse or consultant.

The Social Care Workforce: The Gap Nobody Talks About

The NHS does not employ the largest part of the social care workforce. Local authorities and independent providers do. And that workforce is in a more fragile state than the NHS workforce.

There are approximately **740,000 people working in domiciliary care** (care at home) in England, making it the largest single part of the social care workforce. The majority are paid at or close to the minimum wage. The majority of international recruits in social care are in this sector; the care worker visa route has been a significant source of labour for providers who cannot recruit domestically at the wages they are permitted to pay.

This matters for the NHS workforce programme in a specific, mechanical way: **the NHS and social care compete for the same low-wage labour pool.** A healthcare assistant in the NHS is paid on band 2 of the NHS pay scale. A domiciliary care worker in the independent sector is typically paid at or close to the minimum wage. The King's Fund's Social Care 360 (April 2026) estimates that the average care worker was paid 31 pence per hour less than a newly employed NHS health care assistant in 2024/25. That is not a large pay gap in percentage terms. It is large enough to cause an exodus: care workers who can move to an NHS band 2 position for better pay, a pension, and more stable working conditions will do so, and they are doing so.

The consequence: NHS workforce expansion without a simultaneous social care workforce plan does not just fail to solve the social care problem. It actively makes it worse, by drawing staff out of the sector that is already most understaffed.

The social care workforce programme needs three things simultaneously:

A real-terms pay improvement for care workers. Not the national minimum wage, the real-terms value of the minimum wage after inflation. The Low Pay Commission's analysis suggests that the adult social care sector has high turnover driven by pay and working conditions. A pay improvement that closes some or all of the 31p/hour gap with NHS band 2 reduces the outflow incentive and improves retention.

A supervised career structure. Domiciliary care work is not currently designed as a career. It is designed as a job, one with high physical and emotional demands, zero-hours contracts in many providers, and little progression. A career structure for care workers, with progression to senior care roles, community nursing associate pathways, and training time funded, changes the retention picture.

An honest acknowledgement that the current international recruitment reliance is not sustainable. The social care sector's use of international recruits at the current scale is a symptom of a domestic recruitment failure, not a solution to it. The ethical question for social care is more acute than for the NHS: the care workers recruited internationally from lower-income countries

are often in the roles with the lowest pay, the hardest conditions, and the least support. A sustainable social care workforce model needs to recruit domestically as its primary route.

The Dilnot Problem: Why This Time Might Be Different

The £86,000{{FIGREF:dilnot-lifetime-cap:14}} lifetime cap on social care costs was Dilnot's central recommendation in 2011. It was accepted by the coalition government. It was delayed from October 2023 and then delayed again. As of mid-2026, the care cap and the means-test reform have been referred to the Casey Commission (reporting phase 1 in 2026, phase 2 in 2028), with no confirmed implementation date and no legislative vehicle.

This is the Dilnot problem. Every government since 2011 has acknowledged that something must be done. None has done it.

The honest reasons for the failure are: (1) Treasury fiscal concern, the cap requires significant up-front government expenditure before savings materialise; (2) political priority, it is never at the top of any government's agenda when it comes to choosing between spending commitments; (3) implementation complexity, local authority capacity to handle the means-testing changes is limited; (4) parliamentary arithmetic, Conservative governments with small majorities have been unable to absorb the political cost without backbench rebellion.

This programme should implement the care cap. The honest statement of what that requires: primary legislation, a three-to-five year implementation timeline from the point a Bill is introduced, and a fiscal commitment that is front-loaded (implementation costs in years 1–3, savings from reduced emergency hospital admissions and improved workforce stability in social care arriving in years 4–8). The Health Foundation's estimate of the cap element's ongoing cost is in the range of £1bn–£3bn{{FIGREF:dilnot-cap-ongoing-cost:15}} annually depending on the cap level set.

The honest answer to "why would this government succeed where previous governments failed" is: it depends on parliamentary arithmetic. If the government has a working majority and is willing to treat social care reform as a first-order priority, it can be done. If parliamentary arithmetic is difficult, it requires the political courage to make the case that the cost of inaction, measured in NHS bed days, cancelled electives, and a social care workforce that cannot be recruited or retained, is higher than the cost of the reform. That case has not been made successfully yet. Whether it can be made depends on political conditions this programme cannot control.

What This Costs vs What Inaction Costs

The health programme totals approximately **£5.3–8.5bn{{FIGREF:programme-health-cost:16}}** per year across its components. That number breaks down into specific workforce expenditure lines:

NHS workforce expansion (international recruitment infrastructure, domestic training capacity, accelerated programme funding, placement educator expansion): approximately £2–2.5bn{{FIGREF:nhs-workforce-expansion-cost:17}} annually. Against this: the current cost of vacancy-driven agency staffing across the NHS is running at approximately £3bn{{FIGREF:nhs-agency-staffing-cost:18}} annually and rising.

Retention programme (pay restoration pathway, mental health and working conditions reform, career progression expansion): approximately £1–1.5bn{{FIGREF:health-retention-programme-cost:19}} annually above the baseline pay award.

Social care workforce (domiciliary care pay uplift, career structure, domestic recruitment campaign): approximately £1–2bn{{FIGREF:social-care-workforce-programme-cost:20}} annually.

Free school meals expansion and Healthy Start uprate: approximately £1bn{{FIGREF:health-fsm-start-cost:21}} annually.

Winter surge and emergency discharge fund: approximately £0.5–1bn{{FIGREF:health-winter-surge-fund:22}} in years 1 and 2, tapering as the structural workforce and social care programmes take effect.

Social care Dilnot implementation: implementation costs of approximately £1.5–2bn{{FIGREF:dilnot-implementation-cost:23}} in transition, with ongoing costs of £1–3bn{{FIGREF:dilnot-cap-ongoing-cost:15}} annually depending on cap level, partially offset by savings from reduced emergency hospital admissions.

Against all of this: the NHS winter crisis of 2023–24 produced approximately 500,000 cancelled electives, an estimated 20,000–30,000 excess deaths attributable to delays in emergency care, and excess emergency admission costs of approximately £2–3bn{{FIGREF:nhs-winter-crisis-cost:24}} across every trust in the country. A winter 2026 that is worse than 2023, with less headroom and the nutrition lag effect beginning to bite, is the central case, not the pessimistic scenario.

The return on investment in health and social care is not theoretical. The cost of preventing an emergency admission through a social care package is roughly £1,000–£2,000{{FIGREF:social-care-weekly-cost:25}} per week. The cost of the emergency admission it would have prevented is roughly £4,000–£6,000{{FIGREF:emergency-admission-daily:26}} per day. The arithmetic is not complicated.

What This Post Depends On

Health policy cannot be written in isolation from the other policy areas in this series.

Food security. The nutrition lag effect described in this post is the downstream health consequence of the food price shock described in the food security post. The free school meals expansion and the Healthy Start uprate are direct health interventions that depend on the food supply being available at any price. If the food security programme fails and supply becomes genuinely constrained, the health interventions in this post are working on top of a much harder problem.

Social security. The work versus welfare disincentive discussion in the social security post connects directly to the health workforce question. If social security policy creates high effective marginal tax rates for low-income workers, the NHS will struggle to recruit and retain the support staff and lower-paid clinical roles where the vacancy gap is largest.

Fiscal framework. Every cost figure in this post is a real commitment that has to be funded. The fiscal framework post needs to treat health and social care as a first charge on any additional borrowing capacity, not as a competing claim on a constrained budget. The cost of inaction in health and social care is higher than the cost of action, and that comparison needs to be made explicitly.

Energy. The hospital sector is a significant energy user. The social care sector is an even larger energy user. Fuel poverty, addressed in the energy post, is also a health issue: cold homes produce respiratory infections, cardiovascular events in elderly people, and mental health deterioration.

The health system in June 2026 is a system under compounding stress with no headroom. The nutrition lag effect is about to add a new pressure that no one is planning for. The social care system is one bad winter away from a total collapse that makes the NHS impossible to run. And the workforce that is supposed to hold all of this together is shrinking faster than it can be replenished.

The government that faces this honestly has hard choices and a narrow window. The government that pretends these are separate problems that can be managed independently will fail all of them simultaneously.

Who Owns the Care? The Case for Co-operative and Non-Profit Models

The current social care market is fragmented across private equity-backed chains, large corporate providers, local authority in-house services, and a large residual of small independent providers. The ownership structure of a care provider affects the quality of care delivered through the employment model it can sustain, and the evidence consistently shows that for-profit providers, at the wages the current market permits, cannot consistently fund the training, supervision, and staffing levels that quality requires. This is not a criticism of individual managers. It is a structural consequence of an ownership model that requires a margin.

The policy mechanism is a deliberate shift in commissioning and market structure toward co-operative and non-profit ownership. The transition pathway: first, create a right for care workers to request an Employee Ownership Trust take-over

when private providers fail or exit a market, similar to the right introduced for worker buyouts in other sectors; second, establish a national development fund for social care mutualisations, capitalised from the savings generated by reducing emergency hospital admissions; third, make co-operative and non-profit providers the preferred commissioning partner in all new local authority social care contracts, reversing the presumption in favour of competitive tendering that has pushed the market toward large for-profit chains. The sector will not transform overnight. A ten-year horizon for a managed transition is honest.

The precedent that makes this realistic rather than utopian: Italy's social care co-operative sector employs approximately 300,000 people in health and social care through worker-owned and social co-operative models, with documented better retention rates and stronger voice for care workers in service design. The Japanese welfare company model, which gives care workers an equity stake in the organisations they work for, has reduced turnover in a sector with similar demographic pressures to the UK's. Closer to home, the John Lewis Partnership demonstrates that large-scale employee ownership is compatible with complex service delivery and sustained quality. A government that wants a social care workforce that stays and that has a genuine stake in the quality of what it delivers has a century of evidence to draw on.

NHS Data Infrastructure and Sovereignty

There is a genuine data sovereignty question in the NHS that is not currently being asked in the right way. US technology companies contracted to build or operate NHS data infrastructure, Palantir being the most prominent current example, are subject to US surveillance law in ways that UK patient data is not. Data held on US-owned or US-hosted infrastructure may be accessible to US intelligence agencies under FISA Section 702 or the CLOUD Act, without UK court jurisdiction and without UK government knowledge. That is not a theoretical risk. It is the current legal position for any NHS operational data processed through US-owned cloud infrastructure.

The policy mechanism is straightforward: NHS data infrastructure should be built and owned by NHS bodies or by a statutory public-benefit data trust governed under UK law, with all data processing subject exclusively to UK jurisdiction. No NHS operational data, patient records, capacity data, workforce data, should be held on infrastructure that is subject to foreign surveillance law by default. This is not a ban on US technology suppliers. It is a requirement that any supplier operating NHS data infrastructure does so on NHS-owned or UK-statutory infrastructure, under UK legal governance, with UK court jurisdiction over any access request. The alternative, continued outsourcing of NHS data to US tech platforms on US legal terms, is a choice to treat British patients' health data as a US legal exposure, not a UK sovereign asset.

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18. **NHS agency staffing cost (annual)** (GBP 3 billion): NHS England / NAO (2024-03). Vacancy-driven agency spend.
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*Verification status: **verified** = official source linked; **estimate** = named organisation; **scenario** = series conditional projection; **internal_calc** = modelled from programme components in data/ctw/calculations.csv.*

Housing and Planning

Main chapter

Housing failures show up in the NHS, schools, and benefits bill. Council building, tenant security, cold homes, and heat adaptation for summers that no longer behave like the past.

Update, 2 August 2026. Heat adaptation is live, not theoretical. The 2026 heatwave and wildfire season made overheating stock and neighbourhood response capacity operational problems. A council-delivered Resilience Corps (see Governance: Deep Dive) is part of how you staff that without pretending every heatwave is a one-off.

A house is whether your child can change schools without trauma, whether you can take the job an hour away, and whether your parent ends up in hospital because the flat is cold and damp.

We have been messing up housing for forty years. The cost shows up everywhere except the housing debate: the NHS, schools, the labour market, the benefits bill.

Renting is the default now

Most new households in their twenties and thirties will rent for the next decade, not buy. The market they enter is expensive relative to wages and weak on security.

A family given two months to leave a home they have lived in for eight years cannot plan school places, commutes, or care for elderly parents nearby. That precarity shows up in GP records as stress and in classrooms as disruption.

Ending no-fault evictions properly is the baseline. Longer tenancies, rent increases tied to a published index, and a landlord register with enforceable standards are how renting becomes a home rather than a waiting room for ownership that never arrives.

Land and building

Every time planning permission is granted, public value often flows to whoever owned the patch of earth. The community funds infrastructure and absorbs impact. The landowner captures the uplift.

Councils stopped building because borrowing rules and land costs made social rent unviable. This programme unlocks council borrowing, reforms land assembly so hope value does not block affordable homes, and captures part of planning uplift for council housebuilding.

Britain once built more than 100,000 council homes a year. In recent years some councils built fewer than 2,000. Reversing that collapse starts with land and finance, not slogans.

What a serious programme would do

Build council homes at scale, starting with authorities that have land and capacity ready.

Make rented homes safe and warm. Minimum energy standards, action on damp and mould, and grants where social landlords cannot fund upgrades alone.

Adapt existing homes for heat. British housing was designed for a cooler climate. External shutters and passive cooling are normal in France and Spain and often blocked here by planning rules. Fitting shutters to a terrace costs hundreds; a heat-related hospital admission costs thousands.

Require new builds for the climate we have, not the one we lost. Shading, ventilation, and insulation before air conditioning, which loads the grid at peak stress.

Construction capacity must grow with ambition: apprenticeships, modular build, and treating skills as policy, not an afterthought.

Land value capture, hope value reform, and the path from 28,000 to 100,000 social homes per year are in the Housing & Planning: Deep Dive.

If nothing changes

Cold housing drives respiratory illness, cardiovascular events, and mental health deterioration. A ward full of patients whose real problem is "lives in a cold, damp, overcrowded house" is a housing failure the NHS pays to manage.

Young families priced out of ownership are the same people on NHS waiting lists and at food banks. Housing policy for existing homeowners only is housing policy for yesterday's winners.

The Next Piece

Service families need affordable homes near bases. Defence depends on housing too. The next chapter is what Britain is for in a fragmenting world.

Read next: Defence and Foreign Policy.

Housing and Planning (Deep Dive)

Deep dive

Housing is not a market problem; it is an infrastructure and land ownership problem. The planning system functions as a machine for transferring public value into private land values. This post covers unlocking local authority borrowing, social housing starts, emergency landlord licensing, and the land ownership question that the housing debate structurally avoids.

Housing Is Not a Market Problem. It Is Infrastructure.

Most housing debate misses what a house does: it determines labour mobility, a child's development, whether an older person ends up in hospital, and whether a family can form in the first place.

The cost of housing failures is paid everywhere except in the housing debate. It is paid in the NHS, in the schools, in the labour market, in the Treasury's own benefits bill. Housing is not a sector. It is a substrate. Mess it up and everything built on it wobbles.

We have been messing it up for forty years. The planning system is broken. The ownership structure is concentrated in ways that would embarrass a Gulf state. Local authorities have been stripped of the capacity to build. And successive governments have treated symptoms while the underlying disease grew.

A government that wanted to fix housing would start here.

The Land Ownership Question

You cannot talk about housing without talking about land. And you cannot talk about land in England without confronting the data on who owns it.

The Who Owns England project has documented what many people sense but few want to say plainly: a very small number of people and institutions own a very large proportion of the country. The aristocracy still holds significant acreage. Major institutional landowners include the Church of England, Oxford and Cambridge colleges, and a handful of property companies whose share registers would not fill a pub car park.

The consequence of this concentration is simple: when planning permission is granted, the value created does not go to the community that granted it or the country that legislated for it. It goes to the landowner. The community builds the infrastructure, funds the services, and absorbs the visual and social impact. The landowner captures the uplift.

That is the mechanism.

The planning system, as it operates in practice, is a machine for transferring public value into private land values. Every time a local authority grants planning permission, it is making a gift to the person who happened to own that particular patch of earth. The gift is funded by taxpayers, by the local authority's own infrastructure investment, and by the wider community.

Reforming housing means breaking that machine, or at least putting a significant spoke in it.

Immediate: Now Through End of 2026

Unlock local authority borrowing

The single most immediate lever the government has is borrowing headroom. Local authorities can currently only borrow against their own revenue, which is why so many stopped building decades ago. The Affordable Homes Programme provides grant funding, but grant is not the same as borrowing capacity.

The government should accelerate the use of the Public Works Loan Board to fund council housing starts. This is not new money in the sense of requiring Treasury sign-off on new spending: it is unlocking borrowing that local authorities are already empowered to undertake. The Treasury should review PWLB lending terms to remove the punitive early repayment clauses that put councils off large-scale borrowing. That change alone would unblock billions in construction capacity.

Social housing starts: target the shovel-ready sites

Not all local authorities have the same capacity. The ones that do have capacity, land, and planning consent ready to go should be prioritised now. Identify the top 50 local authorities by housing need and shovel-ready supply. Negotiate direct grant agreements. Set a target of 10,000 council homes started before the end of 2026.

That number sounds small, but it begins to reverse a decades-long collapse in council housebuilding that dropped from over 100,000 completions a year in the 1960s to fewer than 2,000 in some recent years.

Emergency landlord licensing in high-demand areas

In areas where the private rental sector is the dominant housing type and where tenant exploitation is endemic, emergency licensing regimes should be introduced now. This means mandatory licensing for all private landlords in specified areas, with explicit requirements on property condition, rent increases, and eviction procedures.

The usual objection is that this reduces supply. The evidence does not support that claim. Licensing regimes with proper enforcement improve conditions and do not meaningfully reduce rental availability. What they do is shift the market away from the worst landlords and toward better-managed properties.

End no-fault evictions properly

The Renters' Rights Act 2024 made some progress but retained significant loopholes. The government should close them. Section 21 notices should be abolished entirely and the grounds for possession reformed so that genuine hardship cases can remain in their homes while legitimate landlord cases can proceed through a tribunal without two years of uncertainty.

That is the baseline of a functioning rental market.

Medium-Term: 2027-2028

Planning reform: what Labour gets wrong

The current government's planning reform programme has a fatal flaw: it tries to solve a land ownership problem with a planning process change. Streamlining planning permission does not reduce the value that accrues to landowners when permission is granted. It increases the value of land, which means landowners capture more, not less.

The evidence from the 2020 10,000 Homes Accelerator and various prior "planning liberalisation" initiatives is consistent: planning reform without land value capture does not produce affordable housing. It produces expensive housing with larger margins for developers and landowners.

What genuine reform looks like:

First, land value capture must be built into the planning system at the point of permission. This means the Community Infrastructure Levy needs to be reformed upward, with a new tier specifically targeting the uplift created by residential planning permission. When land goes from agricultural value to residential value, a substantial share of that uplift should return to the community.

Second, local authorities need a land assembly power that works. The current compulsory purchase regime is slow, expensive, and legally risky for councils. A reformed CPO process with standardised compensation formulas and faster timetables would allow councils to assemble land at something closer to existing use value, rather than paying a ransom to landowners who have done nothing except hold onto land while the community around it grew.

Third, the brownfield-first requirement needs to be strengthened with teeth. Not guidance, not incentive: a binding presumption that planning permission for greenfield sites will not be granted where brownfield permission exists and has not been implemented. This resets the leverage.

The compulsory purchase question

Compulsory purchase is where planning reform either gets serious or stays performative. The UK has used CPO extensively in the past: for postwar reconstruction, for the motorway network, for urban renewal. It works. It is also politically uncomfortable because it involves the state taking property from private owners.

But the current situation is the inverse of the usual objection. The state gives private landowners a gift of enormous value through the planning system and calls that "free market". Compulsory purchase at fair value, deployed to assemble land for council housing, is more interventionist in method but more honest about what is happening.

The legal framework is largely there. What is needed is political will and a streamlined process. The Crichel Down rules need to be replaced with something that gives communities a right of first refusal on public land disposals.

Hope value reform: closing the CPO loophole

The most consequential reform to the CPO compensation code is the elimination of "hope value", where the current system is most systematically abused.

Under the Land Compensation Act 1961 (LCA 1961), s.5 and s.6, when a CPO is made, compensation is assessed at the open market value of the land. But s.14 and associated case law allow landowners to add a "hope value" component, the assessed value of the *potential* planning permission that the land *might* receive, even when no planning permission exists or is imminent. The mechanism is this: because the CPO removes the land from the market, the landowner

argues, the land should be valued as if it were already developed. In practice, this has meant that landowners adjacent to proposed infrastructure corridors or urban development sites have been able to claim substantial premiums, in some documented cases adding 30–50%^{{{FIGREF:hope-value-cpo-reduction:1}}} to the compensation paid, not for anything they built or invested in, but purely for the expectation of permission that the community's own planning decisions created.

This is the mechanism by which landowners extract public money for value they did not create. The September 2025 government consultation on CPO reform proposed restricting hope value claims to cases where a specific, extant planning permission exists at the time of acquisition, eliminating the speculative component entirely.

Estimated cost impact: Where hope value is currently claimed, restriction to existing use value (EUV) only would reduce per-unit land acquisition costs substantially. For the 100,000 social homes programme, assuming 50,000–70,000 units per year require land assembly via CPO in high-demand areas, the saving is estimated at £50,000–£150,000 per unit where hope value is currently claimed. Across a full programme, this is a reduction of hundreds of millions of pounds per year in public land assembly costs. The legislative vehicle is the Planning and Infrastructure Bill (primary legislation); the reform is consistent with the government's own stated direction of travel.

This reform does not deny fair compensation. Landowners receive open market value for their actual land. What they do not receive is a public subsidy dressed as a market transaction: the uplift created by the community's own planning decisions, infrastructure investment, and presence.

Land value capture: the mechanics

The core mechanism is this: when planning permission is granted, the landowner receives an unearned windfall of enormous scale. The community created that value through its investment, its planning decisions, its infrastructure, its presence. The landowner contributed nothing.

Land value tax has been advocated for decades and consistently opposed by landowners who would pay it. A phased introduction, starting with a higher rate on land held deliberately undeveloped while planning permission exists, would concentrate minds. But more immediately, the existing mechanisms need reform.

The Community Infrastructure Levy should be set at a minimum of 30%^{{{FIGREF:cil-minimum-capture:2}}} of the uplift from agricultural or commercial use value to residential use value, applied at the point of permission. The uplift should be calculated against a standardised land value benchmark, not the actual transacted price, which will already reflect the planning permission.

Revenue should be hypothecated: ring-fenced for council housing construction,

not absorbed into the local authority's general fund where it disappears into revenue expenditure.

Community Energy: Housing Plus Renewables Plus Local Authority Ownership

Housing policy intersects here with something transformative.

Local authority owned housing, combined with community energy schemes, combined with a genuine feed-in tariff for solar and battery storage on social housing, is a mechanism for building community wealth rather than extracting it.

The model is straightforward. Council housing departments become energy companies. They install solar panels and battery storage on social housing stock. They sell energy to tenants at below-market rates. They export surplus to the grid and use the revenue to fund maintenance and new construction. The nationalised energy companies, where they still exist in some form, can be required to offer preferential grid access terms to local authority energy schemes.

Existing examples already exist: Bristol Energy, Nottingham City Energy, and various housing association schemes have demonstrated the model. The barrier is political, not technical: energy companies do not want the competition, and the Treasury does not want to acknowledge that publicly owned utilities can function efficiently.

The benefit for housing is that it makes council housing financially sustainable in a way that has never existed under the current model. A council home that generates income rather than absorbing maintenance costs is a different proposition for local authority balance sheets.

The Housing-Health Link

Cold homes kill. Damp and mould kill. Overcrowding damages child development. These are not metaphors. They are measured, quantified, published outcomes.

The World Health Organization has estimated that cold housing is responsible for a substantial proportion of excess winter deaths in the UK. The links between poor housing conditions and respiratory illness, cardiovascular disease, and mental health deterioration are well established in the literature.

Social housing is, in this context, a health intervention. A hospital ward full of patients whose primary diagnosis is "lives in a cold, damp, overcrowded house" is not a health system problem. It is a housing system problem that the health system is paying to manage.

The connection to Health & Social Care is direct. Health and social care spending is, in part, housing policy deferred. Every pound not spent on decent social

housing is eventually spent on NHS treatment for conditions caused by poor housing.

The specific interventions are well understood: insulation, heating system upgrades, ventilation, mould remediation, and space standards that prevent overcrowding. The Warm Home Discount and the Energy Company Obligation have been the main mechanisms to date. They have not been sufficient.

The energy dimension, fuel poverty, cold homes, summer overheating, and the interaction between housing quality and energy costs, is addressed in Energy. The housing programme and the energy programme are interdependent: you cannot solve cold homes by improving housing quality without also solving energy costs, and you cannot solve summer grid stress without heat-resilient housing design. Both programmes should be understood as part of the same social infrastructure investment.

What is needed is a funded programme of social housing stock improvement at scale, with mandatory minimum energy performance standards for all rental properties, social and private, set at EPC C as a minimum by 2028 and EPC A by 2030. The cost of improvement should be borne by landlords, with government grant available to social landlords who can demonstrate they cannot fund improvements from existing rental income.

Landlords who cannot meet the standard should be required to sell to the local authority, with CPO available as the enforcement mechanism for persistent non-compliance. This is both a housing policy and a public health policy.

Heat Adaptation: Summers That No Longer Behave Like the Past

The housing-health link is not only about cold. It is about heat.

British housing stock was built for a temperate climate with mild summers. That assumption is obsolete. Summer heat records are being broken with a regularity that would have seemed implausible a decade ago. The 2026 heatwave is current context, not future risk. Elderly people, children, and those with respiratory conditions are disproportionately affected when internal temperatures exceed safe thresholds for days at a time.

In France and Spain, external shutters, awnings, whitewashed walls, and cross-ventilation are normal features of residential design because hot summers have been the norm for decades. French environmental regulation for new construction explicitly requires assessment of summer overheating risk. Spanish cities routinely retrofit shutters on existing blocks. The UK has Part O of the building regulations, which introduced overheating risk assessment for new homes, but enforcement is weaker and the standards lag behind what southern European countries treat as baseline.

This programme addresses heat on two tracks.

Existing stock. Planning permission should not be the obstacle to fitting external shutters or awnings on residential buildings. A permitted-development right for passive cooling measures, with a fast-track process where conservation areas have design codes, removes the absurd situation where a tenant in a top-floor flat cannot shade their windows because the local authority treats shutters as an unauthorised alteration. Fitting shutters to a typical terrace costs a few hundred pounds. A heat-related hospital admission costs thousands. Social landlords should be funded to retrofit shading and ventilation on the highest-risk properties first: top floors, south-facing facades, properties housing elderly tenants.

New builds. New social and private homes should meet a minimum heat-resilience standard: orientation that limits direct solar gain, external shading, adequate ceiling insulation, and ventilation design that keeps internal temperatures below harmful thresholds without defaulting to air conditioning. Air conditioning is a last resort, not a strategy. It loads the grid at exactly the moment summer demand peaks, which is also when the energy system is already under stress from the compounding pressures described in *The Situation*.

The climate dimension in *The Situation* names heat as a compounding layer across food, energy, and health. Housing is where that layer becomes physical: the walls people live inside when the thermometer stays above 30 degrees for a week.

The Distributional Question

Housing subsidies are among the most regressive in the UK. This needs to be said plainly.

The private rented sector subsidy through Housing Benefit flows to landlords, not tenants. In many cases, the benefit is a transfer from the public purse to private property owners, enabling them to charge rents they could not otherwise sustain.

Social housing rents, which are generally set below market rent, benefit existing tenants more than they attract new ones, because access to social housing is rationed by waiting lists. The people who benefit most from below-market social rents are people who have been on the waiting list long enough to get a property. First-time applicants, younger households, and people moving to areas with labour market opportunities are largely shut out.

The distributional fix is not complicated to describe. It requires two things simultaneously.

First, the supply side must expand so that social housing is accessible to people who need it rather than rationed by queue position. This takes time, which is why the immediate actions above matter.

Second, subsidies must follow people, not properties. The Universal Credit

housing element should be decoupled from the property in the medium term, with tenants in the private rented sector able to use housing benefit as a deposit and first month's rent payment directly, rather than as a monthly payment to a landlord who may or may not maintain the property.

The worst outcome from any housing policy intervention is that it increases the value of existing property holdings while failing to improve affordability for people who do not already own. The UK has form on this. The Help to Buy scheme, for example, primarily inflated the value of the properties it was meant to help people purchase. Any new policy must be tested against that failure mode.

What This Costs Versus What Inaction Costs

The Treasury will object that this programme is expensive. The numbers show the comparison.

The cost of inaction, to pick just three dimensions:

NHS costs attributable to poor housing: estimated at GBP 1.4 billion{{FIGREF:housing-poor-health-cost:3}} per year in treatment costs alone, plus productivity losses.

Welfare costs from housing poverty: the housing element of Universal Credit, the Discretionary Housing Payment top-ups, and the temporary accommodation budget together amount to over GBP 30 billion{{FIGREF:inaction-housing-benefit:4}} per year.

The cost of a programme to build 100,000 social homes per year, at roughly GBP 250,000{{FIGREF:social-home-construction-cost:5}} per home in current construction costs, is GBP 25 billion{{FIGREF:programme-housing-cost:6}} per year. Against the three figures above, this is not obviously expensive. Against the fact that the UK built over 100,000 council homes per year in some years of the postwar period, it is not historically unprecedented.

One important qualification: the GBP 250,000 figure is the construction cost per unit. Land acquisition in high-demand areas typically adds GBP 50,000{{FIGREF:hope-value-unit-saving:7}} to GBP 150,000{{FIGREF:hope-value-unit-saving:7}} per unit depending on location and whether CPO or market purchase is used. Total programme cost per unit is therefore GBP 300,000{{FIGREF:social-home-total-unit-cost:8}} to GBP 400,000{{FIGREF:social-home-total-unit-cost:8}} on average across the country. This matters because the housing benefit comparison (GBP 30 billion per year) uses the full cost of the existing housing benefit bill, while the GBP 25 billion figure understates the true unit cost of the new build programme if land acquisition is included. The honest comparison is: the housing programme costs more per unit than the headline figure suggests, but the housing benefit bill it replaces is also larger than the headline comparison suggests, and the net fiscal

case still holds. Ministers should make this case honestly rather than relying on the construction cost figure alone.

The fiscal framework within which this sits is the subject of the next post in this series. The short version is that there are credible ways to fund this without breaching the fiscal rules as currently constructed, and the cost of breaching the rules is lower than the cost of continued inaction.

The Construction Capacity Question: From 28,000 to 100,000

The cost of this programme is one constraint. The capacity to build it is another, and this one is serious.

The UK currently completes approximately 28,000 social homes per year. This programme commits to 100,000. Total UK housing completions (all types) are approximately 240,000 per year. Achieving 100,000 social homes therefore requires more than a threefold increase in social housing output and, given that social housing is a significant fraction of total construction activity, more than a 40% increase in total UK construction output. This does not happen automatically when money is allocated.

The constraint is not primarily money. It is labour, materials, and the structure of the construction industry.

The UK construction workforce is approximately 2.1 million. That sounds large. It is substantially smaller than the 2.3 million employed at the 2008 peak, and structurally different. The workforce that left construction during the post-2008 recession, bricklayers, plasterers, electricians, plumbers, did not all come back. Many emigrated. Many retrained. The industry shed capacity it has not rebuilt.

The SME builder sector, which historically built the majority of UK housing, was decimated by the collapse in small-site development during and after the financial crisis. Volume housebuilders, sensing an opportunity, moved up the value chain and concentrated on large sites with high margins. The result is an industry structure with too few small and medium builders, and with materials supply chains that contracted during the recession and have not fully re-expanded.

Modern methods of construction (MMC), off-site prefabrication and modular housing, offer genuine potential to increase output faster than traditional build, with shorter build times and less dependence on site-specific skilled trades. But MMC currently represents only a low single-digit percentage of total UK housing output. Scaling it requires certainty of demand (which the 100,000/year programme provides), investment in manufacturing facilities, and a procurement framework that allows local authorities to specify MMC without excessive cost premium.

The realistic trajectory is not a cliff-edge from 28,000 to 100,000. A more honest projection:

- **Year 1–2:** Priority is unlocking shovel-ready sites with existing contractors. Current capacity is sufficient to accelerate starts on approved sites without major supply chain expansion. Target: 40,000–50,000 social homes/year as first phase, using existing supply chains.
- **Year 3–4:** MMC sector scaling begins; apprenticeship completions from expanded programmes start entering the workforce; SME builder support schemes (development finance, pre-planning site assembly funding) begin to rebuild the mid-size builder sector. Target: 70,000–80,000 social homes/year.
- **Year 5 onwards:** Full capacity expansion realised. Target: 100,000 social homes/year.

This trajectory requires that construction capacity expansion is treated as a policy objective in its own right, not left to the market to respond after this programme is announced. Specifically: apprenticeship targets for construction trades should be raised immediately; a national construction skills fund should be established to retrain and recruit workers from adjacent sectors; MMC manufacturers should have access to government-backed development finance to scale capacity before the demand signal alone is sufficient; and the Homes England framework contracts should be reformed to allow faster local authority procurement.

Without this, the 100,000 target is a promise. With it, it is a programme.

What Government Should Actually Do

In summary, in order of urgency:

1. Unlock PWLB borrowing for councils immediately and identify shovel-ready sites for 10,000 starts before end of 2026.
2. End section 21 evictions fully and introduce emergency landlord licensing in high-demand areas.
3. Set mandatory minimum energy performance standards for all rental properties with a funded improvement programme for social landlords.
4. Reform the Community Infrastructure Levy to capture a minimum of 30% of planning uplift at the point of permission.
5. Reform CPO rules to allow local authorities to acquire land at existing use value when planning permission exists.
6. Establish a national local authority energy company framework to enable councils to generate and sell renewable energy to tenants.
7. Introduce permitted-development rights for passive cooling on existing homes and heat-resilience standards for new builds.
8. Build 100,000 social homes per year as a medium-term target, with a funded programme starting with the most shovel-ready authorities.

The constraints are real. Construction capacity is finite. Planning inspectorates have finite bandwidth. Local authority capacity varies enormously. These constraints are not reasons to do nothing. They are reasons to sequence the actions carefully and start with what can actually be done now.

Forty years of housing failure did not happen because the problem was unsolvable. It happened because the people who benefit from the current arrangement also fund political campaigns and employ very good lobby firms. That is the honest answer to why housing has not been fixed.

Knowing that does not make the policy harder. It makes the politics harder. But the policy itself has been clear for a long time.

Sources

1. **CPO hope value compensation reduction (30%)**: CTW programme model (2026-06). *Programme model; see calculations.csv*. High-value area land assembly.
2. **Community Infrastructure Levy minimum capture (30%)**: CTW programme model (2026-06). *Programme model; see calculations.csv*. Of planning uplift at permission.
3. **NHS costs from poor housing** (GBP 1.4 billion): Chartered Institute of Environmental Health (2023-06). Treatment costs alone.
4. **Housing benefit without building (annual)** (GBP 30 billion): DWP/HMT benefit expenditure (2025-03). Rising without new supply.
5. **Social home construction cost per unit** (GBP 250,000): CTW programme model (2026-06). *Programme model; see calculations.csv*. Current construction cost.
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*Verification status: **verified** = official source linked; **estimate** = named organisation; **scenario** = series conditional projection; **internal_calc** = modelled from programme components in data/ctw/calculations.csv.*

Land and Planning Reform

Evidence

Land ownership concentration in England is a political artefact main-

tained by the planning system, not a market outcome. The planning system transfers public value, created by community investment and infrastructure, into private land values every time permission is granted. This companion post to the Housing post examines the ownership machine and what breaking it actually requires.

Update, 2 August 2026. Heat and drought raise the premium on land-use choices that leave headroom for food, water, and dispersal of critical plant (see Housing and Industry deep dive). Ownership mechanics below unchanged.

The Machine That Creates Landed Wealth

Land ownership in England is not a market outcome. It is a political artefact, maintained by the planning system, the tax system, and the inheritance system working together. The concentration of land in the hands of a few thousand families is not the result of entrepreneurial success or superior productivity. It is the result of a set of rules written in favour of those who already own the land.

That matters for this series because the housing post addressed the building problem. This post addresses the ownership problem. And the ownership problem is harder, because it is not primarily about building enough homes. It is about who captures the value when those homes are built.

The concentration of land ownership is one of the three mechanisms of oligarchic capture named in this series, alongside the captured state described in this series' introduction and the institutional capture described in the Governance post (Part 10). Taken together, they describe a country that has stopped working for the people in it, in part because a relatively small number of people benefit from the current arrangements and have the political power to defend them.

This post is about breaking that arrangement. It is also about being honest about how difficult that is.

The Land Ownership Data

The Who Owns England project, led by Guy Shrubsole, has produced the most comprehensive mapping of land ownership in England in recent history. The findings are striking.

Approximately 70% of England is agricultural land. Of that, a significant proportion is owned by a relatively small number of aristocratic families and institutional landowners. The top 10 landowners in England own roughly 1 million acres between them. The top 100 landowners own something approaching 4 million acres.

The composition of that top tier matters. It includes:

- Aristocratic families: the Duke of Westminster, the Earl of Plymouth, the Marquess of Salisbury, and dozens of others whose holdings date from the

enclosures of the 18th and 19th centuries

- Institutional landowners: the Church of England, Oxford and Cambridge colleges, the major public schools, the Crown Estate (though the Crown Estate is different in kind, being a public asset)
- Major property companies: companies whose share registers reveal ownership structures that would surprise most people who think of land ownership as a middle-class pursuit

The Duke of Westminster's Grosvenor Estate is worth noting specifically. It spans approximately 300 acres in Mayfair and Belgravia in central London, making it one of the most valuable pieces of urban land in the world. The family did not create that value. The City of London created that value, through centuries of investment, infrastructure, and economic activity. The family inherited the land, holds it, and collects the rent. When planning permission is granted for development on that land, the value uplift accrues to the family. Not to the city that made it valuable. Not to the public that funded the infrastructure. To the family.

This is the absentee landlord problem in its modern form. The landowner may live in the house. They may not. Many of the largest aristocratic estates are managed by professional letting agents and property managers. The landowner collects the income. The community bears the cost of the services, the infrastructure, and the social consequences of however the land is used.

The Who Owns England findings also reveal the degree to which land ownership in England is opaque. Title registration is incomplete, offshore structures obscure beneficial ownership, and the Land Registry's records are not systematically analysed in a way that would allow the public to understand who owns what. A government serious about land reform would start by requiring transparency: beneficial ownership registration for all land holdings above a threshold, with offshore structures included.

The Planning System as a Value Transfer Machine

When a local authority grants planning permission for residential development on agricultural land, it does something that is rarely described plainly: it transfers a planning gain worth millions of pounds from the public to the landowner.

The mechanism is straightforward. Land on the edge of a town or city, currently in agricultural use, is worth perhaps GBP 10,000 to GBP 30,000 per acre. The moment planning permission is granted for residential development, that same land becomes worth GBP 1 million to GBP 5 million per acre, depending on location. The landowner has done nothing to create that uplift. The community around the land has grown. The infrastructure has been built. The transport links have been laid. The jobs have been created. The value is a product of public investment and public activity. And the planning system hands it to the landowner.

This is a redistribution mechanism, and it operates every single time planning permission is granted.

The standard defence of this arrangement is that landowners are incentivised to release land for development by the prospect of the planning gain. This argument conflates the landowner's incentive to release land with the public interest in them doing so. The fact that a landowner will only release land if they are paid a ransom does not mean the ransom is in the public interest. The public interest would be served by the state acquiring land at existing use value and capturing the development margin for the community.

The development margin is large. In Greater London, the gap between existing use value and residential development value frequently exceeds GBP 1 million per acre. In the South East more broadly, it is frequently in the hundreds of thousands per acre. These are not marginal differences. They represent a systematic transfer of public value to private landowners, occurring every day, on every planning permission granted in England.

The housing post in this series described the planning reform programme. This post is not about streamlining the planning process. Streamlining planning permission without addressing the value capture question makes the problem worse, not better. If you make it easier to get planning permission, you make the planning gain more valuable, and the landowners who hold permission-ready land capture more.

The Planning System as a Two-Tier Machine: Who It Serves and Who It Punishes

The value transfer mechanism above is not the only way the planning system fails. It also fails in how it treats different applicants, and the difference is not subtle.

The same planning system that processes a major commercial application from a logistics company or a housebuilder in three months, with pre-application consultation, a dedicated case officer, and conditions negotiated rather than enforced, will process an individual's planning application for a barn conversion or a home extension over twelve months, with discretionary delays, demands for additional information not in the guidance, and enforcement that is pursued without negotiation.

The mechanism is not corruption in the formal sense. It is discretionary power without accountability. A planning officer can delay an individual's application for months on grounds that are not reviewable. They can refuse permission for something that the guidance says is acceptable, and the appeals process is slow, expensive, and uncertain. The same officer processes a major commercial application on a tight timeline because it has political weight behind it. The two-tier outcome is real and systematic.

This is a political signal. When the state prosecutes a person living in their own barn on their own land, while a multinational building a warehouse on green belt gets approved in three months, the message is: the system is not for people like you. That message generates grievance, and the grievance goes somewhere. It goes to the far-right, which says: the system is rigged, and we're the ones who'll fix it. The far-right is wrong about the fix. But the grievance is legitimate.

The reform required is about the character of the system as well as the rules. A planning system that treats ordinary people with basic dignity is one where:

- The rules are published and consistently applied, not subject to officer discretion
- Individuals can access a fast, cheap appeals process when permission is refused or delayed
- The same standards apply to a barn conversion and to a logistics warehouse
- The enforcement of conditions is non-negotiable for everyone, not selectively pursued

This is a planning reform that serves a political purpose beyond its technical function. A system that treats citizens with dignity does not produce the grievance that fuels the far-right. A system that prosecutes a woman for living in her own barn while letting multinationals build on green belt does exactly the opposite.

The Right to Grow: Community Enabling as Planning Reform

There is a specific reform that addresses both the land ownership problem and the civic enablement question simultaneously. It is simple to describe and largely absent from current policy: a statutory right to grow on council land.

The detail: any community group can apply for a licence to use council-maintained green space for food production. The default is yes. The council must demonstrate specific grounds for refusal, not discretionary objection, but demonstrated reasons related to public safety, habitat protection, or equivalent. The licence is low-cost, issued within a defined timeframe, with simple conditions around maintenance and public access. It is not a planning application. It does not require a planning officer's discretion. It is a right.

This is a planning reform because it removes the discretionary power that makes the current system arbitrary. It is a land reform because it puts council land to productive community use without requiring the community to purchase the land. It is a civic programme because it gives people something to do together: to grow food, to build community, to make their neighbourhood work in a way that has visible, tangible results.

The "Dig for Victory" parallel is deliberate. That was not a prepper programme. It was a state-enabled civic programme that gave people something to do that was practical, collective, and purposeful. The current equivalent would include:

allotments on council land, community food networks, neighbourhood food growing schemes, community orchards, and the other forms of neighbourhood food production that the current planning system makes unnecessarily difficult.

The political case for this reform is straightforward: it gives people hope. It gives them something to do together. It produces visible evidence that collective action works, which is the thing that generates the political will this programme needs. A community garden is not a policy outcome. It is proof that the other world is possible.

The implementation is cheap. The return is measured not in fiscal terms but in social cohesion, community capacity, and political resilience. A government that enables communities to feed themselves is a government that people have reason to support. That is the political foundation this programme requires.

Land Value Tax: The Design and the Politics

The economic case for Land Value Tax has been made by economists for over a century, from Henry George's original argument in *Progress and Poverty* through to Joseph Stiglitz's modern treatment. The case rests on three propositions.

First, the supply of land is fixed. Unlike buildings, which can be built or demolished, the total stock of land in any given area cannot be increased. A tax on land cannot, by definition, reduce the supply of land, and therefore cannot generate the deadweight losses that make most taxes economically harmful.

Second, land value is created by the community, not by the landowner. The value of a piece of land is determined by its location, which is a function of surrounding economic activity, public infrastructure, and social investment. The landowner who holds a plot in the path of urban expansion has done nothing to create that value. Taxing it is not a punishment for effort. It is a correction for an unearned windfall.

Third, Land Value Tax discourages land banking. If landowners must pay an annual charge proportional to the value of their land, holding land speculatively without development becomes expensive. This creates an incentive to release land for development, increasing housing supply.

The revenue potential is real. Various estimates have placed the annual yield of a fully implemented Land Value Tax on residential land in England at between GBP 5 billion and GBP 15 billion per year, depending on the tax rate and the valuation methodology. Those are not precise numbers and should not be treated as such, but the order of magnitude is meaningful. For comparison, the current annual spending on the Affordable Homes Programme is roughly GBP 2 billion.

The critical design point: Land Value Tax is not a property tax. It is a tax on the unimproved value of land. A homeowner who extends their house, refurbishes their kitchen, or adds a conservatory does not see their Land Value Tax bill increase, because the value of the improvements belongs to them. A Land Value

Tax bill rises only when the value of the underlying land increases, typically because of public investment in the surrounding area. The tax falls on the location value, not the structure value.

This distinction matters politically. It means that improving your home is not penalised. Only the passive accumulation of location value is taxed. That is a principled position, and it is one that a government proposing Land Value Tax should make repeatedly, because the political opposition will try to characterise it as a tax on homeowners rather than a tax on land speculation.

The political difficulty is still substantial. Land Value Tax falls on asset-rich, vote-rich older homeowners in high-value areas. A pensioner living in a GBP 1 million house in central London on a fixed income would see their Land Value Tax bill increase substantially, even if their income had not changed. The political objection is that this pensioner has "saved" through property ownership and should not be penalised for having done so.

The counter-argument is that the pensioner's property wealth is substantially a product of public investment in the surrounding area, that they have already benefited from decades of capital appreciation funded by the community's activity, and that the next generation should not be required to rent from the previous one or to pay lifetime rents in order to access housing wealth they had no part in creating.

The political economy of Land Value Tax is almost perfectly designed to make reform impossible. The costs fall on a concentrated group of voters who are wealthy, politically active, and well-connected. The benefits are diffuse, falling on renters, younger households, and the public balance sheet. Under normal political conditions, concentrated interests defeat diffuse ones. That is why Land Value Tax has been proposed by every major political party in the UK at some point in the last century and has never been implemented.

The answer is not to make Land Value Tax palatable to landowners. The answer is to make the political case honestly, to phase the implementation, and to provide transition protections for those who would face genuine hardship.

The Agricultural Transition Question

The land reform described in this post shifts some agricultural land to residential and commercial use. This raises a question that the right-wing objection to land reform will raise first: does the UK have enough land to build on without compromising food security?

The honest answer is: yes, with managed trade-offs. The UK imports roughly 40% of its food by value. Domestic food production is one input to food security, not the entirety of it. The agricultural land released for housing under the reform proposed here is not the productive arable land in the east and south of England that produces the UK's core staple crops. It is land at the urban fringe, lower-quality agricultural land, often in areas with poor drainage or limited

agricultural value, that is currently in agricultural use partly because it has no better use, not because it is irreplaceable for food production.

The trade-off is real but manageable. A planning system that releases lower-quality agricultural land at the urban fringe, combined with the food security investments described in Part 2 of this series, produces a better outcome than a planning system that prevents any release and compounds the housing crisis. The agricultural transition requires: a clear classification of which land is available for release without compromising food production; investment in intensification of remaining agricultural land to maintain output per hectare; and food security diplomacy (Part 2) to diversify import sources so that the UK is not dependent on any single agricultural trading partner.

The right-wing objection, that land reform means concreting over the countryside, is a framing problem, not a substance problem. The countryside that matters for food production is largely protected by good agricultural land classification. The land that matters for housing is the land at the urban fringe that has limited agricultural value and maximum housing value. Making this argument clearly and specifically is part of the political case for land reform.

The Phased Implementation

A Land Value Tax cannot be introduced in a single reform. The political and administrative prerequisites are too large. The phased approach is not a compromise with principle. It is the only realistic path to implementation.

Phase 1: Commercial Land (Business Rates Reform)

The starting point is commercial land, because the political obstacles are smaller and the administrative infrastructure already exists. Business Rates are a proxy for a land value tax on commercial property: they are levied on the rateable value of commercial premises, which is based substantially on land value. The current system is broken in ways that compound the planning gain problem, because it taxes online retail at lower effective rates than physical retail, distorting the market and incentivising the conversion of town centres to residential use without capturing the uplift.

The reform: equalise Business Rates between online and physical retail. This is straightforward and long overdue. Then, progressively restructure Business Rates to shift the burden from building value to land value. The administrative mechanism exists: rateable values already distinguish between land and buildings in principle. The practical implementation requires valuation reform, but it is achievable within two to three years.

Phase 2: Residential Land (Gradual Reform of Council Tax)

The announcement of a residential Land Value Tax should come early, but the implementation should be phased over five to ten years. The revenue from commercial land reform provides the transition funding. As the residential Land

Value Tax is introduced, Council Tax is reduced proportionally, so that the net change for most households is small in the early years of the transition.

The long-run distributional effect is significant. A Land Value Tax on residential property, replacing Council Tax, would redistribute the burden from low-value properties to high-value properties. A household in a modest suburban semi pays less. A household in a large detached house in the Home Counties pays more. A household in a central London penthouse pays substantially more.

The transition protections are essential. Households on low incomes, including pensioners on fixed incomes, should be protected through a deferral mechanism: the Land Value Tax liability is registered against the property and collected when the property is sold or transferred, not as an annual bill. The deferred charge accrues at the consumer price index (CPI), not at commercial interest rates. Using commercial rates would compound the deferred debt substantially over time and would convert a humane transitional protection into a regressive burden on low-income homeowners who have held property through no fault of their own. At CPI, a pensioner deferring £8,000/year of LVT for 20 years accumulates a deferred debt of roughly £160,000 in nominal terms, which is manageable against a typical estate. At 5% commercial compounding, the same deferral produces approximately £260,000, a substantially more punitive outcome that would in effect be an inheritance tax on modest housing wealth. This distinction is a design choice that must be made explicit, not left to default commercial practice.

Compulsory Purchase at Existing Use Value

The 1947 Town and Country Planning Act introduced a mechanism that is worth understanding precisely because it worked, and because it was subsequently dismantled.

The 1947 Act required that when planning permission was granted, a development charge would be levied equal to the increase in land value attributable to the permission. The effect was to capture for the public some portion of the planning gain that would otherwise have gone to the landowner. The development charge was set at 100% of the uplift above the existing use value at the date of designation.

This is the key concept: existing use value. The landowner is compensated at the value of the land in its current use, not at the value it will have after planning permission is granted. The community keeps the difference. That is the principle. It is a defensible principle. The landowner created nothing. The community created the value. The community keeps it.

The 1947 system was dismantled systematically after 1951. The incoming Conservative government reduced and then abolished the development charge. The argument used then, and used ever since, is that landowners should not be penalised for the state changing the planning rules around their land. This argument

has a surface plausibility. It does not survive scrutiny. The landowner holds land subject to the planning system. The planning system is a public institution. When the public changes how that institution operates, it is reasonable for the public to capture the value that results.

The current compulsory purchase regime operates on a different principle: the acquiring authority must pay compensation reflecting the "open market value" of the land, which in practice means the value the land would fetch with planning permission already granted. This is the mechanism that makes large-scale land assembly for new towns, for urban regeneration, and for infrastructure projects so expensive. The landowner captures the planning gain through the compulsory purchase process, just as they capture it through the planning permission process. The community pays twice.

The reform required is not complicated. It requires amending the Land Compensation Act 1961 to establish existing use value as the primary basis for compulsory purchase compensation, rather than market value reflecting planning permission. It requires a new appeals mechanism, with standardised valuation methodologies and faster timescales. And it requires political will, because landowners will litigate every significant compulsory purchase order that uses the new basis.

The legal objection that compulsory purchase at existing use value is "theft" from landowners is circular. The state created the planning system. The planning system creates the value. It is reasonable for the state to capture some of that value when it assembles land for public purposes. The 1947 Act demonstrated that this approach is legally sound. The subsequent reversal demonstrated that it is politically contested. A government that wants to build the homes the country needs must be willing to fight that political battle.

The Community Land Campaign Model

The planning system already contains mechanisms for capturing value from development. Section 106 agreements allow local authorities to negotiate planning obligations from developers: affordable housing requirements, infrastructure contributions, community facility provisions. The Community Infrastructure Levy allows a flat-rate charge on development to fund infrastructure.

In practice, these mechanisms are weak. Section 106 is negotiated on a site-by-site basis, which means it is slow, inconsistent, and subject to developer lobbying. Developers with planning permission already granted have substantial leverage to negotiate down the obligations. The result is that Section 106 contributions are often far below the genuine cost of the infrastructure the development requires.

The Infrastructure Levy, proposed in the 2023 NPPF reforms, was designed to replace Section 106 with a flat-rate charge on development value, set locally and applied consistently to all development. It has not been implemented. The government should implement it, with the following specifications.

The Infrastructure Levy should be set at a minimum of 20% of gross development

value for residential schemes above a threshold size. It should be non-negotiable: once set, it applies to all developments in the area, removing the scope for developer lobbying to reduce obligations after permission is granted. The revenue should be hypothecated: ring-fenced for infrastructure in the local authority area, including affordable housing, transport, schools, and community facilities.

The Community Land Campaign model, which has informed much of the thinking on this issue, goes further. It proposes that communities should have the right of first refusal on land released for development, and that planning gain should be captured at a rate of at least 50% of the uplift above existing use value. These are more ambitious proposals than the Infrastructure Levy alone, and they should be the direction of travel. But the Infrastructure Levy is the immediate, achievable step.

The Distributional Question

Land reform has a distributional profile that is unusual in public policy: the losers are concentrated, wealthy, and politically powerful. The winners are diffuse and largely not yet politically active, because the winners include people who cannot yet afford to live in the areas where the land reform would have the greatest effect.

This asymmetry is not accidental. It is the reason that land reform has failed in the UK for a century. It is the reason that the 1947 Act was dismantled. It is the reason that Land Value Tax has never been implemented despite being supported by economists across the political spectrum. Concentrated interests beat diffuse ones in almost every political environment.

The political case must therefore be made carefully and honestly, and it must be made to different audiences with different concerns.

To the political centre: land ownership concentration is not a conservative or progressive issue. It is an inheritance issue. The next generation should not be required to rent from the previous one, or to pay lifetime rents in order to access housing wealth they had no part in creating. A society that locks in the advantages of the previous generation at the expense of the next is not a meritocracy. It is a rental arrangement dressed up as a property market.

To the progressive left: land ownership concentration is a question of power and democracy. A country in which a few thousand families can hold the housing supply of an entire nation hostage, and can capture the value created by public infrastructure investment, is not a functioning democracy. It is a feudal arrangement maintained by the political capture described in this series' introduction. The case for land reform is the case for democracy.

To the economic right: land ownership concentration is an allocative inefficiency. Land that could be used for housing, for economic development, for productive purposes is held out of use by landowners who profit from scarcity. This is a market distorted by the political artefact of the planning system, maintained in

the interest of those who benefit from the distortion. Land Value Tax, by ending the subsidy to land banking, would increase the effective supply of development land, reduce housing costs, and free capital for productive investment.

The political reality is that land reform has never won in the UK because the political coalition for it has never been built. The 2024 election result suggests that coalition is now available. But it is not automatic. It requires a government that is willing to name the problem plainly, to make the distributional case honestly, and to take on the landowners who will fight back with every tool available to them.

What This Costs Versus What Inaction Costs

The direct fiscal cost of the reforms in this post is relatively modest. The Land Value Tax reform involves administrative investment in valuation capacity, estimated at a one-off cost of GBP 200 million to GBP 500 million. The compulsory purchase reform requires legal capacity and faster tribunal processes, estimated at GBP 50 million to GBP 100 million annually in additional administrative spending. The Infrastructure Levy is self-funding: the levy revenue exceeds the administrative cost.

The indirect cost is political. Land reform takes on a small number of very wealthy, very well-connected people and institutions. They will litigate. They will lobby. They will use their media presence to argue that the reforms are an attack on property rights and an assault on the certainties that ordinary homeowners have built their lives around. That campaign will be expensive, sustained, and professionally executed. The government proposing these reforms must be willing to fight it.

The cost of inaction is not modest. The UK has some of the worst housing affordability in the developed world. The ratio of house prices to earnings in London and the South East exceeds 12:1. In some local authority areas, it exceeds 20:1. These ratios are not the product of a market failure. They are the product of a political artefact: a planning system that systematically transfers the value of public infrastructure investment to private landowners, and a tax system that does not capture the land rent that would otherwise moderate land prices.

The planning gain captured by landowners through the grant of planning permission is estimated by various researchers at between GBP 5 billion and GBP 15 billion per year. That is the annual transfer from the public to landowners that occurs because the planning system operates as designed. A government that fails to capture that value is not being neutral. It is being complicit in a redistribution mechanism that operates against the interests of everyone who does not already own land.

The housing post describes a building programme that requires land. This post describes how to acquire that land without paying a ransom to the people

who have done nothing but hold it while the community around them grew. These are complementary reforms. Planning reform without land value capture produces expensive housing and wealthier landowners. Land value capture without planning reform produces a smaller housing programme, but one in which the value stays with the public rather than leaking to landowners.

The introduction to this series names three mechanisms of oligarchic capture: the captured state, institutional capture, and land ownership concentration. This post has addressed the third. The first two are addressed in other posts in the series. Together, they describe a country in which the rules are written for those who already hold the assets, and in which public investment systematically enriches those who were already rich.

That is a political problem, not a technical one. It is solved by changing the rules so that the gains from development are shared with the public that creates them.

The political economy of that change is not favourable under normal conditions. The conditions this country faces are not normal. A government that accepts the urgency of the compounding crises described in this series must also accept the land reform agenda. The two are not separable. A government that builds homes but transfers the value of those homes to landowners has not solved the housing crisis. It has subsidised it.

Companion to Housing and Planning. Series hub.

Defence and Foreign Policy

Main chapter

The US security guarantee is no longer something Britain can assume. What defending Britain's real interests would mean: priorities, limits, and costs.

Update, 2 August 2026. The "what is the UK for?" question got sharper. Through late July the Iran war widened past its earlier frames: strikes and counter-strikes around the Gulf, joint US-Saudi action against Iranian proxies in Iraq, and Iranian rhetoric naming British bases (including RAF Fairford, Akrotiri, and Diego Garcia) as legitimate targets. Reporting also covered a Cyprus arrest linked to spying on a UK air force base. HMS Dragon and RFA Lyme Bay are in the Gulf to keep Hormuz open when conditions allow. Andy Burnham, PM since 20 July, has maintained the US base-access arrangement. The GBP 200-400 million{{FIGREF:gulf-deployment-cost:1}} a year Gulf deployment band in the deep dive is likely light for this level of activity.

For seventy years British defence policy assumed the answer was obvious: Washington would underwrite Western security, NATO would provide the frame, and Britain could decide what it was against without fully deciding what it was for.

That assumption is gone. The US guarantee has proved conditional. NATO still exists on paper while Europeans wonder who will show up on the eastern flank. When Hormuz entered a volatile regime in February 2026, fuel prices spiked here within days. Security, energy, food, and the household bill turned out to be one story.

Britain must answer a question it avoided for decades: what is it for?

Not "global Britain." Specific interests, specific geography, specific capabilities, and honest limits.

You cannot separate the frigate from the steel mill

The industrial strategy chapter describes a country that designs weapons it cannot fully manufacture. Defence procurement is where that gap becomes operational.

When ammunition runs low because just-in-time logistics met a war in Europe, the lesson is not mysterious. A posture without domestic production for basics ends when the shipping lane closes.

This programme aligns procurement with resilience: UK steel and chemicals for UK platforms where it matters, contracts that weight supply security, stockpiles sized for sustained need.

Britain's tier-one interests

The Gulf and Hormuz, because oil and LNG prices reach your bill through that chokepoint.

NATO's eastern flank, because deterrence only works if allies believe you will be there.

The North Atlantic, because undersea cables and submarine operations matter to everything else.

The nuclear deterrent, because the UK cannot field a conventional force large enough to deter a major power alone. That cost is non-negotiable from a strategic standpoint, even when fiscally uncomfortable.

The hard part is simultaneous demand. The UK can face Gulf tension, Baltic reinforcement, Atlantic patrol, and deterrent duty at the same time. Force planning must say what gets prioritised when everything lights up at once, rather than pretending unlimited capacity.

People, diplomacy, and the social contract

The armed forces are small, high-readiness, and losing skilled people to pay and housing that civilian life beats. Recruitment targets missed matter less than investigators, engineers, and submariners who leave.

Diplomacy is not a luxury. Food spikes in East Africa become migration pressure, conflict, and eventually naval deployments. Cutting development to buy hardware without strategy buys crises you failed to prevent.

Defence spending is not separate from the social contract. The communities that supply the forces are the same ones that depend on social security when shocks hit. A country that cannot feed its poorest households struggles to sustain consent for a credible defence posture over decades.

Cost breakdowns, equipment lines, and alliance arithmetic are in the Defence: Deep Dive.

The Next Piece

The shock absorber for those communities is social security. The next chapter asks whether it still works when prices spike and jobs disappear.

Read next: Social Security.

Sources

1. **Gulf forward presence incremental cost** (GBP 200-400 million): CTW programme model (2026-06). *Programme model; see calculations.csv.* Annual operating expenditure.

*Verification status: **verified** = official source linked; **estimate** = named organisation; **scenario** = series conditional projection; **internal_calc** = modelled from programme components in data/ctw/calculations.csv.*

Defence and Foreign Policy (Deep Dive)

Deep dive

The security architecture the UK has relied on for seventy years is gone. The US guarantee is conditional, NATO's eastern flank is undermanned, and the UK has never had to decide what it is actually for. This post names specific interests in the Gulf, NATO's eastern flank, and the North Atlantic, with honest assessments of what UK presence costs and what absence costs.

The Question the UK Has Not Answered

The UK has been making foreign and defence policy for seventy years on the assumption that the answer was obvious. The US would underwrite the Western security architecture. NATO would provide the framework. The UN would provide the legitimacy. The pound would provide the financial depth. The result

was a country that never had to decide what it was actually for, only what it was against.

That architecture is gone. Not in theory, not in some future projection, but now. The US security guarantee has been revealed as conditional in a way that no post-war British government has had to plan around. NATO is intact as a legal entity but the eastern flank is being defended by Europeans who cannot be sure Washington will show up. The UN is gridlocked. The financial depth exists but the credibility to use it is constrained by the fiscal position described in The Fiscal Framework.

So the UK has to answer a question it has avoided for seven decades: what are we actually for?

The answer has to be specific, not aspirational. It is not "global Britain." It is not "a force for good." It is a list of specific interests, specific geographic positions, specific capabilities, and specific costs. That is what this post works through.

The Real Interests

The Gulf

The Gulf matters to the UK for one reason that is worth stating plainly: oil. Not because the UK runs on its own oil, it does not. But because the global oil price is set in the Gulf, and the global oil price determines the cost of everything else. Every litre of diesel, every barrel of the petrochemical feedstock that underpins modern medicine and agriculture, every flight fuel price, every shipping cost flows from a market that the Gulf shipping lanes keep functioning.

The Strait of Hormuz is the chokepoint. Roughly 20 %{{FIGREF:hormuz-oil-trade-share:1}} of global oil flows through it. The disruption that began in February 2026, described in the Situation Assessment, was not a drill. It showed that the security architecture the UK has relied on can break. By August 2026 the strait was not stuck in a permanent closed state; it was in a volatile regime, with flows recovering at times while the risk premium and attack risk stayed. The UK is already operating in that theatre, not merely choosing whether to.

The UK has no independent Gulf security architecture. It has been a beneficiary of the US security guarantee to the Gulf states since the Carter Doctrine of 1980. That guarantee is now more explicitly conditional than at any point in that period. The UK does not have the naval assets to secure Hormuz independently. No country does. It is a two-carrier problem, and the UK has one functional carrier.

What the UK can do: maintain a persistent naval presence in the Gulf at sustainable cost, build bilateral security relationships with Gulf states that are not entirely dependent on Washington, and treat the Hormuz shipping lane as a Tier 1 strategic interest rather than a secondary concern. The cost of a sustained Gulf deployment is real: a credible forward presence requires one to

two major surface combatants with enabler support, at an estimated annual cost of £200–400m{{FIGREF:gulf-deployment-cost:2}} per year in incremental operating expenditure on top of baseline. This figure belongs inside this programme's stated £10–15bn{{FIGREF:programme-defence-cost:3}}/year additional defence envelope. The cost of not having a Gulf presence is higher, and it is paid in fuel prices.

NATO Eastern Flank

The Baltic states and Poland are the geography of maximum risk in a European land conflict. Russian ground forces that could threaten NATO territory are already positioned in Kaliningrad and western Russia. The Baltic states have small populations and small armies. They cannot defend themselves without NATO.

The UK has committed to NATO's eastern flank. The deployment of British troops to Estonia as part of NATO's enhanced Forward Presence is real. It is also insufficient to deter a serious Russian incursion, and everyone in NATO's command structure knows it. The current deployment is a tripwire: if Russia attacks, British soldiers die. That is the deterrence mechanism. It is not a comfortable one.

The honest assessment: the UK cannot defend the Baltic states alone, and it should not pretend otherwise. What it can do is contribute a meaningful share of whatever NATO decides is the necessary deterrent posture, and push for the rest of NATO to resource the commitments it has made. The 2%{{FIGREF:defence-gdp-floor:4}} of GDP spending target is not arbitrary. It is the floor of what the alliance agreed is necessary to maintain credible deterrence. The UK is not currently spending 2% of GDP on defence. The gap between the commitment and the reality is the structural problem.

The threat model that underlies this assessment is as follows. Russia's ground force advantage in the European theatre is substantial: it can deploy from Kaliningrad and western Russia into the Baltic states with armoured formations that the Baltic countries' own small armies cannot counter at scale. NATO's enhanced Forward Presence (eFP) battlegroups, roughly 1,000 troops per Baltic state, are tripwire forces, not combat-capable defensive formations at the scale required to defeat a serious Russian incursion. The credible deterrence threshold, as assessed by NATO's military command and by open-source defence analysts, requires something closer to a full division-scale presence (10,000–15,000 troops) in each of Estonia, Latvia, and Lithuania, backed by pre-positioned equipment and assured logistics chains. The gap between the current eFP tripwire and the credible deterrence posture is therefore significant. UK deployment to Estonia fills a portion of that gap, but only a portion: the honest assessment of the UK's Baltic deterrence contribution is that it makes the tripwire more credible and raises the political cost of Russian miscalculation, without by itself closing the force-level gap that a full deterrence posture requires.

What happens if the UK walks away from the eastern flank: NATO's eastern deterrence is weakened, the Baltic states lose the tripwire that makes their coverage credible, and the message to Russia is that the UK is not a serious security partner. The cost of that signal is paid across the entire alliance.

The North Atlantic

The North Atlantic is the undersea corridor through which a significant portion of global trade and, critically, the communications cables that carry internet traffic flow. It is also the operating area for the UK and US submarine fleets, including the nuclear deterrent.

The submarine question is the sharp end of the North Atlantic interest. The UK's nuclear deterrent is delivered by nuclear-powered submarines. The US ballistic missile submarine fleet operates in the Atlantic. The anti-submarine warfare capacity that protects both is a capability the UK has been incrementally running down.

The SSBN (Ship, Submarine, Ballistic Nuclear) programme is the centrepiece of the UK's strategic deterrent. It is also one of the most complex industrial programmes in the world. The Astute-class attack submarines that provide the escort and deterrence mission are capable but the production rate is slow and the maintenance demands are high. The UK's submarine-building capacity is concentrated at Barrow-in-Furness and is running at the limit of what the industrial base can sustain.

What happens if the UK walks away from the North Atlantic: the undersea cables that carry roughly 95 %[{{FIGREF:atlantic-cable-traffic-share:5}}](#) of global internet traffic become more vulnerable to state and non-state interference. The nuclear deterrent becomes more exposed. The SSBN patrol routes become more predictable. None of these outcomes are in the UK's interest.

The Nuclear Deterrent

The nuclear deterrent deserves its own section because it is the one capability the UK cannot replicate and cannot do without.

The logic is simple and brutal. The UK cannot field a conventional military large enough to deter Russia, China, or any other major power from calculating that they could win a conventional conflict. The budget does not exist. The population does not exist. The industrial base does not exist. The nuclear deterrent is the one capability that makes the cost of attacking the UK and its allies unacceptably high for any rational actor.

The cost is real. The continuous at-sea deterrent (CASD) requires at least one nuclear-powered submarine on patrol at all times, carrying the Trident missile system. This programme cost over its lifetime runs to tens of billions of pounds. The renewal of the Trident system, the Dreadnought-class submarines,

the infrastructure at Faslane and Aldermaston, the specialist workforce: all of it is expensive and all of it is non-negotiable from a strategic standpoint.

The alternatives: nothing viable has been proposed that provides the same deterrent effect at lower cost. France's independent nuclear force is smaller and more exposed. A US umbrella without UK-owned weapons would mean the UK has no independent deterrent and no independent decision-making authority over nuclear use. That is not a position the UK has been in since 1968, and the strategic cost of entering it would be higher than the cost of maintaining what exists.

The honest assessment: the nuclear deterrent is the one area of UK defence where spending is not justifiable on cost-effectiveness grounds alone. It is justifiable on strategic necessity grounds. Those grounds are real.

The Simultaneous Constraint: The Problem the Interest Hierarchy Does Not Solve

The interest hierarchy, Gulf, NATO eastern flank, North Atlantic, nuclear deterrent, is the right framework for thinking about priorities. But it contains an unexamined assumption that becomes a problem in practice: the assumption that the UK faces these interests sequentially, not simultaneously.

The real risk scenario is simultaneous. A Gulf crisis (Hormuz disruption, Iranian escalation) requires submarine escort and naval presence. A NATO eastern flank crisis (Russian incursion into the Baltic) requires the army deployment and air support. A North Atlantic crisis (state actor anti-submarine warfare threat, cable vulnerability) requires the submarine fleet on patrol. A nuclear deterrent patrol requirement requires at least one SSBN on station at all times. All four can be active at the same time. They are not sequential contingencies. They are concurrent.

The problem is that the UK's submarine fleet, the Astute-class attack submarines, cannot be in all four places at once. The fleet has seven operational Astute-class submarines. One is always on nuclear deterrent patrol (CASD). That leaves six for everything else: Gulf escort, North Atlantic ASW, contingency operations. The maths does not work for a simultaneous multi-theatre scenario. Neither does the surface fleet, which is why the carrier availability problem (one of two carriers available at any given time) is a strategic constraint as well as a logistics issue.

The interest hierarchy as described does not solve this problem. It names the priorities but does not address the capacity gap. The resolution requires acknowledging it explicitly: the UK does not have the submarine or naval capacity to cover all four tiers simultaneously in a high-intensity scenario. The answer is not to pretend otherwise. It is to make the force planning assumption explicit: this programme must design for a scenario where the first two tiers (Gulf and NATO eastern flank) are prioritised in concurrent operations, and the

North Atlantic and nuclear deterrent requirements are maintained as invariant floor requirements. Everything else is secondary.

This means accepting that in a simultaneous multi-theatre scenario, the UK will not be able to provide the full response to all four tiers. The force planning question is: which tier do you give up? The answer this programme proposes is: none of the four tiers is given up in planning assumptions, but the realistic force size means the response to a simultaneous scenario is necessarily constrained. This programme should say this directly rather than allowing the gap to be hidden behind the interest hierarchy.

The Military Capacity Reality

The UK says it spends 2.5 %{{FIGREF:defence-gdp-commitment-uk:6}} of GDP on defence by 2027. The Situation described the gap between that commitment and the actual trajectory. This section is about what that gap means in practice.

What the UK Actually Has

The UK armed forces are a high-readiness, small-force model. The army is approximately 73,000 regular troops. That is not a large army by historical standards or by comparison with peer competitors. It is an army designed for expeditionary operations, not for sustained high-intensity continental warfare.

The Royal Navy operates two aircraft carriers, but only one is typically available at any given time because of maintenance cycles and crew training requirements. The fleet is stretched across NATO commitments, Gulf deployments, and the nuclear deterrent patrol obligations. The Type 45 destroyers are excellent ships but have had availability problems with their propulsion systems. The frigate fleet, now the Type 31 and Type 23 mix, is smaller than the operational requirement calls for.

The Royal Air Force operates the F-35 Lightning II, a genuine fifth-generation capability, but the fleet is small. The Typhoon fleet is capable but aging. The maritime patrol aircraft (P-8 Poseidon) fleet is newer and necessary for North Atlantic anti-submarine warfare, but numbers are limited.

The equipment readiness problem is real and documented. The National Audit Office has repeatedly reported that the equipment availability rates for major platforms are below what the operational commanders say they need. This is not a partisan issue. It is a consequence of procurement programmes that have run over budget and late, reducing the number of platforms available at any given time.

Recruitment and Retention

The UK armed forces have a people problem that is at least as serious as the equipment problem.

Recruitment targets are being missed. Retention is the more acute issue: the skilled personnel who make the equipment work are leaving at rates that the services cannot sustain. The Royal Navy has particular difficulty retaining maritime engineers and weapons specialists. The army has difficulty retaining the senior non-commissioned officers who hold the institutional knowledge. The RAF has difficulty retaining pilots.

The causes are structural: pay that has not kept pace with inflation, housing conditions that are not competitive with civilian alternatives, deployment patterns that put extreme pressure on families, and a civilian labour market that is actively recruiting from the same pools. The government has announced pay awards and improved conditions. They are necessary but not sufficient. The recruitment and retention crisis did not build up overnight and it will not be solved overnight.

The Procurement Problem

The Type 31 frigate programme is the example that illustrates the problem better than any other.

The original plan was for nine Type 31 frigates at a cost of approximately GBP 250 million{{FIGREF:type31-frigate-unit-cost:7}} per ship. The requirement was for an affordable, exportable light frigate that could fill the numbers gap in the Royal Navy fleet. This programme has since moved. The unit cost has increased significantly. The export market has not materialised. The ships are being built but the question of whether they are the right answer for the capability gap they were meant to fill is increasingly contested.

The honest assessment: the Type 31 is a competent light frigate. It is not the answer to the high-intensity anti-submarine warfare requirement in the North Atlantic or the Gulf escort requirement. Those missions need different capabilities. The risk is that the procurement system, under pressure to demonstrate value for money, produces a ship that is affordable on the unit cost metric but insufficient for the operational requirement. That is a false economy.

The broader procurement problem is systemic. The UK has a history of cancelling and restarting major programmes, of specifying requirements that change mid-programme, and of not maintaining industrial investment in critical capabilities. The result is a set of platforms that arrive late, over budget, and sometimes in numbers that do not match the original requirement. The Fiscal Framework describes the constraint. There is no easy fix. It requires a procurement culture change that is harder to achieve than any individual programme decision.

The Defence-Industrial Link

Industrial Strategy described the case for domestic manufacturing capacity as a strategic asset rather than a commercial preference. That argument applies with full force to defence.

The UK cannot outsource its national security. A country that depends on foreign suppliers for its munitions, its specialist steel, its electronics, and its shipbuilding capacity is a country that has outsourced the ability to sustain a prolonged conflict. The supply chain disruptions of 2020 to 2025 demonstrated this in commercial form. The lesson for defence is identical.

The practical implication: procurement policy should have a domestic content requirement for critical capabilities. Not across the board, not as a general preference for expensive domestic suppliers over efficient foreign ones, but specifically for the capabilities where dependency creates strategic risk. Munitions. Specialist steel. Shipbuilding. Submarine components. These are not areas where the UK should be dependent on a single foreign supplier with no alternative.

The Type 31 question again: this programme was sold partly on its export potential, which required a design that was competitive internationally. That constraint shaped the specification in ways that may not perfectly match the UK's own operational requirements. The lesson is that export competitiveness and domestic operational requirement are not always aligned, and when they conflict, the domestic requirement should win for critical capabilities.

The NATO Question

The 2% commitment is the one metric everyone knows. It is also insufficient as a measure of NATO contribution.

NATO's military requirements are set by the alliance's military command structure and approved by the political leadership of member states. The 2% floor is the minimum, not the target. The UK has signed up to it. The gap between the commitment and the actual spend is a credibility problem.

Beyond the money: the UK's contribution to NATO's eastern flank, its submarine capabilities, its intelligence assets, and its special forces all provide value to the alliance that is not fully captured by the 2% {{FIGREF:defence-gdp-floor:4}} metric. The honest assessment is that the UK is a meaningful contributor to NATO, but not a leader in the way it was during the Cold War, and not a partner that can be relied on for capabilities it does not actually have.

The question of whether NATO is the right framework for UK defence is worth asking honestly. The answer is that NATO remains the right framework for European collective defence, because no alternative has been built and the costs of building a European defence architecture outside NATO are currently higher than the costs of maintaining the alliance. But the UK's role in NATO has to be realistic. It cannot be the junior partner it has sometimes been post-Brexit, and it cannot pretend to be a leader it does not have the resources to be. The UK should position itself as a serious specialist contributor: submarine expertise, intelligence, special forces, and the nuclear deterrent are the areas where UK contribution is genuinely valuable to the alliance.

Foreign Policy Positioning

The Gulf

The UK needs a Gulf policy that is not entirely dependent on Washington. The Gulf states know that the US security guarantee is conditional. They are already diversifying their security relationships. The UK has existing relationships with Saudi Arabia, the UAE, Oman, and Bahrain that are not just about arms sales. They include intelligence sharing, training, and bilateral security agreements.

The practical recommendation: treat the Gulf as a Tier 1 foreign policy interest. Send a senior minister there regularly. Maintain the naval presence. Do not treat it as a US appendage relationship that the UK tags along on. The Gulf states will increasingly be making their own security calculations. The UK should be in the room making those calculations with them.

The EU

The UK's relationship with the EU on foreign and defence policy is complicated by Brexit. The EU has developed its own defence industrial base, its own defence procurement frameworks, and its own foreign policy mechanisms. The UK is not inside them.

The honest assessment: this is a loss. The EU's foreign policy mechanisms are not as capable as NATO's for hard security, but they are the framework through which European states coordinate on sanctions, diplomatic positioning, and the broader exercise of civilian power. The UK being outside those mechanisms means it has less influence over European foreign policy than it did before 2020.

The practical recommendation: seek structured cooperation agreements with the EU on foreign policy and defence industrial issues. Not membership of the EU's political structures, but working arrangements that give the UK influence without requiring the legal framework of membership. The EU needs the UK's intelligence capabilities and military assets. That is leverage.

The US

The post-Trump US is not the US of the post-war period. It may be the US of the transactional period, where alliances are maintained only when they are perceived to serve immediate US interests. That is a different security environment for the UK.

The practical recommendation: maintain the relationship, invest in the bilateral ties that survive changes of administration, but do not build UK defence policy around the assumption that the US will show up. Plan for a world in which the US is a partner when it suits it and an absence when it does not. That is not pessimism. It is the realistic planning assumption.

The Global South

The UK has limited influence in the Global South as a standalone economic actor. It is not large enough to offer the trade relationships that the EU, the US, or China can offer. But it has particular assets: the English language, the Commonwealth connections, the BBC's global reach, the alumni networks of UK universities, and the financial services centre in London.

The honest assessment: these are soft power assets, not hard power ones. They provide influence in specific countries and specific contexts. They do not provide a global power position. The UK should use them honestly, not pretend they amount to something larger.

What This Costs Versus What Inaction Costs

The total additional defence spending required to close the gap between current trajectory and the 2% commitment is in the range of GBP 10 billion to 15 billion per year at current prices. That is real money. It is also the cost of maintaining credible deterrence on the UK's own territory and in the regions it has committed to.

The GBP 10-15bn range is not a rounding exercise. It is derived from: (a) the equipment readiness gap, closing the readiness shortfall across the surface fleet, submarine maintenance, and RAF readiness requires additional procurement budget of roughly GBP 4-6bn per year on top of the current sustainment spend; (b) the recruitment and retention investment, competitive pay, housing improvement, and the personnel pipeline for the specialist skills (maritime engineering, cyber, nuclear) requires roughly GBP 2-3bn per year; and (c) the procurement reform investment, the industrial base at Barrow, Rosyth, and the missile fuel facilities needs capital investment to maintain the nuclear deterrent and submarine programmes, which is roughly GBP 3-5bn per year over this programme life. These figures are directional, not precise, and this programme should commission a full defence spending review to verify them. But the order of magnitude is right.

The cost of inaction is harder to quantify and therefore easier to ignore. It includes: the risk of a Russian calculation that NATO's eastern flank is not credibly defended, which would require a far more expensive response after a conflict rather than before one; the risk of Hormuz disruption without the naval capacity to contribute to deterrence; the risk of the nuclear deterrent being exposed because the submarine escort fleet is insufficient; and the broader risk of the UK being a spectator in a world where its interests are decided by others.

The fiscal argument against spending more on defence is real. The Fiscal Framework describes the constraint. But the fiscal argument against defence spending is not a free option. It is a bet that the security environment remains

stable enough that the UK does not need the capabilities it is not buying. That bet has been losing since February 2026.

What a Government Should Actually Do

The summary is direct:

One, define the specific interests: Gulf shipping lanes, NATO eastern flank, North Atlantic undersea routes, and the nuclear deterrent. These are not negotiable. Everything else is secondary.

Two, resource them honestly. The 2 %[{{FIGREF:defence-gdp-floor:4}}](#) commitment is the floor. The UK should spend it and should be clear about what it buys. The gap between commitment and spend is a credibility problem, not just an accounting problem.

Three, fix the procurement system. Not by spending more money on the same broken process, but by fixing the process: stable requirements, longer production runs, domestic content requirements for critical capabilities, and a clear-eyed acceptance that cheap procurement and operationally adequate procurement are not always the same thing.

Four, build the industrial base. This connects directly to Industrial Strategy. The steel, the chemicals, the specialist manufacturing capacity: these are defence capabilities as much as they are commercial ones.

Five, position the UK as a serious specialist partner in NATO, not a fantasist global power and not a passive appendage. The UK has genuine capabilities in submarines, intelligence, special forces, and nuclear deterrence. It should invest in those and be honest about the limits.

Six, run a foreign policy that is not entirely dependent on Washington. The Gulf relationships, the EU working arrangements, the Commonwealth connections: these are assets that require active management, not just rhetoric.

Seven, maintain the nuclear deterrent. It is expensive. The alternatives are worse.

The strategic vacuum described in The Situation is real. The vacuum does not wait for the UK to fill it. The choices described here are not optional. They are the minimum set of decisions required to maintain a credible national defence posture in a world where the assumptions of the last seventy years have been retired. The UK can make them or it can discover what it is worth when it has not made them. The latter discovery is not comfortable.

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Social Security

Main chapter

When energy and food prices spike, social security should catch the fall. Benefit levels, the five-week wait, in-work poverty, and restoring the shock absorber.

Update, 2 August 2026. Observed food wholesale spikes and summer energy demand land on the same households the five-week wait already fails. The shock-absorber case is stronger, not different. See Food.

Your hours get cut. The energy bill did not. You apply for universal credit and discover the first payment may not arrive for five weeks. The food bank referral follows, as it does for millions of others.

Social security is supposed to stop a price shock becoming a social crisis. Right now the gap between what benefits provide and what a dignified life costs is wide enough that the system fails its core job. That is a mechanical failure, not

an ideological debate.

The largest group in poverty in the UK is working households. Many people are in work and still cannot afford rent, food, and heating. The entire debate about "skivers versus strivers" misses the point: the safety net is too low and too slow for the economy we have.

What a serious programme would do

Restore real value. Benefits should recover the real-terms loss since 2010, indexed to something closer to what poor households actually spend on food, energy, and housing, not headline inflation alone.

End the five-week wait. The built-in delay before first universal credit payment is a design choice from a calmer era. An accelerated first payment or non-repayable crisis grant removes one of the most documented triggers for food bank use.

Fix the taper. People should not lose eighty pence in benefits for every extra pound earned. That is not incentivising work. It is punishing it.

Fund administration properly. Jobcentres with caseloads in the hundreds cannot offer genuine support. Local emergency help should be stable funding, not an annual lottery called the Household Support Fund.

Protect pensioners on fixed incomes facing the same food and energy shocks as everyone else.

Sanctions, disability, and the myths

More sanctions and surveillance have not produced better employment outcomes. DWP's own research finds sanctions often make things worse for people with health conditions or complex barriers. Conditionality should attach to real support, not compliance theatre.

Disability caseload growth is partly demographic, partly an NHS that cannot treat people quickly enough to keep them in work, and partly a system that routes people into incapacity benefits because other pathways are broken. Tightening assessments does not fix upstream failure in health, housing, and employers.

Claims that migrants drain the budget rarely survive contact with evidence. Most routes restrict benefits for years. When social care cannot recruit, migrant workers fill gaps that low pay and a weak safety net created.

Full fiscal lines, taper mechanics, and PIP reform detail are in the Social Security: Deep Dive.

Why this holds the programme together

Food support, energy help, and housing programmes all reach people on benefits. If the benefit system is mistrusted, underpaid, and punitive, the rest of this programme feels like charity from a state that humiliates you on the way to helping you.

A decade of recovery needs a social contract people can feel: essentials covered, administration that treats claimants as citizens, and work that pays.

The Next Piece

The delivery chapters end with justice: whether the law still works for ordinary people on an ordinary timescale.

Read next: Justice.

Social Security (Deep Dive)

Deep dive

The social security system is meant to be the shock absorber for economic crises, but benefit levels are too low, the conditionality framework is counterproductive, and the DWP has lost a quarter of its staffing since 2010. This post describes benefit uprating reform, conditionality reform, and why local authority capacity is the missing delivery layer.

The Shock Absorber Is Broken

When energy prices spike, when food costs rise faster than wages, when a job ends unexpectedly, the social security system is supposed to catch the fall. It is the mechanism that determines whether a price shock remains an economic event or becomes a social crisis. Right now, it is not functioning as designed.

The gap between what benefits provide and what a dignified life costs has widened to the point where the system is failing its core purpose. This is not an ideological claim. It is a mechanical one. Benefits are not keeping pace with living costs, the administration of the system is years behind where it should be, and the conditionality framework has been structured in a way that makes work incentive problems worse, not better. Understanding what to do about it requires engaging with each of those problems separately, because the solutions are not the same.

The Benefit Level Question

The real value of the UK state pension and working-age benefits has declined significantly in real terms since 2010. The Joseph Rowntree Foundation's minimum income standard, which calculates what the public itself deems a socially acceptable living standard, sits well above what Universal Credit provides. The Health Assessment Wait Times and disability benefit structure add further complexity, but the headline point is straightforward: the safety net is set too low to reliably prevent destitution.

The argument for uprating benefits in line with actual living costs rather than CPI is not primarily ideological. It is functional. A system that pays too little produces hunger, housing precarity, ill health, and eventually demands on emergency services and acute NHS care that cost the public purse more than the original benefit increase would have. The question is not whether we can afford to uprate properly. The question is whether we can afford not to.

Fiscal cost matters here and it is real. Restoring the real value of working-age benefits to their 2010 level would cost roughly GBP 9-12 billion{{FIGREF:benefit-restore-2010-cost:1}} annually at current caseloads. The state pension triple lock, if maintained, already handles much of this for pensioners. The harder question is working-age benefits, and in particular the premium for children and the additional elements for disability.

The case for universal versus means-tested provision is worth engaging with honestly. Universal provision avoids the administrative cost and shame of means-testing, maintains political durability (everyone has a stake), and removes work disincentives that arise when benefit withdrawal rates create effective marginal tax rates above 80%{{FIGREF:uc-marginal-tax-rate:2}} for low earners moving into work. Means-testing can be more targeted, but it concentrates administrative burden on those least able to navigate it, creates traps where people lose more than they gain from working additional hours, and requires a large bureaucracy to enforce.

The honest answer is a hybrid: a base universal element set at a level that covers essentials, with means-tested premiums for housing, children, and disability that top up the base for those who need more. This is not a radical position. It is closer to the architecture that existed before the welfare reforms of the 2010s.

The Conditionality Question

The work versus welfare disincentive problem is real. The OBR's own analysis has acknowledged that the benefit system creates marginal effective tax rates that discourage labour market participation at the lower end. This is the problem the universal credit work allowances were supposed to address, and they were cut substantially in 2015.

But the political response has been to reach for conditionality: more sanctions, more requirements, more surveillance of job search behaviour. The evidence on

whether this works is not encouraging.

The IFS and DWP's own research consistently finds that benefit sanctions do not improve employment outcomes and may worsen them, particularly for those with health conditions or complex barriers to work. Threats do not move people into sustainable employment. Addressing the underlying barriers does: skills, health, childcare, transport, employer willingness to hire.

The conditionality framework should be reformed to focus on genuine barriers rather than compliance theatre. This means a proper distinction between those who cannot work due to health or disability, those who are work-ready and need active support to find employment, and those in the conditionality system who are already working but earning below the threshold where UC tapers away. The current system conflates these groups and applies blunt instrument requirements to all three.

For those who are work-ready, the emphasis should be on conditionality attached to genuine support: if the state provides a real job search service, training, and childcare, then it is reasonable to expect active job search. The current system too often imposes conditions without delivering the support. That is not a behavioural problem. It is a service delivery failure.

The Administrative Capacity Problem

Universal Credit was designed to simplify the benefits system. In theory, a single payment replaces six legacy benefits, reducing administrative overhead and simplifying the experience for claimants. In practice, the managed migration from legacy benefits to Universal Credit is years behind schedule, the digital system has repeatedly failed vulnerable users, and the complexity of the underlying rules has not been reduced, merely shifted onto a digital interface that is not accessible to everyone.

The DWP capacity question is acute. The department has lost significant institutional capacity since 2010, with staffing reduced by over a quarter. The result is that jobcentres are understaffed, work coaches are carrying caseloads that make genuine individual support impossible, and the transition to Universal Credit has been managed with insufficient resource.

Local authorities have a role here that is being underused. Local government has detailed knowledge of local labour markets, housing markets, and the specific populations most at risk. The Household Support Fund, distributed through local authorities, has demonstrated that locally delivered support can reach people that the mainstream benefit system misses. But it is temporary, ring-fenced funding that expires and must be renewed, rather than a stable part of the system.

The institutional argument for moving more social security administration to local government is strong in principle. The practical obstacle is that local authorities have also been hollowed out financially, and the risk of a postcode

lottery in benefit levels is real. Any devolution of social security functions would need a clear national framework, adequate funding, and accountability mechanisms.

The honest priority is to complete the Universal Credit managed migration properly, with adequate staffing and support for vulnerable claimants, rather than pursuing further cuts to the legacy system while the replacement remains incomplete.

The In-Work Poverty Question

The largest group in poverty in the UK is working households. This fact should reshape the entire debate about social security, because it means that the problem is not primarily about whether people work. Many are working, and still not earning enough to live on.

The minimum wage is part of the answer. The National Living Wage at GBP 12.21{{FIGREF:national-living-wage-2026:3}} per hour (2026) represents real progress from the GBP 6.19{{FIGREF:national-living-wage-2010:4}} floor of 2010. But even at this level, a full-time worker earns approximately GBP 23,000{{FIGREF:jrf-minimum-income-single:5}} per year, which is below the Joseph Rowntree Foundation's minimum income standard for a single adult outside London. The argument for continuing to raise the NLW toward a genuine living wage level is strong, and the OBR's evidence that significant minimum wage increases have minimal adverse employment effects has been borne out in practice.

The in-work benefits question is harder. Universal Credit tapers away as earnings increase, creating an effective marginal tax rate that can exceed 80%{{FIGREF:uc-marginal-tax-rate:2}} for low earners adding hours. The work allowance introduced in 2018 was a partial fix, but it is too small and the taper is too steep. Reducing the taper rate and increasing the work allowance would improve work incentives and reduce in-work poverty, but both measures have a fiscal cost.

The gig economy and zero-hours contracts represent a structural shift that the social security system has not caught up with. Workers in these arrangements often have volatile incomes that do not fit the monthly assessment period for Universal Credit. The system treats them as if their income is stable, which it is not. The result is either overpayment and subsequent debt recovery, or underpayment and accruing arrears. A more flexible assessment approach, perhaps using rolling three-month averages or real-time income information, would better serve this population.

The broader point is that in-work poverty cannot be solved through the benefits system alone. It requires a combination of higher minimum wages, stronger employment rights (including an end to the worst abuses of zero-hours contracts), and a benefit system designed to support rather than punish the transition into

work.

The Migration Question

Migration intersects with the social security system in ways that are frequently misrepresented and occasionally deliberately obscured.

The argument that migrants drain the social security budget does not survive contact with the data. Reviews summarised by the Migration Observatory generally find working-age migrants net fiscal contributors on average, paying more in direct taxes than they receive in benefits, though the result depends on cohort, visa route, how fixed costs such as defence are apportioned, and the time horizon used. Migrants are less likely to claim means-tested benefits than comparable UK-born workers. Most work visa routes carry years of no recourse to public funds. The exceptions are refugees and asylum seekers during the assessment period, and even there the amounts involved are small relative to overall social security spending. Provisional ONS net migration was 171,000{{FIGREF:net-migration-171k:6}} in the year to December 2025; headline debate rarely dates or contextualises figures that have been materially revised since 2024.

The more relevant question for the labour market is the reverse: the UK's social security system creates a labour supply dependency that immigration temporarily alleviates. When the social care sector cannot recruit domestic workers at the wages it offers, it relies on migrant labour to fill the gap. This is not a problem with migrants. It is a problem with the wages and conditions in social care, which brings us back to Health & Social Care.

The honest assessment of what migration does to wages is nuanced. Standard economic theory suggests that an expansion of labour supply puts downward pressure on wages in affected sectors. The evidence for the UK is mixed, and the sectors most affected by migration are often low-wage sectors where wage suppression was already occurring due to welfare policy and labour market structure. The minimum wage provides a floor that limits the extent of downward wage pressure, which is one reason why maintaining and strengthening it is important.

The political debate conflates these questions. The answer is not to restrict migration for the benefit system, but to ensure that the labour market does not rely on migrant labour as a substitute for paying living wages.

The Food Security Link

Households that cannot afford food are not making a lifestyle choice. They are making trade-offs between food, energy, and housing costs that have compounding negative effects on physical and mental health, children's educational outcomes, and social cohesion.

The Trussell Trust's network of food banks distributed over three million food parcels in 2023-24, a figure that understates the true extent of food insecurity because it only captures those reached by their network. The beneficiaries are disproportionately households with children, people in work, and those waiting for benefit claims to be processed. The benefit system is not preventing this. In some cases, it is causing it: delays in processing new Universal Credit claims, sanctions that suspend payment, and the five-week wait for a first payment are documented triggers for food bank referral.

The policy response should be direct. Ending the five-week wait through an accelerated first payment or crisis grant would remove one of the most acute pressure points. Suspending sanctions for vulnerable groups while the conditionality framework is reformed would reduce the number of people left without income. And linking the benefit level to the actual cost of a nutritionally adequate diet, calculated using a methodology like the Minimum Income Standard, would ensure that the system provides enough to live on.

What This Costs Versus What Inaction Costs

The fiscal package described here is substantial. Restoring benefit values to 2010 real terms, reducing the UC taper, increasing work allowances, and funding a proper job search and support service would cost approximately GBP 20-25 billion{ {FIGREF:programme-social-security-cost:7}} annually at current caseloads. The Fiscal Framework cites this figure as part of the overall spending envelope.

The cost of inaction is not abstract. It is the NHS expenditure on diet-related disease, the educational attainment gap between children in food-insecure households and their peers, the productivity losses from ill health and poor nutrition, the emergency housing costs when families cannot afford rent, and the social costs of a population that is one bad month away from crisis. These costs are real and they are already being incurred. The social security system is supposed to prevent them, and when it fails, the cost does not disappear. It is merely displaced onto other public services and onto the individuals concerned.

The correct framework for evaluating social security spending is not whether it is affordable in isolation. It is whether the alternative is affordable. The alternative is what we are currently doing, and the bills are already arriving.

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Justice

Main chapter

Courts, prisons, policing, and probation are one system running past its limits. Whether the rule of law still works for ordinary people.

Update, 2 August 2026. No structural rewrite. Sustained civil stress (heat, drought response, protest and platform amplification around food and war) lands on courts and policing that already have no slack. The Resilience Corps idea in Governance is about auxiliary civil capacity, not replacing the justice system.

Most chapters in this series ask whether the state can feed, heat, house, and treat people. This one asks whether the state can still keep its basic promise: the law applies, it applies to everyone, and it works within a human timescale.

Justice is the part of the state you hope never to need. That is why it gets cut first and noticed last.

What broken feels like

You report a burglary and hear nothing for months. You are a victim waiting two years for a trial while witnesses forget and your life stays on hold. You leave prison with no treatment for addiction and return within a year. You post something true about a wealthy person and take it down because they threatened to sue and you cannot afford to defend yourself.

These are not separate scandals. They are one system running past its limits: courts backed up, prisons overcrowded, probation rebuilt twice and still overloaded, policing that often cannot investigate and charge at scale.

When the law is affordable only to the rich, it stops being the same law for everyone. Strategic lawsuits against public participation are a justice failure as much as a press problem.

Why piecemeal fixes fail

Announcing more police without court capacity means arrests that go nowhere. Building prison places without rehabilitation means people cycling through at great cost. Clearing courts without probation means convictions that cannot be supervised.

Justice connects outward too. A social security system that leaves people destitute feeds acquisitive crime. Untreated addiction and mental illness, from the health chapter, fill cells with people who need treatment rather than custody.

What a serious programme would do

Clear the courts backlog as a time-limited surge, not permanent expansion.

Reduce prison demand, not only build capacity: treatment for addiction, enforced community sentences that work, and custody reserved for those who genuinely threaten others.

Route drug possession toward health, not automatic custody, so police and prison capacity focuses on harm to others.

Make the law affordable to defend through anti-SLAPP rules and restored legal aid.

Rebuild probation as a stable public service and stop reorganising it.

Restore investigation and charge, not just officer headcount.

Costs, backlog numbers, prison economics, and Portugal/Netherlands evidence in detail are in the Justice: Deep Dive.

If nothing changes

A justice system that visibly no longer works erodes the consent on which every other programme depends. Fixing the sequence is one of the smaller spending lines in this series, but the return is disproportionate: less reoffending, fewer delayed trials, less money wasted cycling people through overcrowded prisons.

The Next Piece

Nine delivery chapters are on the table. The question you have been waiting for since chapter two: can we afford it?

Read next: The Fiscal Framework.

Justice (Deep Dive)

Deep dive

Evidence and delivery detail behind the justice chapter: Crown Court backlog scale, prison capacity and cost per place, probation caseloads, charge rates, and the GBP 4-6 billion programme line with inaction costs stated.

This is the optional deep dive for Justice. The everyday chapter states the system problem and this programme's direction. This appendix holds the evidence, the cost arithmetic, and the delivery mechanics.

Crown Court backlog: scale and cost

The Crown Court backlog reached record levels in the early 2020s and has not cleared. Tens of thousands of cases wait to be heard. For indictable offences, the interval between charge and trial is routinely measured in years, not months.

The cost of delay is not captured in a single Ministry of Justice line. It distributes across victims (limbo, withdrawal from proceedings), witnesses (memory decay, relocation), defendants (years under bail or remand conditions), and the wider economy (insurance, business disruption, public confidence). The direct court running cost of a backlog case is lower than the social cost of leaving it in the queue, which is why treating backlog clearance as a one-off surge programme rather than permanent court expansion is the right fiscal frame.

Programme response: a time-limited surge in sitting days, recorder appointments, and mothballed courtroom restoration, funded for a defined period (the everyday chapter suggests a fixed clearance window, then taper). Capital for courtroom maintenance; current spend for additional judicial and administrative capacity during the surge only.

Prisons: capacity, cost per place, and the reoffending cycle

The prison estate in England and Wales has operated at or above safe capacity for years. Early release schemes have been used to free cells so the courts can function. That is a symptom of demand exceeding supply, not a sustainable equilibrium.

Cost per place. A prison place costs roughly GBP 50,000^{FIGREF:prison-place-cost:1} per year in running costs (order of magnitude; exact figure varies by establishment and security category). At that rate, cycling the same people through overcrowded prisons without rehabilitation programmes is one of the most expensive ways to fail at public safety.

Overcrowding and programmes. A prison running at capacity cannot run education, work, and treatment programmes at the scale needed to reduce reoffending. The operational consequence is a holding pen: people leave no less likely to offend, often more so, and return at GBP 50,000 per year per place.

Programme response: new capacity where genuinely needed (capital), plus demand reduction through diversion for addiction and mental illness (links to

Health & Care), enforced community sentences for lower-level offences, and reserving expensive custody for those who genuinely threaten public safety.

Probation: the failed reorganisation and what stability costs

Probation supervises people in the community: those released from prison and those on community sentences. The part-privatisation of the 2010s failed; the service was brought back into public control, but the reorganisation destroyed institutional knowledge and left caseloads that experienced staff cannot sustain.

When probation fails, two loops tighten at once. More people breach conditions and return to already-full prisons. More people reoffend, which lands back on police and courts. The Civil Service chapter's staffing argument applies here: probation needs adequate caseloads, retention, and a decade without another reorganisation.

Programme response: stable public probation, funded caseload ratios, training pipeline, and explicit protection from further structural upheaval. Supervision that works is far cheaper than the reoffending it prevents.

Policing: charge rates and the confidence collapse

Police officer numbers fell sharply in the 2010s and were partly rebuilt, but a rebuild that brings in large numbers of inexperienced officers at once is not the same as restoring investigative capacity. Charge rates for many offences, including theft, burglary, and several categories of violence, have fallen to the point where a significant share of reported crime is effectively not investigated.

When the public stops believing that reporting leads to action, reporting falls, and official crime statistics understate the problem they are meant to measure. That is a fiscal issue as well as a justice issue: uninsured losses, business costs, and emergency spending land elsewhere in the system.

Programme response: detective capacity, forensic turnaround, and a measurable charge-rate target for categories that have been effectively decriminalised by neglect. Headcount without investigation capability is spending without return.

Drug policy: diversion as demand reduction

A significant share of acquisitive crime, and a significant share of the prison population, is driven by drug addiction. Custody without treatment returns people to the street no less dependent than when they arrived, which is why drug-related offending is one of the clearest examples of the reoffending cycle described above.

The international evidence points one way. The Netherlands has run a health-led drugs policy for decades, formally separating the tolerated retail market for cannabis from the market for harder drugs and treating problem use as

a medical matter. Portugal decriminalised personal possession of all drugs in 2001 and redirected resources into treatment and harm reduction; the studied outcomes were falling drug-induced deaths and HIV infections among users, prison populations relieved of low-level possession cases, and no surge in use of the kind critics predicted.

The distinction that matters: decriminalising **possession for personal use** is not the same as legalising **supply**. Dealing, trafficking, and exploitation remain criminal and remain a policing priority. The shift is in where capacity goes: police, court, and prison resource concentrated on those who threaten others, and treatment capacity (funded through Health & Care) carrying the people who are mainly a danger to themselves.

Programme response: decriminalise possession of small quantities for personal use, divert those people into treatment rather than custody, and fund the treatment capacity to receive them. The fiscal logic is the prison cost-per-place above: diversion is cheaper than the GBP 50,000-per-year cell it replaces, and it is the only route that reduces demand rather than recycling it.

Equal access and SLAPPs

The everyday chapter makes the point that a law only the rich can afford to use is not equal law. The mechanism is the cost asymmetry in libel and privacy claims: defending a claim can run to hundreds of thousands of pounds, while threatening one is cheap for a well-resourced claimant. The result is that journalists, campaigners, and ordinary individuals withdraw true, public-interest statements under threat alone, before any court tests the underlying claim. These strategic lawsuits against public participation (SLAPPs) are documented in the Press and Media deep dive, which holds the detailed mechanism.

From the justice side the failure is one of access: the same erosion of legal aid and civil advice that leaves ordinary people unable to enforce housing, employment, or family rights is what leaves them defenceless against a well-funded claimant.

Programme response: anti-SLAPP provisions allowing courts to strike out abusive claims early and shift costs onto those who bring them; restored funding for legal advice and representation so that access does not depend on means. The detailed anti-SLAPP design sits in the Press and Media chapter; the justice contribution is the access-to-justice funding that makes formal rights usable in practice.

Programme cost build-up (GBP 4-6 billion per year)

The everyday chapter's GBP 4-6 billion line is built from four components, not all of which are permanent:

Component	Type	Rough annual cost
Crown Court backlog surge	Time-limited current spend	GBP 0.8-1.5bn{{FIGREF:justice-backlog}}
Prison capacity (new build + running)	Capital + current	GBP 1.5-2.5bn{{FIGREF:justice-prison}}
Probation rebuild (staffing, caseloads)	Current	GBP 0.8-1.2bn{{FIGREF:justice-probation}}
Policing investigative capacity	Current	GBP 0.9-1.8bn{{FIGREF:justice-police}}

The total spans GBP 4-6 billion{{FIGREF:programme-justice-cost:6}} depending on how fast backlog clearance runs and how much prison capacity is built versus diverted. Much of the return is not new spending but stopping waste: arrests that lead nowhere, trials delayed at social cost, people cycling through prison at GBP 50,000{{FIGREF:prison-place-cost:1}} per year without reducing crime.

Cost of inaction (stated for fiscal comparison)

The Fiscal Framework pairs programme cost with inaction cost. For justice, the inaction side includes:

- **Prison cycling at capacity:** roughly GBP 50,000{{FIGREF:prison-place-cost:1}} per place per year, with overcrowding preventing programmes that would reduce demand.
- **Backlog:** victims and witnesses bearing years of delay; guilty defendants free in the interim; acquitted defendants under cloud for years.
- **Reoffending:** returns to police, courts, and prison at full marginal cost.
- **Confidence collapse:** under-reporting masks crime; uninsured and emergency costs land on households and other public services.

The honest case is not that justice reform is cheap. It is that a system that visibly no longer works erodes public consent to be governed by the rule of law, which is the precondition for every other programme in this series.

Delivery sequencing

1. **Backlog surge first.** Time-limited, named end date, parliamentary reporting on cases cleared.
2. **Probation stability in parallel.** No further reorganisation; staffing and caseload targets.
3. **Prison capacity and demand reduction together.** Build where needed; divert where health and community sentences can replace custody.
4. **Policing investigative capacity on measurable outcomes.** Charge rates, not press-release headcount.

Links outward: Social Security (destitution and acquisitive crime), Health & Care (diversion for addiction and mental illness), Fiscal Framework (programme line and inaction comparison).

Sources

1. **Annual cost per prison place** (GBP 50,000): Ministry of Justice (2024-03). Rounded to GBP 50000 in narrative.
2. **Crown Court backlog surge cost** (GBP 0.8-1.5 billion): CTW programme model (2026-06). *Programme model; see calculations.csv*. During clearance window.
3. **Prison capacity programme cost** (GBP 1.5-2.5 billion): CTW programme model (2026-06). *Programme model; see calculations.csv*. Capital plus running at scale.
4. **Probation rebuild cost** (GBP 0.8-1.2 billion): CTW programme model (2026-06). *Programme model; see calculations.csv*. Staffing and caseloads.
5. **Policing investigative capacity cost** (GBP 0.9-1.8 billion): CTW programme model (2026-06). *Programme model; see calculations.csv*. Detective and forensic capacity.
6. **Justice programme (annual)** (GBP 4-6 billion): CTW programme model (2026-06). *Programme model; see calculations.csv*. Backlog surge prisons probation policing.

Verification status: **verified** = official source linked; **estimate** = named organisation; **scenario** = series conditional projection; **internal_calc** = modelled from programme components in data/ctw/calculations.csv.

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How It Adds Up

Fiscal arithmetic, governance, state capacity, and implementation architecture.

Fiscal Framework

Main chapter

The full delivery programme costs tens of billions per year. Honest revenue covers part of it. This chapter explains the arithmetic, why it is not the Truss mini-budget, what happens if markets push back, and how funding looks harder when the productive base is tightening.

Update, 2 August 2026. Programme arithmetic is unchanged. Political context is not: Burnham is PM from 20 July, and wartime-scale asks on food and climate will test fiscal credibility sooner. The deep dive still carries the numbers; this chapter still carries the honesty rule.

Update, 5 August 2026. The Limits framing sharpens one constraint this chapter always implied: tax yields and gilt room look different when energy use, food systems, and industry are stalling or shrinking than when they are expanding. The programme scale below still stands as the honest ask. Revenue and borrowing architecture have to be designed for the harder path, not only the 2010s baseline.

You have read nine chapters describing things Britain could do. Each came with a direction and a human stake. This chapter answers the question waiting since chapter two.

Can we afford it?

The honest answer: not from current tax and spending without change. Affordability is not the same as impossibility. Britain borrows in its own currency. The constraint is whether government can borrow credibly, raise revenue progressively, and spend in ways markets and voters will tolerate, including in years when some of the rents that funded easy revenue packages are fading.

This is the load-bearing wall of the series.

The scale

Add the delivery commitments together and you reach roughly **GBP 72-91 billion**`{{FIGREF:calc:programme-annual-total:1}}` per year at central estimate, depending on how fast housing scales. Against UK GDP of roughly **GBP 2.8 trillion**`{{FIGREF:uk-gdp-2800bn:4}}`, that is about **2.6-3.3%**`{{FIGREF:calc:programme-pct-gdp:2}}`. Large, but compare it to the **GBP 40 billion** energy cap package in a single year in 2022`{{FIGREF:energy-cap-2022-40bn:5}}`, about **1.4%**`{{FIGREF:calc:energy-cap-pct-gdp:3}}` of GDP in that same year, or **GBP 100 billion** in debt interest already on the books`{{FIGREF:debt-interest-100bn:6}}`.

Industrial strategy capital sits outside that annual total because it is project-by-project investment over years, not a standing benefit line.

The question is not whether the number is big. It is whether doing nothing is cheaper. Managed decline has its own invoice: rising housing benefit, emergency NHS spending, crisis packages, and a state that cannot respond to the next shock without another improvisation.

How you pay for it

This programme does not pretend tax rises are optional. Revenue should fall mainly on those with the greatest capacity to pay: hardened windfall levies on energy profits, a corporate surcharge on very large UK profits, stronger HMRC enforcement against offshore wealth, inheritance and high-value property reform, and carbon pricing with a household dividend.

Fully implemented, honest revenue yields roughly **GBP 20-35 billion**{{FIGREF:revenue-total:7}} **per year**. Real money. Not enough alone.

Be clear about which of those sources are sturdy. Progressive tax on incomes and wealth that still exist, inheritance reform, high-value property where values hold, and enforcement against avoidance can persist under a tighter decade. Windfalls timed to energy-price spikes and surcharges that assume large financial-sector or extraction rents may shrink as those rents shrink. Design for that: do not write the programme as if 2022-style energy profits or permanently rising property paper wealth fund half the state forever.

The gap is closed by borrowing, and by being clear what borrowing buys. **Homes, grid capacity, demand reduction in the built stock, and reserves are assets.** Borrowing for them is not the same as borrowing for unfunded tax cuts. **NHS workforce, social care, and social security are current spending** with diffuse but real returns. Markets care less about diffuse returns, which is why the revenue side must be credible.

Borrowing for investment is more constrained when the productive base is shrinking than when it is expanding. That is not an argument against borrowing for assets that cut future crisis spend. It is an argument for sequencing, stress-testing, and adjustment triggers that assume harder revenue years are possible, not exceptional.

Housing uses infrastructure borrowing headroom; health uses revenue expansion. Sequenced honestly, they are not in competition.

The Truss question

Every serious fiscal plan since September 2022 lives in Truss's shadow. That mini-budget failed because markets concluded Britain was borrowing for consumption without credible revenue or growth.

This programme is structurally different: progressive revenue, infrastructure borrowing with identifiable assets, and **pre-committed adjustment triggers** if forecasts miss or gilt yields spike. Protect social security from cuts; defer non-urgent capital; accelerate highest-yield revenue. Markets are told what happens if their fears materialise. Under a tighter operating environment those triggers matter more, not less: they are how you keep credibility when some extraction revenues fade.

The Bank of England is not a backstop for weak plans. Gilt credibility rests on fiscal substance.

Who pays and who benefits

A framework that funds progressive spending with regressive revenue collapses politically in year two. Inheritance reform targets concentrated wealth. Council

tax reform hits high-value property, not ordinary semis. Corporate surcharge falls on firms with pricing power.

Households that benefit most from food, energy, housing, and health spending need to see a reciprocal deal: we fund this together, progressively, and life materially improves, even when the national cake is not growing the old way.

Full programme tables, revenue yield assumptions, line-by-line inaction costs, and stress tests are in the Fiscal Framework: Deep Dive.

The Next Piece

Arithmetic is necessary but not sufficient. Crises still get routed through committees designed for calm Tuesdays. Governance covers decision architecture; Civil Service covers whether anyone is available to execute.

Read next: Governance.

Sources

1. **Annual programme total** (GBP 72-91 billion): Programme model (data/ctw/calculations.csv). Components: programme-food-cost, programme-energy-cost, programme-health-cost, programme-housing-cost, programme-social-security-cost, programme-defence-cost, programme-justice-cost. Validated range: 72-91 GBP bn.
2. **Programme as share of GDP** (2.6-3.3%): Programme model (data/ctw/calculations.csv). Components: programme-annual-total, uk-gdp-2800bn. Validated range: 2.57-3.25 percent.
3. **2022 energy cap as share of GDP** (1.4%): Programme model (data/ctw/calculations.csv). Components: energy-cap-2022-40bn, uk-gdp-2800bn. Validated range: 1.4-1.45 percent.
4. **UK GDP (approximate)** (GBP 2800 billion): ONS UK GDP (2025-12). Used for programme as % of GDP.
5. **2022 energy price cap support (one year)** (GBP 40 billion): NAO energy bills support (2023-03). One-off fiscal cost precedent cited in fiscal chapter.
6. **Debt interest spending (annual)** (GBP 95-105 billion): OBR Fiscal outlook / HMT (2025-03). Rounded to GBP 100bn in narrative.
7. **Honest revenue package (annual)** (GBP 20-35 billion): CTW programme model (2026-06). *Programme model; see calculations.csv*. Windfall levy corporate surcharge HMRC IHT carbon.

*Verification status: **verified** = official source linked; **estimate** = named organisation; **scenario** = series conditional projection; **internal_calc** = modelled from programme components in data/ctw/calculations.csv.*

Fiscal Framework (Deep Dive)

Deep dive

Full programme arithmetic, gilt market stress tests, OBR scoring, revenue options (including which yields hold when expansion slows), Pillar Two legal risk, and the fiscal adjustment trigger in detail.

This is the optional deep dive for The Fiscal Framework. The everyday chapter states the headline arithmetic, the Truss question, and how funding looks harder when energy use, food systems, and industry are stalling or shrinking. This article traces every major line item back to its source chapter, stress-tests gilt market scenarios, and documents revenue assumptions in full, including which yields are sturdy under a tighter decade.

Update, 5 August 2026. Aligns with the Option B reframe on Layer 1 and The Limits To Growth: Where We Are On The Curve. Programme scale unchanged. Revenue durability sits under Revenue Options below.

Glossary (used throughout): **Gilts** are UK government bonds; when investors demand higher yields, borrowing costs rise. **OBR** (Office for Budget Responsibility) is the independent body that scores Budget measures. **Basis points (bp)** are hundredths of a percentage point; 100bp on gilt yields is a one percentage point rise. **Primary deficit** is government spending minus revenue, excluding debt interest.

Programme cost aggregation

The delivery chapters committed the UK to spending proposals with real costs attached. Cross-reference:

Chapter	Annual cost (central range)	Source
Food Security	GBP 2.5-3.5bn{{FIGREF:programme-food-cost:3}}	Crisis
Energy	GBP 5-8bn{{FIGREF:programme-energy-cost:4}}	Lice
Health & Care	GBP 5.3-8.5bn{{FIGREF:programme-health-cost:5}}	Wor
Housing	GBP 25bn{{FIGREF:programme-housing-cost:6}}	Cap
Social Security	GBP 20-25bn{{FIGREF:programme-social-security-cost:7}}	Ben
Defence	GBP 10-15bn{{FIGREF:programme-defence-cost:8}}	If N
Justice	GBP 4-6bn{{FIGREF:programme-justice-cost:9}}	Cou
Total (delivery chapters)	GBP 72-91 billion{{FIGREF:calc:programme-annual-total:1}}	Bef

These seven delivery chapters sum to roughly GBP 72-91 billion{{FIGREF:calc:programme-annual-total:1}} per year in new or reprioritised spending, before industrial strategy capital. Housing is the largest single line and is mostly capital investment rather than current spending. Industrial strategy capital (steel, ammonia, grid components) sits outside this annual table because it is project-by-project, not a recurring annual line.

The full programme total stated in the everyday chapter is GBP 72-91 billion{{FIGREF:calc:programme-annual-total:1}} per year depending on which elements activate and how fast housing scales. The revenue options below yield GBP 20-35 billion{{FIGREF:revenue-total:10}} per year. The gap between revenue and full programme cost is GBP 37-71 billion{{FIGREF:calc:borrowing-gap:2}} per year depending on assumptions. That gap is closed by borrowing for infrastructure and honest current spending, not by pretending the arithmetic away.

The Truss Objection, Addressed First

Before anything else: this programme knows what destroyed Liz Truss's mini-budget. It has modelled the same scenarios. That is intentional.

The Truss collapse happened because a supply-side tax-cutting agenda was combined with a financing structure that communicated to the gilt market that the UK was borrowing for consumption with no credible growth mechanism to service the debt. The 30-year gilt yield spiked. Sterling fell. Imported inflation followed. The Bank of England raised rates in response. The Truss programme that triggered the crisis was then strangled by the very mechanism it was supposed to work through.

This programme is structurally different: it borrows for infrastructure assets with identifiable returns, not for consumption; it raises revenue progressively rather than cutting it; it is explicit about fiscal adjustment triggers if scenarios deteriorate. But "different from Truss" is not the same as "immune to gilt market pressure." Historical precedent (Marshall Plan, postwar reconstruction) shows investment-led frameworks have worked under worse conditions. Gilt credibility still rests on substance, not assertion. Those precedents were recovery after wartime destruction, not a permanent return to expansion forever; the Layer 1 chapter is clearer about designing for a tighter operating environment as well.

Gilt Market Stress Test

Three scenarios are modelled. These are not worst-case fantasies; they are the scenarios that the Truss collapse taught us are real possibilities.

Scenario 1: OBR scores this programme £10–15 billion{{FIGREF:obr-scoring-shortfall:11}} per year below the central estimate

What happens: The OBR's revenue elasticity assumptions tend to be more conservative than Treasury or programme projections, particularly for politically sensitive tax measures. If the OBR scores this programme's proposed revenue measures at the bottom of the range, giving less weight to behavioural response assumptions and applying higher elasticity to the corporate surcharge and offshore enforcement yields, this programme's annual borrowing requirement widens.

The gap moves from £22–51 billion{{FIGREF:borrowing-gap-baseline:12}} to approximately £32–66 billion{{FIGREF:borrowing-gap-stressed:13}} per year.

Programme response: This scenario has an explicit trigger. See "The Fiscal Adjustment Trigger" below.

Scenario 2: Global risk-off event raises gilt yields by 100–150 basis points

What happens: A global flight to safety, triggered by a European sovereign debt episode, a US recession, or a geopolitical shock, raises UK gilt yields. Existing debt of approximately £2.5 trillion{{FIGREF:uk-national-debt:14}} is partially refinanced at higher rates each year. A 100–150bp rise in yields on the portion of debt that reprices each year adds approximately £3–6 billion{{FIGREF:debt-interest-stress-add:15}} per year in additional debt interest costs at current debt levels. *(This estimate is based on the OBR's published debt servicing methodology and approximate debt maturity profile; the IFS and Resolution Foundation publish more granular pass-through estimates that would sharpen this figure. It is flagged here as requiring that verification before this programme is finalised.)*

BoE response: The Bank of England MPC would face a dilemma. If global risk-off raises UK gilt yields in sympathy with other sovereigns, that is a market movement, not UK-specific fiscal stress. The MPC would need to assess whether the yield rise reflects UK fiscal credibility specifically or global conditions. If it reflects UK fiscal credibility, the MPC faces pressure to raise rates, which it will do, because its institutional mandate is price stability, not accommodating fiscal policy. This programme does not assume the BoE acts as a gilt market backstop. This programme assumes the BoE acts independently, as it must.

Programme response: The fiscal adjustment trigger applies. Gilt market stress that reflects UK fiscal concern rather than global conditions is precisely what the trigger is designed to address.

Scenario 3: Sterling falls 10%

What happens: A sterling depreciation of 10%{{FIGREF:sterling-depreciation-stress:16}} raises the cost of imported goods and energy, feeding imported inflation into the CPI calculation. The BoE's MPC responds to the inflation signal by raising Bank Rate. Higher rates increase this programme's borrowing cost directly (new gilts issued at higher yields) and indirectly (through the transmission mechanism affecting mortgage rates, corporate borrowing costs, and consumer spending).

Programme response: This scenario is the most insidious because it connects fiscal policy to this programme's own success condition. A falling exchange rate raises import costs, which raises energy and food prices, which erodes real wages. The same working households this programme is designed to help bear the real cost. This is the mechanism by which this programme's fiscal credibility and its

political credibility are linked: this programme only works if it does not trigger imported inflation that undoes the real income gains it promises. The fiscal adjustment trigger applies.

The Fiscal Adjustment Trigger

If OBR scores this programme's revenue more than £10 billion^{FIGREF:fiscal-trigger-revenue-gap:17} per year below the central estimate, or if gilt yields rise by more than 100 basis points on a UK-specific rather than global basis, the following automatic adjustments are triggered in the order stated:

1. **Revenue protection measures:** Accelerated implementation of the lowest-cost, highest-yield revenue options (HMRC offshore enforcement and corporate surcharge, in that order; see revenue options section below).
2. **Capital programme review:** A binding parliamentary review of the housing and energy capital programme, with options to defer the least time-sensitive components by up to 18 months rather than cancel them.
3. **Social security stabilisation:** The social security programme is not subject to cuts. It is the load-bearing political floor of this programme's coalition.

This is not a vague commitment. It is this programme's fiscal rule, named and stated before the scenario occurs. The OBR certifies the trigger threshold annually as part of its regular fiscal projections. The trigger is not discretionary; it activates automatically when the OBR's published score crosses the threshold.

The trigger is designed to communicate to the gilt market that this programme has a named answer to the scenarios that destroyed Truss, rather than relying on the assertion that those scenarios "won't happen."

The BoE Coordination Mechanism

This programme's gilt market credibility does not rest on the Bank of England preventing gilt yields from rising. It cannot, and it should not be expected to. The BoE's MPC is institutionally independent. It sets Bank Rate and participates in gilt market operations solely on the basis of its statutory mandate for price and financial stability. No Treasury request, no coordination mechanism, and no political statement changes that.

What this programme's BoE coordination mechanism actually does is narrower and more honest: it commits the government to a structure in which the BoE is not expected to finance government borrowing, and in which the distinction between "productive borrowing for infrastructure" and "monetisation" is institutionally maintained.

The specific mechanism this programme uses is **Option A: a joint Treasury–Bank of England protocol publicly committing the BoE not to participate in government bond purchases for financing purposes.** This

is largely already in place. Post-2022, the BoE has not resumed gilt purchases for monetary financing purposes. The protocol formalises this as a shared public commitment rather than relying on convention alone.

The government will not request and the BoE will not agree to any arrangement in which the BoE purchases gilts to reduce the government's effective borrowing cost. That is the definition of monetisation. The joint protocol makes that explicit.

What this does not do: The protocol does not prevent gilt yields from rising if the gilt market decides this programme is not sustainable. That is the sharp point of the Truss objection and it applies here with full force. The BoE cannot prevent markets from marking the UK's fiscal position. Only this programme's own fiscal substance, revenue credibility, asset returns, the OBR scoring, and the fiscal adjustment trigger, can do that.

The real answer to the Truss objection lives in the stress test above and the revenue options below, not in the BoE mechanism.

Option B (a statutory amendment to the BoE's secondary objectives requiring explicit consideration of fiscal sustainability) is a more durable mechanism and worth pursuing as a medium-term reform, but it cannot be the mechanism on which this programme's gilt market credibility rests in the near term, because it requires primary legislation and a renegotiation of the BoE's relationship with Parliament. Option C (an OBR-certified no-monetisation fiscal rule) is technically elegant but duplicative of what the joint protocol already achieves, and layering additional rules on top of the OBR's existing mandate adds complexity without adding credibility.

OBR Scoring: How the Programme Survives a Hostile Score

The Office for Budget Responsibility is not an enemy. It is an institution with a specific mandate: to produce independent fiscal projections. When those projections disagree with this programme's, the disagreement is the mechanism by which fiscal credibility is maintained.

This programme commits to full OBR engagement before any revenue or spending measure is announced. This is not a political technique. It is how a government that is not using the OBR as a shield avoids being ambushed by it. The OBR sees the full programme, scores it honestly, and the government responds before the public statement.

The risk this programme honestly faces is this: the OBR's revenue elasticity assumptions are more conservative than this programme's. For the corporate surcharge, for the HMRC offshore enforcement yield, and for the carbon pricing dividend, the OBR will apply assumptions that produce lower revenue figures than this programme's central estimates. This is not a defect in this programme; it is how the OBR has operated consistently across multiple governments.

This programme's own elasticity assumptions should be stated explicitly. For the revenue options in this post, this programme's central yield estimates assume an elasticity of approximately 0.3–0.5 for the behavioural response to the corporate surcharge (meaning companies reduce taxable profits by 30–50 pence per £1 of additional tax, partially offsetting the yield), and a marginal revenue product of approximately £10–15 per £1 for HMRC enforcement investment (see HMRC section below). These assumptions should be published alongside this programme so that the OBR's assumptions can be compared directly.

What happens if the OBR score is materially below the central estimate? The fiscal adjustment trigger activates. The OBR produces its score annually as part of the Economic and Fiscal Outlook. If the score crosses the £10 billion{{FIGREF:fiscal-trigger-revenue-gap:17}} per year threshold below this programme's central estimate, the adjustment mechanism activates automatically. This programme does not wait for a crisis to respond; it has named the response in advance.

This is the kind of transparency that makes fiscal frameworks credible to gilt market participants who have watched the UK government's fiscal credibility collapse twice in fifteen years under two very different governments.

The Corporate Surcharge and OECD Pillar Two

This programme proposes a 3%{{FIGREF:corp-surcharge-rate:18}} surcharge on corporate profits above £50 million{{FIGREF:corp-surcharge-threshold:19}}, generating an estimated £4–8 billion{{FIGREF:corp-surcharge-yield-qdtt:20}} per year. This estimate has a specific legal risk that must be addressed directly, because a corporate tax lawyer at a firm with multinational clients would identify it within minutes of reading this programme.

The risk is OECD Pillar Two.

Pillar Two, the Global Minimum Tax, is already law in the UK, implemented via Finance Act 2024. It applies to companies with global revenues of €750 million or more. For in-scope companies, Pillar Two ensures that the effective global tax rate is at least 15%{{FIGREF:pillar-two-min-rate:21}}, calculated using a blending formula across jurisdictions. If a company pays less than 15% in any given jurisdiction due to a UK surcharge or other incentive, the company's home jurisdiction (or another involved jurisdiction) applies a top-up tax to bring the global average to 15%.

The critical legal question is whether the corporate surcharge is structured as a **Qualifying Domestic Top-Up Tax (QD TT)** under Pillar Two. If it is, the surcharge is creditable against the company's Pillar Two liability in other jurisdictions: the UK surcharge counts toward the 15% global floor, and the revenue is preserved. If it is not, if the surcharge is treated as a separate levy that pushes the effective UK rate above 15% without being recognised as a Pillar

Two component, there is a real risk of double taxation or of the surcharge being legally neutralised by multinational structuring.

This is not a theoretical risk. The UK's existing banking surcharge has been the subject of technical analysis on this question. The design of the surcharge relative to Pillar Two matters enormously for whether the yield is real.

This programme commits to structuring the corporate surcharge as a QD TT. This requires specific legal design work: the surcharge must be expressly designated as a qualifying domestic top-up tax in the Finance Bill implementing it, and the designation must be maintained in the face of technical challenges from affected companies. The yield estimate of £4–8 billion{{FIGREF:corp-surcharge-yield-qdtt:20}} per year assumes this structuring is achieved.

If the QD TT structuring is not achieved, the yield for in-scope multinational companies (those with €750 million+ global revenues) could be substantially reduced or eliminated. The revised yield estimate in that scenario: £1–3 billion{{FIGREF:corp-surcharge-yield-fallback:22}} per year, reflecting only the mid-market companies above £50 million{{FIGREF:corp-surcharge-threshold:19}} UK profit threshold that fall below the Pillar Two €750 million global revenue threshold.

This is a material uncertainty. This programme acknowledges it directly. The £4–8 billion{{FIGREF:corp-surcharge-yield-qdtt:20}} estimate is the figure if the QD TT structuring works. The figure if it does not is lower. This programme commits to the structuring; this programme should not assert the yield without also asserting the mechanism.

HMRC Offshore Enforcement: Connecting the Dots

The Civil Service chapter commits to 500–1,000 additional HMRC specialists. This section connects that staffing figure to the revenue yield claimed.

HMRC's published compliance yield data suggests that a trained inspector working offshore non-compliance cases generates, at the upper end of HMRC's published productivity range, approximately £10–20{{FIGREF:hmrc-enforcement-roi:23}} in additional tax recovered per £1 of total employment cost. For 500 additional specialists at a total cost package of £60–80,000 per head (salary, employer NICs, overhead), the annual staff cost is approximately £30–64 million{{FIGREF:hmrc-specialists-staff-cost:24}}. At £10–20{{FIGREF:hmrc-enforcement-roi:23}} return per £1, that yields approximately £300m–£1.3 billion{{FIGREF:hmrc-offshore-yield:25}} per year.

That arithmetic does not reach £2–5 billion{{FIGREF:hmrc-enforcement-total:26}} per year from offshore specialists alone.

This programme's resolution is **Option B**: the £2–5 billion{{FIGREF:hmrc-enforcement-total:26}} estimate is not derived solely from the 500–1,000 additional offshore specialists. It is derived from a broader HMRC enforcement

programme that includes:

- **Offshore specialists (500–1,000 additional staff):** Generating approximately £300m–£1.3 billion{{FIGREF:hmrc-offshore-yield:25}} per year at upper-end marginal productivity rates, as calculated above.
- **Corporate tax compliance (existing HMRC resources, redeployed and expanded):** Larger yield pool; the corporate surcharge and Pillar Two interaction above creates an enforcement opportunity as companies restructure. HMRC mid-market and large business compliance programmes generate substantially higher absolute yield than offshore work, measured in billions per year. Additional resourcing directed at the corporate surcharge compliance alone could yield £500m–£1.5 billion{{FIGREF:hmrc-corporate-compliance-yield:27}} per year.
- **Wealthy individuals compliance (existing and expanded HMRC resourcing):** The HMRC wealthy unit has a published return of approximately £15–25 per £1 of spend. Scaling this programme generates significant yield at moderate cost.
- **Digital and data-matching productivity improvements (cross-cutting):** A portion of the £2–5 billion{{FIGREF:hmrc-enforcement-total:26}} estimate reflects assumed step-change improvements in HMRC's data matching capabilities, specifically this programme of connecting beneficial ownership registers, Companies House data, and cross-border reporting under the OECD Common Reporting Standard. This is a productivity assumption, not a headcount assumption, and it should be stated explicitly.

The honest summary: the £2–5 billion{{FIGREF:hmrc-enforcement-total:26}} yield estimate is defensible as a programme total, but it is not generated by 500–1,000 offshore specialists acting at current productivity rates. It requires the broader programme described above, including the corporate compliance and digital transformation components. The figure is not inflated; it is achievable, but it requires a broader enforcement operation than the post has previously made clear.

Revenue Options, Honestly Assessed

Each revenue source below is assessed on two dimensions: realistic annual yield and political feasibility. Neither dimension is a reason to exclude a source from consideration, but both are reasons to calibrate expectations.

Windfall levy on energy companies. The energy profit levy introduced in 2022 and subsequently adjusted generated meaningful revenue. At a rate of 35 percent{{FIGREF:energy-levy-rate-2022:28}} on upstream profits above a threshold, with investment allowances, it raised roughly £3 to 4 billion annually before the investment relief taper reduced take. The case for maintaining and hardening this levy is straightforward: energy companies have been extraordinary beneficiaries of the price environment created by the Ukraine conflict and its

aftermath, and a temporary levy at higher effective rates is both justifiable and not novel. It also connects directly to the energy programme, which those companies benefit from through grid investment and guaranteed returns. Realistic yield: £3 to 5 billion{{FIGREF:windfall-levy-yield:29}} per year while the profit environment lasts. Political feasibility: moderate. The industry will lobby hard, but public tolerance for energy company profit narratives is lower than it was in 2022. Durability caveat: this is a spike-funded line. Count it while it is there; do not treat it as a permanent pillar of the revenue stack.

Inheritance tax reform. Inheritance tax is currently collected from a minority of estates. The IFS estimated that in a typical year, roughly half of the estates with liabilities actually pay, partly because of reliefs, exemptions, and plain avoidance behaviour. The yield from better enforcement and targeted reform of agricultural and business property reliefs could be significant without constituting a new tax. The political difficulty is that inheritance tax is a politically poisonous levy in parts of the country that matter electorally. A government willing to reframe it as a wealth stabilisation tax rather than a death tax might reduce the political friction. Realistic yield: £1 to 2 billion{{FIGREF:iht-reform-yield:30}} per year from improved compliance, higher if reliefs are restructured. Political feasibility: low to moderate. This is the tax that rural England will fight for.

Higher council tax bands on high-value properties. The current council tax system is based on 1991 valuations and is profoundly regressive relative to property value. A property worth £5 million in central London pays roughly the same band as a property worth £750,000. Reforming this to introduce additional bands at the top end, or to apply a surcharger to properties above a threshold value, is both technically feasible and politically justifiable. It requires primary legislation and a degree of political courage because it hits people with substantial assets who vote. Realistic yield: £2 to 4 billion{{FIGREF:council-tax-reform-yield:31}} per year depending on scope. Political feasibility: moderate. The political risk is concentrated among certain voter demographics, but those demographics are not the only ones that matter.

Corporate profit surcharge. *(See also Pillar Two section above.)* The UK already has a surcharge on banking profits. Extending a temporary surcharge on non-banking corporate profits above a threshold, framed as crisis-era solidarity, is not without precedent internationally. The OECD's Pillar Two global minimum tax framework provides political cover. A 3 percent{{FIGREF:corp-surcharge-rate:18}} surcharge on profits above £50 million{{FIGREF:corp-surcharge-threshold:19}} for companies with UK operations, structured as a qualifying domestic top-up tax, could raise £4 to 8 billion{{FIGREF:corp-surcharge-yield-qdtt:20}} per year. Realistic yield: £4 to 8 billion{{FIGREF:corp-surcharge-yield-qdtt:20}} per year conditional on QD TT structuring; £1 to 3 billion{{FIGREF:corp-surcharge-yield-fallback:22}} per year if the legal structuring is not achieved. Political feasibility: moderate. Business will argue this is a deterrent to investment; the counter-argument is that the investment programme the government is running creates the demand for those profits in

the first place.

Offshore wealth and HMRC enforcement. (*See also HMRC section above.*)

The UK has a significant structural advantage in that it controls the Crown Dependencies and the Overseas Territories, which are major locations for offshore wealth storage. The Automatic Exchange of Information agreements have improved compliance, but the gap between wealth stored offshore and tax collected on it remains large. A serious government investment in HMRC enforcement capacity generates meaningful recovery. Realistic yield: £2 to 5 billion{{FIGREF:hmrc-enforcement-total:26}} per year from the full programme described in the HMRC section: offshore specialists, corporate compliance, wealthy individuals, and digital transformation combined. Political feasibility: moderate to high, since it primarily affects people who are not voting for you anyway.

The aggregate picture: the revenue options above, fully implemented and assuming the Pillar Two QDIT structuring is achieved, yield somewhere between £20 and 35 billion{{FIGREF:revenue-total:10}} per year. That is real money. The borrowing architecture is not optional. It is structural.

Which revenues hold when expansion slows

The £20–35 billion{{FIGREF:revenue-total:10}} headline treats every line as roughly as solid as every other. Under a tighter operating environment they are not.

More durable under contraction. Inheritance reform and high-value property banding hit stocks of wealth that do not vanish the day growth slows. HMRC enforcement against avoidance recovers tax that should already have been paid. Income-related revenue on work and profits that still exist remains the backbone. Design for these first when stress-testing the programme for harder years.

More cyclical or fading. Energy windfalls timed to price spikes shrink when shocks ease or when fossil rents structurally decline. Financial-sector and extraction surcharges assume rents that may not exist in their present form forever. Property wealth gains that funded easy political stories in the 2010s are not a permanent funding machine.

Borrowing for assets. Homes, grid capacity, demand reduction in the built stock, and reserves remain defensible infrastructure borrowing. Markets still distinguish assets from unfunded consumption. Borrowing for investment is more constrained when the productive base is shrinking than when it is expanding. That is an argument for sequencing, stress triggers, and honest deferral rules, not for abandoning the asset programme. The fiscal adjustment trigger above is how you keep credibility when some extraction revenues fade.

Do not write the Budget as if 2022-style energy profits or permanently rising property paper wealth fund half the state forever. The Layer 1 chapter states

that plainly; the yield table above is the programme ask if everything lands. The durability map is what you use when it does not.

The Distributional Principle

This programmes in this series are not charity. They are infrastructure for a functioning society in a period of compounding crises. But they only work politically, and only work morally, if the revenue side is progressive.

What does progressive mean here, concretely? It means that the burden of financing these programmes falls on those with the greatest capacity to bear it. It means inheritance tax reform that targets the intergenerational concentration of wealth, not family farms under stress. It means council tax reform that asks more of residential property wealth than a £200,000 flat in the Midlands. It means corporate profit surcharges that fall on companies with genuine pricing power, not on SMEs operating on margin. It means offshore wealth enforcement that targets the structures used by the wealthy to avoid contributing to public goods.

This is not primarily a moral argument, though it is that. It is a political argument. This programme architecture only holds together if the people who are asked to fund it through higher taxes see a reciprocal arrangement. The working and middle income households who are the beneficiaries of the food security programme, the energy programme, the housing programme, and the health and social care programme are also the households that pay the bulk of existing taxes. If the revenue side is seen to protect the wealthy while demanding more from those already stretched, the political coalition that makes this series worth reading collapses.

The distributional principle is therefore not an optional add-on to the fiscal framework. It is the load-bearing principle that keeps this programme coherent. Progressive revenue is not a separate conversation from progressive spending. They are one conversation.

The Debt Sustainability Question

The UK national debt is currently around £2.5 trillion^{FIGREF:uk-national-debt:14}, representing approximately 97 to 100 percent^{FIGREF:uk-debt-gdp-ratio:32} of GDP depending on the quarter and the measurement approach. Debt interest costs are running at roughly £100 billion^{FIGREF:debt-interest-100bn:33} per year. That is the figure that should concentrate minds more than the headline debt ratio.

Is UK debt sustainable? The honest answer is: it depends on the rate of growth and the rate of interest. The UK borrows in its own currency. It cannot be forced into sovereign default by market pressure in the way that a country in the Eurozone can, because the BoE is not the ECB and there is no external constraint on the currency.

The escape hatch that the UK retains, monetising debt through the Bank of England and effectively inflating the debt away, is not a backstop option to be used casually. It is a last resort with severe distributional consequences that would undermine this programme's own political coalition.

If the government prints money to finance its spending, the immediate effect is higher inflation. Higher inflation erodes the real value of savings, hits fixed-income households hardest, and falls most heavily on the people this programme is designed to help. A pensioner living on fixed savings sees their purchasing power decline. A renter sees their landlord's costs rise and passes through into higher rents. A working household on moderate income sees the price of food and energy rise faster than their wages. The people this programme is designed to protect bear the cost of the inflation that this programme's own borrowing generates.

The mechanism by which this programme succeeds, raising living standards for working people and building a political coalition around the material improvements this programme delivers, is destroyed by inflation that erodes real wages and savings. The political coalition that sustains this programme requires the delivery of real improvements, not nominal ones. Inflation in the 1970s style destroyed the social contract of that period. This programme must not repeat that mechanism.

The use of the inflation escape hatch should therefore be understood as a programme failure, not a technical option. The fiscal framework described in this post is designed to make it unnecessary: by raising revenue progressively, by borrowing for genuine infrastructure assets that generate a return, by maintaining the BoE coordination protocol so that monetary policy is not working against the fiscal programme, and by having a named fiscal adjustment trigger for the scenarios that would otherwise lead to crisis. The escape hatch is mentioned here for completeness, not as a recommended approach. If this programme reaches a point where it is considering monetising debt, it has already failed on the fiscal credibility and political sustainability dimensions that this framework is designed to prevent.

The more relevant question is whether the debt interest burden becomes politically constraining before it becomes economically constraining. At current rates, debt interest is consuming roughly 4 to 5 percent^{FIGREF:debt-interest-gdp-current:34} of GDP. As the debt stock refinances from the ultra-low rates of the 2010s into the higher rate environment of the 2020s, that share will increase, potentially reaching 5 to 6 percent^{FIGREF:debt-interest-gdp-2028:35} of GDP by 2028. That is not a crisis threshold. It is a choice threshold. It means that the fiscal space available for new spending or tax cuts is reduced, but it does not mean that additional borrowing for productive investment is impossible.

The binding constraint on UK debt sustainability is not the arithmetic. It is the political will to maintain a credible framework that allows borrowing for assets while raising sufficient revenue to service the existing debt and fund the current

account. The debt is not the problem. The lack of a strategy for the debt is the problem.

The Institutional Layer

The Office for Budget Responsibility and the fiscal rules framework were designed to impose external discipline on government spending decisions. They emerged from the post-crisis consensus that governments could not be trusted to be responsible with borrowed money, and that market confidence required an independent body to certify the arithmetic.

That framework is not wrong in its motivation. It is wrong in its application to a crisis environment. The current fiscal rules, particularly the aspiration to balance the primary budget over the medium term, require a degree of fiscal consolidation that is procyclical in a low-growth environment. Cutting current spending to meet a rule that was designed for a different context actively reduces the capacity of the state to respond to the compounding crises this series describes.

A government running a credible crisis fiscal framework needs to do three things with the institutional layer. First, it needs to reform the fiscal rules to distinguish between investment spending and current spending, creating explicit headroom for infrastructure borrowing within a credible overall framework. Second, it needs to engage the OBR honestly, providing it with the real fiscal projections rather than using the OBR as a shield for politically convenient assumptions. Third, it needs to be transparent with the public about the trade-offs involved: that these programmes cost real money, that the revenue proposals are genuine and not window dressing, and that the alternative is not fiscal virtue but fiscal failure on a different timetable.

The OBR can be a partner in credible crisis management. It cannot be a fig leaf for political cowardice. The government that uses the OBR to avoid making hard choices will find that the OBR makes the hard choices for it, less favourably.

What This Costs Versus What Inaction Costs

The fiscal framework described in this post involves raising between GBP 20 and 35 billion^{FIGREF:revenue-total:10} per year in additional revenue, borrowing to fund infrastructure investment in housing and energy at a scale that makes the GBP 25 billion^{FIGREF:programme-housing-cost:6} housing programme viable, and accepting a debt interest burden that will grow to somewhere around 5 to 6 percent^{FIGREF:debt-interest-gdp-2028:35} of GDP over the next five years.

That is the cost of a credible crisis fiscal framework.

The inaction side should be stated with the same discipline. The table below pairs each delivery chapter's programme cost with the best available rough estimate of what managed decline already costs or will cost if the trajectory is

not reversed. These are not OBR forecasts. They are the magnitudes a serious reader needs to compare like with like.

Chapter	Programme cost (annual)	Cost of inaction (annual)
Food	GBP 2.5-3.5bn{{FIGREF:programme-food-cost:3}}	~GBP 25-40bn{{FIGREF:inaction-food-cost:3}}
Energy	GBP 5-8bn{{FIGREF:programme-energy-cost:4}}	~GBP 8-15bn{{FIGREF:inaction-energy-cost:4}}
Health & Care	GBP 5.3-8.5bn{{FIGREF:programme-health-cost:5}}	~GBP 3-8bn{{FIGREF:inaction-health-cost:5}}
Housing	GBP 25bn{{FIGREF:programme-housing-cost:6}} (capital)	~GBP 30bn{{FIGREF:inaction-housing-cost:6}}
Social Security	GBP 20-25bn{{FIGREF:programme-social-security-cost:7}}	~GBP 3-6bn{{FIGREF:inaction-social-security-cost:7}}
Defence	GBP 10-15bn{{FIGREF:programme-defence-cost:8}}	Not priced: strategic costs
Justice	GBP 4-6bn{{FIGREF:programme-justice-cost:9}}	~GBP 3-6bn{{FIGREF:inaction-justice-cost:9}}
Total	GBP 72-91 billion{{FIGREF:calc:programme-annual-total:1}}	~GBP 72-105bn{{FIGREF:calc:inaction-total:1}}

The inaction column blends public-finance costs (housing benefit, emergency packages) with wider-economy costs (the household food bill, lost productivity), and some of it is spending that already happens. It is an order-of-magnitude comparison, not a single budget line. The point it makes is blunt: the recurring cost of doing nothing is the same order as the programme, but it builds no assets and restores no capacity.

Programme total: GBP 72-91 billion{{FIGREF:calc:programme-annual-total:1}} (sum of delivery chapter lines). **Revenue:** GBP 20-35 billion{{FIGREF:revenue-total:10}}. **Borrowing gap:** GBP 37-71 billion{{FIGREF:calc:borrowing-gap:2}}.

Structural inaction drag already on the books (largely outside the table above): debt interest near GBP 100 billion{{FIGREF:debt-interest-100bn:33}} per year, which is the legacy stock and not counted in the inaction total; periodic reactive crisis packages (the GBP 40 billion{{FIGREF:energy-cap-2022-40bn:38}} energy support of 2022 as the precedent), which are one-off rather than annual. The housing benefit figure is the same GBP 30 billion{{FIGREF:inaction-housing-benefit:40}} shown in the housing row, not an additional sum. None of these build capacity. They service decline.

The honest comparison is not "GBP 70 billion programme versus free." It is "GBP 70 billion that builds assets and restores capacity versus GBP 30 billion{{FIGREF:inaction-housing-benefit:40}} in rising housing benefit, GBP 100 billion{{FIGREF:debt-interest-100bn:33}} in debt service, periodic GBP 40 billion{{FIGREF:energy-cap-2022-40bn:38}} improvisations, and compounding emergency costs across health, justice, and food security, with nothing durable to show for it."

Reactive austerity is the fiscal expression of managed decline: structural problems are named, then spending is cut rather than underlying trajectories reversed. The austerity chosen in 2010 cut the delivery mechanisms (local authorities, HMRC enforcement, civil service) that this framework depends on. That legacy is why Governance and Civil Service reform matter as much as the arithmetic.

These costs are not all on one balance sheet line. They accumulate in the background, eroding the economic base that the fiscal framework is trying to protect. The honest argument for the fiscal framework in this post is not that it is cheaper than doing nothing. It is that the cost of doing nothing is larger, less visible, and more politically dangerous in the medium term.

The argument for this framework is not that it is easy. It is that the alternative is worse, and that the alternative is what you get when there is no framework at all.

The First-Charge Question: How Health and Housing Share the Borrowing Envelope

Both Health & Care and Housing describe their interventions as first charges on additional borrowing capacity. They cannot both be exclusive first charges.

The food and energy programmes are genuine first charges: immediate crisis responses that prevent deterioration. They are not in competition with health or housing.

Within the remaining envelope, the health and housing programmes serve different purposes and can be structured to share the borrowing headroom rather than competing for it. The health programme (£5.3 to 8.5 billion{{FIGREF:programme-health-cost:5}} per year) is primarily revenue spending: NHS workforce, social care, free school meals. The housing programme (£25 billion{{FIGREF:programme-housing-cost:6}} per year) is primarily capital spending: the £25 billion{{FIGREF:programme-housing-cost:6}} is borrowing for infrastructure assets that generate a return, not current spending that consumes the borrowing capacity without recovery.

The distinction matters because the fiscal framework proposed here creates explicit headroom for infrastructure borrowing. The housing programme is the clearest case for using that headroom: the borrowing is for a capital asset that increases GDP, reduces future housing benefit liabilities, and generates economic activity that partially offsets the initial outlay. The health programme does not have the same asset structure, but it does have a return in the form of reduced emergency healthcare costs, improved workforce productivity, and reduced social care demand.

The resolution is therefore not "health versus housing." It is "housing uses the infrastructure borrowing headroom; health uses the revenue expansion headroom." Both can be accommodated within the overall framework described here, provided the housing borrowing is explicitly framed as infrastructure investment with a defined return, and the health revenue spending is explicitly framed as essential current expenditure that cannot be deferred without compounding the crisis.

This is not a clean solution. It requires this programme to be honest that the two interventions compete for the same borrowing headroom and that the resolution is a matter of framing and sequencing rather than a clean priority ranking. But

it is the honest resolution, and it is better than the alternative: a silent collision that the fiscal framework cannot resolve because it was not designed to.

Sources

1. **Annual programme total** (GBP 72-91 billion): Programme model (data/ctw/calculations.csv). Components: programme-food-cost, programme-energy-cost, programme-health-cost, programme-housing-cost, programme-social-security-cost, programme-defence-cost, programme-justice-cost. Validated range: 72-91 GBP bn.
2. **Borrowing gap after revenue** (GBP 37-71 billion): Programme model (data/ctw/calculations.csv). Components: programme-annual-total, revenue-total. Validated range: 37-71 GBP bn.
3. **Food security programme (annual)** (GBP 2.5-3.5 billion): CTW programme model (2026-06). *Programme model; see calculations.csv*. Sum of food security measures; see deep dive.
4. **Energy security programme (annual)** (GBP 5-8 billion): CTW programme model (2026-06). *Programme model; see calculations.csv*. Sum of energy measures; see deep dive.
5. **Health and social care programme (annual)** (GBP 5.3-8.5 billion): CTW programme model (2026-06). *Programme model; see calculations.csv*. Sum of health and care measures; see deep dive.
6. **Housing programme (annual capital)** (GBP 25 billion): CTW programme model (2026-06). *Programme model; see calculations.csv*. Mostly capital for social homes.
7. **Social security reform (annual)** (GBP 20-25 billion): CTW programme model (2026-06). *Programme model; see calculations.csv*. Benefit uprating and UC reform.
8. **Defence programme (annual increment)** (GBP 10-15 billion): CTW programme model (2026-06). *Programme model; see calculations.csv*. Additional defence spending to credible NATO level.
9. **Justice programme (annual)** (GBP 4-6 billion): CTW programme model (2026-06). *Programme model; see calculations.csv*. Backlog surge prisons probation policing.
10. **Honest revenue package (annual)** (GBP 20-35 billion): CTW programme model (2026-06). *Programme model; see calculations.csv*. Windfall levy corporate surcharge HMRC IHT carbon.
11. **OBR revenue shortfall stress scenario** (GBP 10-15 billion): CTW fiscal model (2026-06). *Programme model; see calculations.csv*. Scenario 1: OBR scores revenue below central estimate.
12. **Baseline annual borrowing requirement** (GBP 22-51 billion): CTW fiscal model (2026-06). *Programme model; see calculations.csv*. Before OBR shortfall stress.
13. **Borrowing requirement under OBR shortfall** (GBP 32-66 billion): CTW fiscal model (2026-06). *Programme model; see calculations.csv*. Scenario 1 widened gap.

14. **UK national debt stock** (GBP 2500 billion): ONS Public sector finances (2026-03). Rounded to GBP 2.5 trillion in narrative.
15. **Additional debt interest from gilt yield rise** (GBP 3-6 billion): CTW fiscal model (2026-06). *Programme model; see calculations.csv*. Scenario 2: 100-150bp yield rise pass-through.
16. **Sterling depreciation stress scenario** (10%): CTW fiscal model (2026-06). *Programme model; see calculations.csv*. Scenario 3 stress test.
17. **Fiscal adjustment trigger (revenue gap)** (GBP 10 billion): CTW fiscal model (2026-06). *Programme model; see calculations.csv*. Automatic trigger threshold.
18. **Corporate profit surcharge rate** (3%): CTW programme model (2026-06). *Programme model; see calculations.csv*. On profits above threshold.
19. **Corporate surcharge profit threshold** (GBP 50 million): CTW programme model (2026-06). *Programme model; see calculations.csv*. UK profits above GBP 50 million.
20. **Corporate surcharge yield (QD TT achieved)** (GBP 4-8 billion): CTW programme model (2026-06). *Programme model; see calculations.csv*. Conditional on Pillar Two QD TT structuring.
21. **OECD Pillar Two global minimum tax rate** (15%): OECD Pillar Two framework (2024-01). Global minimum effective rate.
22. **Corporate surcharge yield (QD TT not achieved)** (GBP 1-3 billion): CTW programme model (2026-06). *Programme model; see calculations.csv*. Mid-market companies below Pillar Two threshold.
23. **HMRC offshore enforcement return per pound spent** (10-20 ratio): HMRC compliance yield data (2024-03). Upper-end marginal productivity range.
24. **HMRC additional specialists annual staff cost** (GBP 30-64 million): CTW programme model (2026-06). *Programme model; see calculations.csv*. 500-1000 specialists at GBP 60-80k package.
25. **HMRC offshore specialists yield** (GBP 300-1300 million): CTW programme model (2026-06). *Programme model; see calculations.csv*. From 500-1000 additional offshore staff.
26. **HMRC full enforcement programme yield** (GBP 2-5 billion): CTW programme model (2026-06). *Programme model; see calculations.csv*. Offshore corporate wealthy and digital components combined.
27. **HMRC corporate compliance additional yield** (GBP 500-1500 million): CTW programme model (2026-06). *Programme model; see calculations.csv*. Corporate surcharge compliance resourcing.
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29. **Energy windfall levy yield** (GBP 3-5 billion): HMT Energy Profits Levy (2024-03). 35% upstream levy with allowances.
30. **Inheritance tax reform yield** (GBP 1-2 billion): IFS inheritance tax analysis (2024-06). Compliance and relief reform.
31. **Council tax high-value property reform yield** (GBP 2-4 billion): CTW programme model (2026-06). *Programme model; see calculations.csv*.

- Additional bands on high-value properties.
32. **UK debt as share of GDP (97%)**: ONS Public sector finances (2026-03). Varies by quarter and measure.
 33. **Debt interest spending (annual)** (GBP 95-105 billion): OBR Fiscal outlook / HMT (2025-03). Rounded to GBP 100bn in narrative.
 34. **Debt interest as share of GDP (current)** (4%): OBR Fiscal outlook (2025-03). Current rate environment.
 35. **Debt interest as share of GDP (projected 2028)** (5%): CTW fiscal model (2026-06). *Programme model; see calculations.csv*. As debt refinances from 2010s ultra-low rates.
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 37. **Cost of inaction on energy (annual rough)** (GBP 8-15 billion): CTW fiscal model (2026-06). *Programme model; see calculations.csv*. Fuel poverty health costs plus amortised emergency support.
 38. **2022 energy price cap support (one year)** (GBP 40 billion): NAO energy bills support (2023-03). One-off fiscal cost precedent cited in fiscal chapter.
 39. **Cost of inaction on health and care (annual rough)** (GBP 3-8 billion): CTW fiscal model (2026-06). *Programme model; see calculations.csv*. Emergency admissions vs planned care.
 40. **Housing benefit without building (annual)** (GBP 30 billion): DWP/HMT benefit expenditure (2025-03). Rising without new supply.
 41. **Cost of inaction on social security (annual rough)** (GBP 3-6 billion): CTW fiscal model (2026-06). *Programme model; see calculations.csv*. In-work poverty and emergency local authority spend.
 42. **Cost of inaction on justice (annual rough)** (GBP 3-6 billion): CTW fiscal model (2026-06). *Programme model; see calculations.csv*. Prison cycling backlog and reoffending.
 43. **Annual cost per prison place** (GBP 50,000): Ministry of Justice (2024-03). Rounded to GBP 50000 in narrative.
 44. **Total cost of inaction excluding defence** (GBP 72-105 billion): CTW fiscal model (2026-06). *Programme model; see calculations.csv*. Order-of-magnitude comparison to programme total.

Verification status: **verified** = official source linked; **estimate** = named organisation; **scenario** = series conditional projection; **internal_calc** = modelled from programme components in data/ctw/calculations.csv.

Governance

Main chapter

Every post in this series describes something feasible. The bottleneck is whether UK government machinery can convert analysis into

timely, coordinated action across departments, local government, and devolved administrations.

Update, 2 August 2026. Wildfire and drought response in July made the missing middle concrete: major incidents declared, mutual aid stretched, half of England in drought, and no regional statutory layer with cross-domain powers over energy, water, food, fuel, civil defence, and planning. Andy Burnham's mayoral devolution record is a partial foundation now that he is PM; it is not yet that resilience layer. The deep dive picks up Regional Resilience Leads and a Resilience Corps as the structural answer.

Every post in this series describes something feasible. Not easy, not cost-free, but operationally achievable within a decade with consistent political will. The knowledge is not the bottleneck.

The bottleneck is whether the UK government machinery can convert good analysis into timely, coordinated action. That is a governance problem, not a policy problem. It is the problem that makes everything else in this series vulnerable to failure.

The Fiscal Framework can add up. The delivery chapters can be right. If crises are still routed through departmental silos designed for calm Tuesdays, this programme arrives late, partially, or not at all.

This chapter is about decision architecture: how crises get coordinated, how national government works with local authorities and devolved administrations, and how the state gets the data it needs to decide.

The cabinet committee problem

The cabinet committee structure is designed for business-as-usual government. It works tolerably well when things are roughly stable and domains do not interact much. It breaks down when domains interact intensely, simultaneously, and unpredictably.

COVID demonstrated this with brutal clarity. The response required simultaneous decisions across health, economics, logistics, education, employment, and international trade. The cabinet committee structure had no mechanism for running cross-domain crisis sessions in real time. Decisions were routed through multiple committees, each responsible for a slice, and the coordination overhead consumed weeks that could not be spared.

Food price spikes do the same thing at smaller scale. DHSC worries about nutrition. DEFRA worries about supply. Treasury worries about cost. DWP worries about benefits. Home Office worries about unrest. Each department owns a fragment. Nobody owns the loop.

The structural fix is not more committees. It is a different kind of committee: a standing crisis council with authority to convene across any combination of policy domains when the situation demands it. France, Germany, and the US national

security council structure all have variants. The UK has resisted them because they concentrate power and weaken the departmental model. That resistance made sense in stable decades. It does not make sense in the compounding phase described in *The Situation*.

This programme establishes a national crisis governance council with a permanent secretariat, a defined trigger for activation, and the power to direct cross-departmental resource allocation without waiting for full cabinet cycles on every operational decision.

That council needs a clear mandate document published at programme launch: which indicators trigger activation, which departments must attend, what decisions can be taken without further cabinet approval, and how local authorities are notified within 24 hours. Without a published mandate, crisis councils become another committee that meets impressively and decides slowly.

Devolution and the four governments

Britain is not one government. Health is devolved in Scotland, Wales, and Northern Ireland. Planning and housing are largely devolved. Energy and industrial policy sit in shared or reserved space. A food security programme designed only for England will fail politically in Cardiff and Edinburgh even if the economics are right.

This programme needs a formal joint ministerial forum for crisis coordination across the four administrations, with agreed data sharing, aligned procurement where supply chains are UK-wide, and explicit respect for devolved delivery on devolved matters. That is not constitutional novelty. It is how you avoid announcing a UK programme that Scotland implements differently without warning and Wales rejects outright.

Local authority capacity

Every policy in this series ultimately has to be delivered locally. NHS waiting lists are reduced in individual hospitals. Housing is built by local authorities granting planning permission. Energy efficiency retrofits happen house by house through local schemes. The national government sets the framework, but the delivery happens at local authority level.

Local authorities are the most important delivery layer in the country and the most under-resourced. Since 2010, many have seen their budgets cut in real terms by 30% or more^{{{FIGREF:local-authority-cuts-30pct:1}}}. Institutional knowledge has walked out the door and not been replaced. Local authorities are often operating at the edge of their capacity even in normal times, with no reserve to respond to additional demands.

The reform needed is not just more funding, though money is part of it. It is a formal national-local crisis governance protocol that defines how national crisis

decisions are communicated to local authorities, how local authority capacity constraints are fed back to national decision-makers, and how resources are channelled to where they are needed without requiring 400 separate local authority applications.

When the Household Support Fund arrives as temporary ring-fenced money that councils must bid for annually, that is the opposite of crisis governance. It is emergency funding dressed as normal competition. The protocol replaces bidding theatre with allocated capacity and reporting obligations.

The data and intelligence problem

Every crisis reveals the same data problem: the UK government does not have reliable, real-time data on the systems it is trying to manage.

During COVID the government did not know infection, hospitalisation, or mortality rates in anything approaching real time. The ONS infection survey was valuable but took months to establish. Test and trace was built under emergency conditions and never achieved operational data quality.

The ONS has been hollowed out over decades of cuts. Its capacity to produce rapid, high-quality statistics on social and economic conditions has declined. This is not a technical problem. It is a resourcing and prioritisation problem. The ONS is a national asset as important as the intelligence agencies, but it is not treated as such.

This programme funds a standing analytical rapid-response capability: the ability to assemble data and modelling for crisis decisions within days, not months. Food price indices linked to benefit triggers. Grid stress dashboards shared across BEIS and Ofgem. Housing need registers that update monthly rather than annually. Operational surge capacity for departments is covered in the Civil Service chapter; this capability is analytical deployment at the centre.

Why this has not been fixed

Three interlocking reasons. First, governance reform is politically unrewarding. It does not produce visible achievements the way a new hospital or a tax cut does. Politicians who spend capital on committee redesign get little credit and take reputational risk.

Second, the failure mode of bad governance is diffuse and slow. Costs are paid by the public over years, not by decision-makers in real time. The political system responds to concentrated immediate pain, not to slow coordination failure.

Third, the people who benefit from the current system are inside the system. Departmental silos, opaque committee routing, and weak local feedback loops serve the people who operate within them. Reform requires those people to redesign their own institutions.

None of this is hopeless. It is tractable if the political will exists, and the will can be built if the case is made clearly enough.

The Next Piece

Governance sets how decisions get made. Civil Service and State Capacity covers whether the people and enforcement machinery exist to execute them, including the HMRC capacity the Fiscal Framework depends on.

Optional depth: Governance: Deep Dive · Councils & Delivery.

Read next: Civil Service and State Capacity.

Sources

1. **Local authority real-terms budget reduction since 2010 (30%):** Local Government Association / NAO (2024-03). Many councils cut 30%+ in real terms since 2010.

*Verification status: **verified** = official source linked; **estimate** = named organisation; **scenario** = series conditional projection; **internal_calc** = modelled from programme components in data/ctw/calculations.csv.*

Governance (Deep Dive)

Deep dive

The bottleneck is whether UK government machinery can convert analysis into timely, coordinated action. This deep dive covers cabinet committees, local government, emergency powers, devolution, and analytical rapid response.

The Problem Is Not Policy Knowledge

Every post in this series describes something feasible. Not easy, not cost-free, but operationally achievable within a decade with consistent political will. We have the analysis on food security. We have the evidence on energy infrastructure. We have the models for industrial strategy, the options for fiscal reform, the options for social security, and the threat assessments for defence. The knowledge is not the bottleneck.

The bottleneck is that the UK government machinery cannot reliably convert good analysis into timely, coordinated action. That is a governance problem, not a policy problem. And it is the governance problem that makes everything else described in this series vulnerable to failure.

This post examines the decision-making architecture that determines whether any of the above gets delivered, and what reform looks like.

The Cabinet Committee Problem

The cabinet committee structure is designed for business-as-usual government. It allocates policy areas to specific ministers with specific portfolios, and it works tolerably well when things are roughly stable and domains do not interact much. It breaks down when domains interact intensely, simultaneously, and unpredictably.

COVID is the clearest recent example. The response required simultaneous decisions across health, economics, logistics, education, employment, and international trade. The cabinet committee structure had no mechanism for running cross-domain crisis sessions in real time. Instead, decisions were routed through multiple committees, each responsible for a slice, and the coordination overhead consumed weeks that could not be spared. SAGE provided the epidemiological modelling, but there was no equivalent cross-domain decision architecture to translate that modelling into coherent operational action within the time constraints that existed.

The food crisis response in 2022 demonstrated a similar failure mode, but slower. Rising food prices were simultaneously a welfare problem, a trade problem, a supply chain problem, and a agricultural policy problem. No single committee owned the cross-domain picture. Each department had its own analysis, its own minister, and its own incentives. The result was a response that was structurally reactive rather than anticipatory.

The structural fix is not more committees. It is a different kind of committee: one designed for simultaneous cross-domain crises, with a standing mandate to convene across any combination of policy domains when the situation demands it. This is not a novel idea. It exists in various forms in France, Germany, and the US national security council structure. The UK has historically resisted it because it concentrates power in a smaller group and weakens the departmental model. That resistance needs to end.

Local Authority Capacity

Every policy in this series ultimately has to be delivered locally. NHS waiting lists are reduced in individual hospitals. Housing is built by local authorities granting planning permission. Energy efficiency retrofits happen house by house through local schemes. The national government sets the framework, but the delivery happens at local authority level.

Local authorities are the most important delivery layer in the country and the most under-resourced. Since 2010, many have seen their budgets cut in real terms by 30%[{{FIGREF:local-authority-cuts-30pct:1}}](#) or more. Staff numbers have fallen. Institutional knowledge has walked out the door and not been

replaced. The result is that local authorities are often operating at the edge of their capacity even in normal times, with no reserve to respond to additional demands. When a national crisis requires a local response, the local authority layer is already exhausted.

The national-local governance question is not only about money, though money is part of it. It is about whether national government treats local authorities as delivery partners or as administrative subordinates. The difference matters enormously in a crisis. A local authority that feels like a partner will anticipate national needs and move proactively. A local authority that feels like a subordinate will wait for instructions and move reactively.

The reform needed is more than funding, though funding is necessary. It is a formal national-local crisis governance protocol that defines how national crisis decisions are communicated to local authorities, how local authority capacity constraints are fed back to national decision-makers, and how resources are channelled to where they are needed without requiring 400 separate local authority applications. The current system fails at all three.

Regional Resilience Leads

The series proposes a national crisis council at the centre and rebuilt council capacity at the bottom. The missing middle is regional.

Combined authorities and mayors have convening power. They rarely hold statutory levers across energy, water, food, fuel, civil defence, and planning at once. July 2026 made that concrete: wildfires and drought crossed county and service boundaries while mutual aid scrambled and no regional commissioner could direct the full civil picture.

This programme creates **Regional Resilience Leads**: one per region, Cabinet rank in declared crises, with statutory powers over energy, water, food, fuel, civil defence, and planning. They answer to Westminster and to a regional democratic body (combined authority or mayoral authority). In peacetime they plan and exercise. In a declared crisis they direct.

The precedent is the WWII Regional Commissioners (1939–45), who could direct civil and military resources in their region and take over if central government could not function. Burnham's mayoral devolution strategy is a partial foundation now that he is PM. Without a statutory resilience layer for mayors and combined authorities to plug into, devolution stays an economic-growth story with no operational counterpart when the fires, droughts, and shipping shocks arrive together.

Cross-links: Councils & Delivery for the local end; Industrial Strategy: Deep Dive for productive-capacity dispersal that needs regional coordination; Defence: Deep Dive for civil resilience beside military civil defence; Climate for the worked example.

Resilience Corps

Neither a national crisis council nor Regional Resilience Leads staff neighbourhood response on their own. Professional fire, ambulance, and local authority teams are already thin. Spain's Red Cross stood up dozens of shelters in the 2026 fire season; France issued mass evacuations. The UK has no equivalent auxiliary layer with real training and real roles.

This programme commits to a **Resilience Corps**: structured volunteers with training, equipment, and defined tasks. Part-time commitments for hundreds of thousands over a credible ramp, not a million overnight. Local-authority integrated, regionally coordinated, nationally overseen. Roles include emergency support, neighbourhood energy/food/water resilience, community coordination, and backing professional services when they are stretched. The WWII Women's Voluntary Service and ARP wardens are the precedent, not a cosplay of the Blitz.

Without that layer, the council capacity described in Councils & Delivery stays undermanned for sustained cross-domain stress. Climate and Housing both need neighbourhood capacity in heatwaves; Press needs a civic mobilisation story that is not only platforms.

The Emergency Powers Question

The UK has emergency powers legislation that was used during COVID and that exists in various forms for other civil emergency scenarios. The problem with emergency powers is not that they exist. The problem is that the current framework does not adequately address the relationship between temporary powers and democratic accountability.

When a government takes emergency powers, it is making a political decision to concentrate decision-making capacity in the executive. That concentration is sometimes necessary. But it needs to come with three structural commitments that the current framework does not consistently provide.

First, sunset clauses. Emergency powers should expire automatically unless actively renewed by Parliament. The renewal process is not a formality. It is a genuine accountability mechanism that requires the executive to justify continued concentration of power. COVID emergency powers were extended multiple times with diminishing Parliamentary scrutiny. That is not acceptable as a standing model.

Second, clear scope limitations. Emergency powers should be granted for specific purposes, not for general use. A government granted emergency powers to respond to a pandemic should not be able to use those powers to suppress protest or restrict civil liberties beyond what the emergency requires. The scope needs to be defined in the legislation, not left to executive interpretation.

Third, independent oversight. The use of emergency powers should be subject

to real-time oversight by a body that is independent of the executive, not a committee of MPs, most of whom will back their own government in a crisis, and not a judicial review process that happens months later. The oversight has to be immediate and genuinely independent.

The Cabinet and Prime Minister Problem

The British constitution concentrates enormous power in the office of Prime Minister. This is a feature of the system, not a bug, in normal times. In a crisis, it becomes a significant vulnerability.

The problem is not that Prime Ministers are uniformly bad at decision-making. Some are better than others. The problem is that the system has no mechanism to compensate for a Prime Minister who is overwhelmed, or who is receiving poor quality advice, or who is making decisions based on political calculation rather than operational reality. The cabinet is not an effective check in a crisis because cabinet meetings are not designed for rapid decision-making and because individual ministers have strong incentives to defer to the Prime Minister rather than challenge them.

The structural answer is a national crisis council with genuine cross-party membership. This is not a unity government. It is a mechanism for ensuring that the best analytical advice from across the political spectrum is available to the executive in a crisis, and that the executive decision-making process is not wholly dependent on the views of a small number of people who share a single partisan perspective.

The model is not unprecedented. The US has the National Security Council, which includes the Vice President, the Secretary of State, the Secretary of Defence, and other senior officials, and which operates as a structured decision-making body rather than a forum for the President to announce pre-formed decisions. The UK has historically resisted formalising the cabinet into a genuine decision-making body because of the sovereignty of the Prime Minister. That sovereignty needs to be balanced against the country's need for robust crisis decision-making.

A national crisis council would meet regularly during a declared crisis, would have a defined membership that includes senior officials from multiple departments, and would operate under a protocol that requires structured deliberation rather than the Prime Minister announcing conclusions. This is not a constitutional revolution. It is a process change that could be implemented by cabinet instruction. But it requires the Prime Minister to be willing to share decision-making authority in a crisis, which is why it is politically difficult.

The Data and Intelligence Problem

Every crisis reveals the same data problem: the UK government does not have reliable, real-time data on the systems it is trying to manage.

COVID demonstrated this with brutal clarity. The government did not know how many people were being infected, hospitalised, or dying in anything approaching real time. The ONS infection survey was a valuable innovation, but it took months to set up and was never fast enough to drive operational decisions. Test and trace was built from scratch under emergency conditions and never achieved the data quality needed to make it a genuine operational tool.

The ONS has been hollowed out over decades of cuts and reorganisations. Its capacity to produce rapid, high-quality statistics on social and economic conditions has declined significantly. This is not a technical problem. It is a resourcing and prioritisation problem. The ONS is a national asset as important as the intelligence agencies, but it is not treated as such.

The early warning system question is related. Government has various horizon-scanning and early warning mechanisms: the Joint Intelligence Committee, the Government Office for Science, departmental analytical teams. These mechanisms produce valuable work that is frequently ignored or deprioritised. The problem is not that the warnings do not exist. It is that there is no formal mechanism for escalating early warnings into decision-ready options at the cabinet table.

The reform needed is a standing analytical rapid-response capability that can be deployed to generate decision-ready data and options when an early warning is escalated. Operational surge capacity for departments is covered in Civil Service and State Capacity. This capability is about analytical deployment at the centre.

The Cross-Party Question

Crisis governance raises an uncomfortable question: at what point does the UK need something closer to national unity rather than business-as-usual party politics?

The honest answer is that the threshold is lower than British political culture comfortable with. A government facing a simultaneous food, energy, and economic crisis needs to be able to make decisions that span multiple electoral cycles. The current system, where each government reverses the major decisions of its predecessor, produces a form of policy oscillation that makes long-term infrastructure investment impossible. The Hinkley Point C saga is the canonical example: a single project spanning three decades, subject to repeated renegotiation, price reviews, and policy reversals, until the eventual cost is far higher than it needed to be.

The cross-party question is not about forming a unity government. Unity governments are for wartime. It is about designing formal mechanisms for cross-party agreement on infrastructure, crisis response, and constitutional reform that survive changes of administration.

The model is not radical. It is how most successful long-term infrastructure programmes work internationally: through legally binding cross-party agreements that are written into statute, that have defined review periods, and that cannot

be reversed without a specific parliamentary supermajority. This approach is used in several European countries for energy infrastructure, nuclear policy, and constitutional reform. It is not unknown. It is just unknown in Britain.

The design principles for such agreements are: they must be time-limited and subject to renewal rather than permanent; they must have defined triggers that activate cross-party involvement; and they must not extend to normal political competition, which should continue as usual. The idea is not to end democracy. It is to prevent democratic competition from destroying the institutional foundations that democracy depends on.

The Devolution Dimension

The series so far has treated the UK as a unitary state with a single government making and implementing policy. That is not fully accurate. Scotland, Wales, and Northern Ireland each have devolved administrations with significant policy responsibility in areas that this programme covers: health, social security, food standards, education, justice, and local government. England has its own governance patchwork through combined authorities and metro mayors. This programme must work within this architecture, not around it.

This matters in three specific ways.

1. Policy that must be UK-wide requires coordination, not command.

Food security and energy infrastructure are not devolved in the formal sense, but they intersect with devolved policy in ways that require active cooperation. Scotland has its own food standards regime and its own rural support mechanisms. Wales has its own approach to land use and agricultural policy. Northern Ireland has its own environmental protections and its own relationship with EU regulatory frameworks through the Windsor Framework. A programme that assumes Westminster can simply direct these areas without coordination will fail.

The mechanism for UK-wide coordination on food security should be a formal joint committee, the UK Food Security Council, with representation from Defra, the Scottish Government, the Welsh Government, and the Department of Agriculture, Environment and Rural Affairs in Northern Ireland. This is not unprecedented: the UK Internal Market Act 2020 and the EU exit agreement mechanisms established precedents for intergovernmental coordination. The Food Security Council should have a defined mandate, a formal secretariat, and a schedule of meetings that does not depend on a crisis to trigger it. It should meet quarterly, not just in emergencies.

2. Devolved policy areas affect this programme's political coalition.

This programme described in this series builds its political coalition partly on the argument that the current system is rigged against working people. That argument lands in Scotland, Wales, and Northern Ireland as well as in England,

but it lands differently. The devolved administrations have their own political dynamics, their own relationship with Westminster, and their own specific grievances. This programme cannot transplant its English framing to Scotland or Wales without adjustment.

The Labour Party's relationship with the SNP in Scotland and with Plaid Cymru in Wales is a specific political challenge. This programme needs Scottish and Welsh Labour parties that can make the case for this programme in terms that resonate locally, not just repeat Westminster framing. That requires investment in the devolved parties' policy capacity, not just the UK party's.

3. Local government devolution affects delivery capacity.

This programme's community-level enabling described in the companion document, the right to grow, community food networks, neighbourhood infrastructure, depends on local government to deliver. The current local government landscape in England is fragmented: some areas have combined authorities and elected mayors; others have nothing. The devolution deals that have been done are inconsistent in scope and conditional on the political relationship between central and local government.

This programme should commit to completing the devolution map in England, not with the same model everywhere (that has been the mistake of previous attempts) but with a menu of options that allows different areas to choose the governance structure that works for them, within a consistent framework of devolved powers and fiscal accountability. The goal is a local government system that has the powers, the resources, and the accountability to deliver this programme at neighbourhood level.

What this means for this programme's delivery:

The governance reform in this post must include an intergovernmental relations dimension. This programme cannot be delivered by Westminster alone. It requires a functioning relationship with Edinburgh, Cardiff, and Belfast when Stormont is restored. The Fiscal Framework must account for block grant settlements and Barnett consequential. The food security and energy infrastructure programmes must be designed with the devolved administrations as partners, not as afterthoughts.

This is not a weakness of this programme. It is the nature of the UK constitution. A programme that works within the constitution as it actually is will be more durable than one that assumes a level of central control that does not exist.

The series has described what a UK government should actually do. This post has described what the governance reform needs to look like. The closing question is why, given that the analysis has been available for decades, the UK keeps failing to implement these reforms.

Three reasons, and they are interlocking.

First, governance reform is politically unrewarding. It does not produce visible achievements in the way that a new hospital or a tax cut does. It is invisible when it works and only visible when it fails. Politicians who spend political capital on governance reform get little credit and take significant reputational risk. The incentive structure actively discourages it.

Second, the failure mode of bad governance is not concentrated and immediate. It is diffuse and slow. The costs of poor crisis decision-making are paid by the public over years, not by the decision-makers in real time. The political system is not designed to respond to diffuse slow costs. It responds to immediate visible crises, and by the time a governance failure has produced visible crises, the window for reform has usually closed.

Third, the people who benefit from the current system are inside the system. The current cabinet committee structure, the current civil service career incentives, the current relationship between national and local government: these things are maintained because they serve the interests of the people who operate within them. Reform requires those people to reform their own institutional structures, which is the hardest kind of political action to achieve.

None of this is hopeless. It is tractable if the political will exists, and the political will can be built if the case is made clearly enough. The series has attempted to make that case across the delivery programme. This post describes the institutional architecture that determines whether any of it gets delivered.

The short version is this: the UK does not have a policy deficit. It has a governance deficit. Fixing the governance architecture is not optional. It is the prerequisite for everything else in this series being achievable. Workforce and enforcement capacity are covered in Civil Service and State Capacity.

Sources

1. **Local authority real-terms budget reduction since 2010 (30%):**
Local Government Association / NAO (2024-03). Many councils cut 30%+ in real terms since 2010.

*Verification status: **verified** = official source linked; **estimate** = named organisation; **scenario** = series conditional projection; **internal_calc** = modelled from programme components in data/ctw/calculations.csv.*

Councils and Delivery Capacity

Evidence

Local government funding, delivery failure modes, and why national programmes die in implementation without council capacity.

Governance describes crisis coordination at the centre. This companion describes the layer where most citizens actually meet the state: the council.

Update, 2 August 2026. Council-level capacity is an active constraint. Fire and rescue services have been running hot through the July wildfire cluster; Suffolk alone logged a sharp rise in outdoor fires before drought was declared. Aerial firefighting and specialist wildfire kit are already on the NFCC ask-list. Multi-year settlements and a council-delivered Resilience Corps (see the Governance deep dive) are no longer design flourishes. They are how you stop national programmes dying in implementation under sustained stress.

If you apply for social housing, report a dangerous landlord, wait for a planning decision, or ask for adult social care support, you are in local government. A national programme that treats councils as implementation detail will discover, eighteen months in, that implementation is the programme.

The capacity gap

English local authorities have faced a predictable squeeze for fifteen years: rising demand for statutory services, particularly adult social care and children's services, alongside reduced central grant funding and limited ability to raise revenue locally without politically painful council tax rises.

The results are visible:

- **Planning departments understaffed.** Applications queue. Enforcement against illegal conversions and HMO overcrowding is sporadic. The Housing programme assumes planning reform; reform assumes planners exist.
- **Housing delivery depends on council housing companies and ALMOs** that vary wildly in capability. Some authorities build well. Others have lost in-house construction capacity entirely.
- **Environmental health and trading standards depleted.** The same councils asked to monitor food hygiene and rental standards have lost the staff to do it.
- **Temporary accommodation costs** are bankrupting unitary authorities in the south-east while Westminster debates national targets. The fiscal pressure feeds back into every other service cut.

This is not a moral failure by council officers. It is a funding and powers mismatch described honestly in the Fiscal Framework: you cannot demand delivery while shrinking the deliverer.

Why national programmes stall locally

Three failure modes repeat.

Unfunded mandates. Central government announces a duty. Council must comply. No durable funding follows. The duty competes with child protection and care assessments for the same social workers.

Permission without tools. Councils are blamed for slow housebuilding while land ownership and infrastructure funding sit elsewhere. Land and Planning

Reform addresses value capture; councils still need borrowing headroom and skilled development teams to use it.

Short political horizons. A ten-year housing programme meets three-year council leadership cycles and annual budget votes. Without multi-year settlements, sensible long plans become liabilities at the next elections.

What this programme would change

Multi-year settlement for strategic authorities. Authorities delivering housing, climate adaptation, and social care at scale receive five-year funding envelopes tied to published delivery metrics, not annual bidding wars.

Planning capacity fund. Ring-fenced recruitment for planners, enforcement officers, and building control surveyors, with national salary benchmarks so councils are not outbid by the private sector they regulate.

Single local growth account. Pool housing, transport, and retrofit funds so councils do not run separate programmes for the same street. Aligns with the crisis coordination logic in Governance: Deep Dive.

Devolution where delivery is proven. Mayoral combined authorities with track records of housing and transport delivery get further powers and retained business rates growth, conditional on social housing output and enforcement statistics published quarterly.

Social care and housing interface. The Health & Social Care chapter addresses NHS strain. Councils pay for care packages that keep people out of hospital. Underfunding care is a hidden NHS bill. Joint budgeting between NHS integrated care boards and councils is not optional for this programme.

The political point

Central government likes announcing. Councils get blamed when announcements meet pavement.

A programme that works for working people has to work in **Bolton, Basingstoke, and Bridgend**, not only in press releases. That requires treating local government as strategic infrastructure, not as a cost line to be minimised.

Community organising described in What Could Be Enabled can pressure councils. It cannot replace planners, surveyors, and care assessors.

Cost

Additional central support for local delivery capacity is likely in the low billions annually, phased with housing and retrofit scale-up. It belongs in the programme total, not hidden inside "efficiency savings."

Without it, the GBP 25 billion housing ambition in the Fiscal Framework becomes a spreadsheet exercise.

Parent chapter: Governance. Optional depth: Governance: Deep Dive.

Civil Service and State Capacity

Main chapter

This programme cannot be delivered by the state that currently exists. Pay, recruitment, HMRC enforcement, and local delivery capacity.

Update, 2 August 2026. Regional Resilience Leads and a Resilience Corps need people who can design, procure, and oversee them. Capacity reform in this chapter is the staffing half of the Governance architecture updates.

Governance covers how decisions get coordinated in a crisis. This chapter covers whether anyone is available to execute them.

You can have the right crisis council and still fail if the analysts staffing it are on secondment from three departments, none of whom can stay past Friday.

This programme needs a state that can design and implement complex policy under pressure. That is a workforce problem, not a communications problem.

The capacity gap

The hollowing out is visible if you know where to look. Senior posts unfilled or covered by people acting up. Policy grades paid far below comparable private work. The economist who left for a bank and was not replaced. The HMRC investigator who now advises clients on avoiding the rules she used to enforce.

When the grades that actually design policy are understaffed, you get policy made by people with no time to think, handed to people with no guidance to implement it.

The austerity decade sold institutional memory for a short-term fiscal number, then wondered why the next programme failed in familiar ways.

What a serious programme would do

Restore pay at the grades that matter, especially where analytical and delivery quality actually lives.

Recruit faster for digital, data, economics, and policy specialists, including mid-career returners who left for the private sector.

Hold a small emergency reserve of cross-disciplinary staff deployable when a crisis hits any department.

Protect delivery teams for major programme lines so housing, food, and industrial work is not staffed from business-as-usual rotas alone.

Invest in shared data infrastructure so ministers are not waiting on three departments to reconcile spreadsheets.

Staff HMRC to enforce the revenue plan. The Fiscal Framework depends on offshore and high-wealth compliance. Without investigators, that revenue line is fiction.

Remember local government. Planning departments, social care providers, and crisis support all deliver nationally set policy locally. You cannot expand care packages or council housing without people on the ground to do it.

Pay bands, HMRC staffing numbers, yield estimates, and recruitment mechanics are in the Civil Service: Deep Dive.

The Next Piece

Knowing who decides and who staffs the work still leaves one question: who delivers what, by what legal power, and what happens when the first failure arrives?

Read next: How It Gets Done.

Civil Service and State Capacity (Deep Dive)

Deep dive

This programme cannot be delivered by the civil service that currently exists. This deep dive covers pay restoration, emergency recruitment, the standing emergency reserve, HMRC offshore enforcement investment, and analytical institution capacity.

The Delivery Prerequisite

This programme described in this series cannot be delivered by the civil service that currently exists. That is not a criticism of civil servants. It is a description of a structural capacity problem that has been building for fifteen years and that has not been fixed because fixing it is not politically rewarding in the way that a new hospital or a tax cut is.

The hollowing out of the civil service is real. It shows up in vacancy rates, in pay gaps, in the specific grades where the loss is most acute, and in the departmental capacity to design and implement the kind of complex, cross-disciplinary

programmes this series requires. The tax authority has been systematically under-resourced for the enforcement work that the Fiscal Framework depends on. None of this is secret. None of it has been fixed. And this programme cannot work without all of it being fixed simultaneously.

The Vacancy Problem

The senior civil service vacancy rate has been running above 10 percent^{FIGREF:scs-vacancy-rate:1} for several years. That figure understates the problem because it includes posts that are technically filled but occupied by people acting up or covering additional responsibilities. The real figure is higher.

The pay gap is the driver. By 2024, median pay for Grade 6 and Grade 7 civil servants was roughly 20 to 25 percent^{FIGREF:cs-pay-gap-g67:2} below the equivalent private sector compensation for comparable work. At the Senior Civil Service level, the gap widens further. The Supplementary Evidence submitted by the FDA union to the House of Commons Treasury Committee documented pay compression, recruitment difficulties in digital and data roles, and a steady haemorrhage of experienced policy analysts from departments that could least afford to lose them.

The specific grades matter because they are where policy is actually designed. Grade 6 and Grade 7 staff do the analytical work that produces good policy. They also supervise the entry-level work that produces implementation. When those grades are understaffed, you get two failures simultaneously: the analytical quality degrades, and the implementation supervision degrades. Policy is made by people who do not have time to think, and then handed to people who do not have adequate guidance to implement it.

The effect on departmental capacity is cumulative. Departments that have lost 20 percent of their Grade 6 and 7 capacity over a decade are not running the same service with fewer people. They are running a degraded service with a smaller workforce and a growing backlog of institutional knowledge that walked out the door and was not replaced.

The Emergency Recruitment Mechanism

A government that wanted to fix this would do three things in the first 100 days.

First, pay restoration. Not a gesture. A genuine restoration of Grade 6 and 7 pay to a level that competes with the private sector for the talent it needs. The IFS estimated the full civil service pay restoration bill at roughly GBP 2-3 billion^{FIGREF:cs-pay-restoration-total:3} per year across all grades; the Grade 6 and 7 cohorts account for a disproportionate share of that gap, with median individual pay gaps estimated at GBP 8,000-12,000^{FIGREF:cs-pay-gap-individual:4} per year relative to comparable private sector roles. Pay restoration at this level is not optional. It is the precondition for having a civil service that can design and deliver this programme described in this series.

Second, streamlined recruitment. The Civil Service Commission recruitment process was designed for a different era. It is slow, bureaucratic, and actively bad at attracting candidates from outside government. A government running an emergency recruitment programme for digital, data, economics, and policy specialists needs a parallel route: direct appointment at senior levels with streamlined vetting, competitive pay, and defined term contracts that do not require candidates to navigate a six-month process.

Third, targeted grades. The recruitment effort should focus on three populations. Mid-career specialists in digital infrastructure, data science, and economics who left the civil service for the private sector and would return for the right package. Recent graduates from quantitative disciplines who are currently choosing the private sector because the civil service recruitment process is deterrent. And international recruits for senior analytical posts where UK civil service experience is not a prerequisite.

The Emergency Reserve

Governance covers crisis coordination architecture. The civil service emergency reserve is the operational complement: a small standing reserve of cross-disciplinary analysts and operational managers who can be deployed to any department when a crisis requires it.

When a crisis hits, the current response is improvised. Departments borrow staff from each other, external consultants are brought in, and existing teams are stretched beyond sustainable limits. The reserve is structural insurance against that pattern. It is not a large expenditure. It is the difference between a government that can surge and one that can only rearrange deck chairs.

The HMRC Capacity Question

The fiscal framework depends on offshore wealth enforcement as a revenue source. The specific mechanism is HMRC capacity, and it has been systematically under-resourced for this task for a decade.

HMRC's enforcement staffing has fallen by roughly 25 percent^{FIGREF:hmrc-staff-reduction-since-2010:5} since 2010. The number of compliance officers pursuing high-wealth individuals has fallen further. The offshore compliance team, which handles the complex structuring used by wealthy individuals to avoid UK tax, has been reduced at exactly the moment when the structures themselves have become more complex.

The investment required is specific. HMRC needs additional resources for the offshore and high-wealth compliance function: perhaps 500 to 1,000 additional specialist staff, with pay competitive with the private sector tax advisory world. The yield from better enforcement is real. The NAO estimated the tax gap attributable to offshore non-compliance at GBP 4 to 6 billion^{FIGREF:hmrc-offshore-tax-gap:6} annually in the most recent comparable analysis. HMRC's

own figures suggest that each pound spent on high-wealth compliance generates a return of roughly GBP 15 to 20{{FIGREF:hmrc-enforcement-roi:7}} in additional tax recovered.

If HMRC cannot enforce, the revenue projections collapse, the fiscal framework loses credibility, and this programme's political coalition weakens. The enforcement investment is not separate from fiscal credibility. It is part of it. Full arithmetic is in the Fiscal Framework and its deep dive (Sprint 08).

Analytical Institution Capacity

This programme's fiscal credibility depends on the Office for Budget Responsibility and independent fiscal analysis being capable of credible, independent scoring. That sounds like a technical point. It is a staffing and culture problem.

The OBR was established after the 2008 crisis specifically to provide external certification of government fiscal arithmetic. It has been valuable. It has also been degraded: by political pressure on its forecasting assumptions, by under-resourcing of its analytical capacity, and by the cumulative effect of being used as a political shield rather than a genuine analytical partner.

What credible fiscal analysis requires spans three homes in this series. Governance covers OBR engagement culture and coordination protocols. The Fiscal Framework covers BoE coordination, gilt stress tests, and the fiscal adjustment trigger. This chapter covers the civil service and HMRC capacity that makes enforcement and staffing projections real rather than aspirational.

The OBR reform that matters most is not the institutional structure. It is the culture of engagement. A government that treats the OBR as a partner in credible fiscal management gets a different relationship than a government that treats it as an obstacle to be managed. This programme needs the former.

Why This Cannot Wait

A governance architecture that cannot be staffed is a diagram. A fiscal framework that cannot be enforced is a spreadsheet exercise. The civil service capacity problem and the HMRC enforcement problem are prerequisites for everything else in this series being achievable, not supplementary reforms to schedule when convenient.

Sources

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2. **Grade 6/7 pay gap vs private sector** (20%): FDA Treasury Committee evidence (2024-03). Median compensation gap.
3. **Full civil service pay restoration cost** (GBP 2-3 billion): IFS (2024-06). All grades annual cost.

4. **Grade 6/7 individual pay gap** (GBP 8,000-12,000): IFS / FDA (2024-06). Median annual gap per person.
5. **HMRC enforcement staffing reduction since 2010** (25%): NAO / PAC reports (2023-06). Enforcement function.
6. **Offshore non-compliance tax gap** (GBP 4-6 billion): NAO (2022-03). Most recent comparable analysis.
7. **HMRC offshore enforcement return per pound spent** (10-20 ratio): HMRC compliance yield data (2024-03). Upper-end marginal productivity range.

*Verification status: **verified** = official source linked; **estimate** = named organisation; **scenario** = series conditional projection; **internal_calc** = modelled from programme components in data/ctw/calculations.csv.*

How It Gets Done: The Implementation Architecture

Main chapter

The strongest objection to this programme is that it has no mechanism. This chapter answers it: reform first, named accountability, honest sequencing, and pre-committed triggers when implementation fails.

Update, 2 August 2026. Implementation now includes the regional middle and the volunteer layer: Regional Resilience Leads and a Resilience Corps in the Governance deep dive, plus productive-capacity dispersal in the Industry deep dive. Named accountability still applies.

The Fiscal Framework says what this programme costs. Governance and Civil Service say whether the state can decide and staff the work.

The objection that kills most ambitious programmes is simpler: **it has no mechanism.**

That objection is fair. Universal Credit took years to reach basic functionality. Test and Trace spent tens of billions on a system that never reliably worked. The care cap was legislated and abandoned. Voters have seen wish lists before.

This programme is designed differently.

Reform before targets

Previous governments announced housing numbers and hoped institutions would catch up. This programme inverts the order: governance reform, civil service pay and recruitment, OBR engagement, and Bank of England coordination **before** major delivery is measured against timelines.

Prerequisites first. Then delivery. That changes the odds.

Named accountability

Every major commitment has an accountable body and a legal basis. NHS workforce through DHSC and NHS England. Social housing through Homes England and councils. Industrial strategy through a statutory unit in DBT. HMRC enforcement tied to the fiscal plan.

Nothing here invents machinery from scratch. It uses existing machinery with named ministers, reporting lines, and timelines.

The test: pick any commitment in the delivery chapters and ask who is accountable in Parliament next week. If the answer is vague, the mechanism is not credible yet.

Full lists of bodies, powers, and reporting lines are in the How It Gets Done: Deep Dive.

Sequencing and failure

This programme cannot pass everything at once. Early wins without primary legislation demonstrate operation from day one. Exposed legislation arrives in parallel, not in one pile that unites every opponent on the same day. The most politically sensitive revenue measures wait until credibility is established.

Honest programmes name failure modes before they happen. Missed NHS workforce targets trigger doubled recruitment levers already committed. Social care cost overruns trigger supplementary estimates rather than quiet abandonment. Fiscal stress activates the adjustment sequence from the fiscal chapter, not improvisation under market pressure.

Why this is not "trust us"

The answer to the wish-list attack is architecture: prerequisites, accountability, pre-committed adjustments, and select committee reporting. Previous governments promised delivery and improvised when institutions failed. This programme assumes institutions can fail and specifies what happens next.

The Next Piece

Perfect implementation on paper still loses if the information environment manufactures crises faster than institutions respond. The final chapter is The Press & Media.

Read next: The Press & Media.

How It Gets Done (Deep Dive)

Deep dive

Named delivery bodies, legal powers, workforce gaps, parliamentary timelines, coalition sequencing, and automatic failure triggers in full detail.

The Objection That Deserves an Honest Answer

The strongest version of the attack on this programme is not that its goals are wrong. It is that it has no mechanism.

The attack in full is this: this is a £GBP 72-91 billion{{FIGREF:calc:programme-annual-total:1}} annual spending programme announced by a government negotiating with civil servants it has spent a decade demoralising, civil service unions it has legislated against, a parliamentary majority it may not have, an OBR that could score it differently, a Bank of England with no formal obligation to cooperate, and a Supreme Court that has already ruled against something adjacent. Every commitment in this programme requires institutional capacity the state currently does not have. Not a single commitment names the body responsible, the legal power it will use, the workforce it has versus needs, or what happens when the first implementation failure arrives. The last fifteen years offer a ready catalogue of programmes that described what government should do without describing how the state would do it: Universal Credit took five years and several billion pounds over budget to achieve basic functionality. HS2 was conceptually sound and structurally ruined by procurement choices and political interference. The care cap was legislated and then quietly abandoned. What exactly is the mechanism by which this government gets things done that previous governments could not?

This is a fair objection. It deserves a specific answer, not a reassuring paragraph.

Why This Programme Is Structurally Different

The answer is not that this government has better civil servants, better ministers, or more political skill than its predecessors. It does not. The answer is that previous programmes treated institutional capacity as assumed and delivery commitments as the variable. This programme inverts that priority: it makes institutional reform the precondition, not the afterthought.

Most failed government programmes share a common structural flaw: they announce a policy target and assume the implementing institutions can execute it. Universal Credit assumed the DWP could rebuild its entire digital payment infrastructure while maintaining existing services. HS2 assumed the Department for Transport could manage a £100bn{{FIGREF:hs2-programme-cost:2}} infrastructure project without the procurement expertise or political insulation required. Test and Trace assumed Public Health England and the

NHS could build a national data system from scratch in months, at a cost of £37bn^{{\{FIGREF:test-and-trace-cost:3\}}} that never delivered reliable performance. In each case, ministers asked the institution to do something its existing workforce, legal framework, and organisational capacity were not designed for.

This programme takes the opposite approach. Delivery commitments are made conditional on institutional readiness. The governance and civil service reforms described in Governance and Civil Service are not supplementary to this programme. They are this programme's enabling infrastructure. They come first. They are completed before the delivery clock starts on commitments that depend on them.

This does not guarantee success. It changes the probability distribution. A programme that specifies what institutions need before it specifies what they will deliver is a programme that can be honestly assessed on whether those institutional prerequisites have been met. A programme that announces targets and hopes the institutions catch up is a programme that will fail in the specific, predictable ways these programmes have always failed.

The following sections provide the delivery architecture that implements this structural commitment: named bodies, named legal powers, named capacity gaps, named parliamentary timelines, and named failure modes with automatic adjustment triggers.

Named Delivery Bodies: The Commitments Table

For each major programme commitment, this section names the body responsible, the legal power it uses, its current versus required workforce, and the parliamentary timeline. This is not a complete delivery plan; it is the minimum credible answer to the question "who does this and by what authority?"

NHS Workforce Expansion

The Department of Health and Social Care, operating through NHS England, is the accountable body. The Secretary of State for Health has powers under the National Health Service Act 2012 to set the NHS mandate and to direct NHS England on workforce planning. The Health and Social Care Act 2012 framework gives the DHSC the legal basis for the annual mandate process, which is the parliamentary accountability mechanism: the mandate is debated and voted on annually.

The current NHS workforce gap is substantial. The NMC register has approximately 788,000 nurses. Approximately 28,800 leave the register each year (a 3.5% annual exit rate). To maintain current staffing, not expand, the NHS must replace roughly 28,800 nurses per year from joiners. In the year to March 2025, approximately 52,800 nurses joined the register, giving a net baseline addition of approximately 24,000 per year. This programme's expansion ambition requires net additions well above this baseline. The constraint is not money. It is placement capacity in NHS trusts for clinical training and the pipeline time from

enrollment to registration (three years for a standard degree, two years for an accelerated graduate entry programme).

The parliamentary timeline is continuous and annual: the NHS mandate is voted on each year and is the primary accountability mechanism for workforce commitments. Specific workforce milestones, net additional nurses on the NMC register per year, should be included in the mandate as measurable targets, reported to the Health and Social Care Select Committee quarterly.

Social Care Reform (Dilnot Cap)

The Department of Health and Social Care, jointly with local authorities, is the accountable body. The Care Act 2014 provides the legislative framework for care charging reform. The £86,000⁴ lifetime cap requires primary legislation. The Dilnot Commission's 2011 recommendations were accepted by the coalition government and the specific cap amount and start date were legislated in 2021, only to be delayed and then effectively discontinued by the current government without formal repeal. The Casey Commission (Baroness Casey) is reporting in phases through 2026–2028.

This programme's social care reform requires fresh primary legislation with the £86,000 cap as the minimum commitment. Cost estimates vary: the original Dilnot estimate was £1–2bn⁵ per year; the Health Foundation's 2023 estimate for full social care reform was £8bn⁶ by 2024/25 and £18bn⁷ by 2032/33. A specific funded commitment is required before legislation is introduced. The Bill should have a built-in cost-review trigger: if implementation costs exceed the Treasury's initial projection by more than 20%, a supplementary estimate comes to Parliament automatically, not as a political negotiation.

Parliamentary timeline: two-year legislative process minimum for primary legislation implementing the cap with funding mechanism. This programme should aim for a Bill introduced in Year 2, implemented in Year 4, consistent with the sequencing strategy described below.

100,000 Social Homes Per Year

Homes England and local authorities are the accountable delivery bodies. Homes England has powers under the Planning and Compulsory Purchase Act 2004 and the Housing Act 1985. Local authorities have powers under the same legislation and additional powers through their own housing Revenue Account mechanisms. Compulsory purchase reform, specifically removing the "hope value" uplift under Land Compensation Act 1961 s.5–6, requires primary legislation via the Planning and Infrastructure Bill, currently in the legislative pipeline.

Hope value is the additional CPO compensation a landowner can claim for the potential value of planning permission that does not yet exist. The reform restricts this to cases where a specific planning permission exists at the time of the CPO order, rather than permitting claims based on speculative future

permission. The estimated cost saving from removing hope value abuse from CPO calculations is substantial, with estimates suggesting 30–50%^{FIGREF:hope-value-cpo-reduction:8} reduction in CPO land assembly costs in high-value areas, though precise figures require case-by-case assessment.

Current Homes England delivery capacity is not sufficient for a 100,000 social homes per year target. New towns and expanded towns development corporations, plus accelerated local authority housing revenue account borrowing (permitted under the 2024 spending review), are the mechanisms for scaling delivery. The National Housing Programme and Care Stadium Plus are the existing frameworks; expansion requires both increased grant funding and planning authority devolution to Homes England for strategic sites.

Parliamentary timeline: primary legislation for hope value reform (Planning and Infrastructure Bill, currently in Parliament); new development corporation establishment via secondary legislation where parliamentary time allows; borrowing consent for local authority housing revenue accounts via annual Consent and Guarantee Framework.

Industrial Strategy

The Department for Business and Trade, with a named Secretary of State, is the accountable body. The Subsidy Control Act 2023 and the Industrial Strategy Act 2017 provide the legal framework for active industrial strategy without requiring new primary legislation for most tools. The Subsidy Control Act replaced EU state aid rules with a UK framework; it permits targeted subsidies for specific strategic sectors subject to transparency and proportionality requirements. The 2017 Act provides for sector deals with specific industries, subject to each deal's own terms.

The delivery capacity gap here is analytical, not legal. DBT currently lacks the sector-specific analytical capacity required for an active industrial strategy, the kind of deep industry knowledge that allows a department to identify where UK supply chains have strategic gaps, where anchor demand can be leveraged, and where standards-setting can create durable competitive advantage. This programme's answer is a new Industrial Strategy Unit within DBT, staffed by sector specialists and reporting directly to the Secretary of State, with a five-year secondment programme drawing from industry, academia, and the financial sector. Size: approximately 200–300 specialist posts, funded from existing DBT administrative budgets with a top-slice from the industrial strategy fund.

Parliamentary timeline: no primary legislation required for the analytical unit or sector deal framework; the industrial strategy fund itself requires a Spending Review settlement, which needs Treasury agreement but not primary legislation.

Land Value Tax Implementation

HM Revenue and Customs, operating through the Valuation Office Agency, is the accountable body. The VOA has existing legal responsibility for valuing property for rating purposes; that framework already exists and is the operational base

for LVT administration. LVT itself requires primary legislation via a Finance Bill. This programme proposes phased implementation: commercial LVT first (Year 3–5), residential LVT transition over ten years (Year 5–15).

The Valuation Office Agency currently has approximately 3,500 staff and administers the rating valuation system for approximately two million commercial properties. A full residential LVT, covering approximately 25 million domestic properties, would require significant additional capacity: this programme estimates the VOA would need to expand to approximately 6,000–8,000 staff over five years to handle the residential revaluation workload, with the initial commercial phase requiring an additional 500–1,000 staff. This is a ten-year build, not an emergency expansion.

The deferral mechanism for pensioners and low-income homeowners uses the consumer price index, not commercial interest rates, to avoid compounding the deferred debt burden over the residential transition period. Deferred LVT is recovered from the estate at death, within existing inheritance tax rules, with a floor that protects the primary residence up to a defined value threshold.

Parliamentary timeline: Finance Bill in Year 3 for commercial LVT (following the OBR's fiscal scoring of this programme's full revenue package); residential transition legislation introduced in Year 5 with a ten-year staged rollout. This sequencing is deliberate and is described in the political economy section below.

Civil Service Pay Restoration

See Civil Service and State Capacity for pay restoration, recruitment, and the emergency reserve. HM Treasury and the Cabinet Office are the accountable bodies. Grade 6/7 pay restoration is administrative action via the annual Treasury minute; re-establishing the Review Body on Senior Salaries uses existing legal framework. Parliamentary timeline: no primary legislation required.

Press Reform

See The Press and Media for the structural media environment. Ofcom is the accountable regulatory body for this programme's press reform: charitable status for qualifying news publishers and a public interest journalism fund via Charity Commission secondary legislation and Ofcom-administered levy on platforms. Parliamentary timeline: secondary legislation; one-year implementation horizon.

The Political Economy: What Needs to Pass, and When

This programme requires primary legislation for: LVT, social care reform (Dilnot cap), and planning reform (hope value CPO). It requires secondary legislation for: press reform and OBR reform. It requires administrative action, no legislation, for: civil service pay restoration mechanism, NHS international recruitment expansion, and BoE coordination protocol. This sequencing matters enormously.

The lethal coalition problem must be named before it can be managed.

The combination most likely to kill this programme is: land reform (LVT

commercial first, then residential) plus Rupert Murdoch press coverage plus the farming lobby (which owns significant acreage and fears LVT impact on land values), a coalition that simultaneously activates the Conservative party's donor base, its parliamentary right flank, and its media enablers. A second lethal combination: LVT residential phase plus pensioner organisations worried about the deferral mechanism, which destabilises Labour's own political base. A third: planning reform plus the housebuilder lobby, which has spent twenty years lobbying for constrained supply to maintain land margins and which will fight any zoning reform aggressively.

The sequencing strategy minimises the simultaneous concentration of opposition. The principle is: get the irreversible infrastructure in place before the politically visible phases arrive.

Year 1–2: No legislation required. Administrative actions only. OBR early engagement protocol is established before this programme is announced, with agreed methodology for scoring all major revenue and spending items. The BoE coordination protocol, a joint Treasury-BoE statement committing both institutions to a specific analytical sharing and non-monetisation framework, is published. The civil service pay review process is initiated via Treasury referral to the Review Body on Senior Salaries. NHS international recruitment expansion begins immediately (no legislation required). These are the concrete delivery items that demonstrate this programme is operational from Day 1.

Year 2–4: Secondary legislation and administrative expansion. Primary legislation for social care. Press reform secondary legislation (charitable status) is introduced. HMRC enforcement expansion (see Civil Service) begins hiring. The Planning and Infrastructure Bill, including hope value reform, is introduced. This is the most politically exposed primary legislation for the Conservative opposition, which is why it must be in Parliament before the LVT Finance Bill, which will dominate the political conversation about land tax.

The Dilnot social care reform Bill, primary legislation, is introduced in Year 2, following the pattern of other major social policy reforms (auto-enrolment, the state pension triple lock): it passes with Labour's own majority, the political cost is contained by the two-year implementation window, and it is delivering before this programme's mid-term.

Year 3–6: Finance Bill for LVT. Commercial LVT in the Year 3 Finance Bill is the point of maximum coalition opposition from the Country Landowners Association, farming lobby, and free-market press. The sequencing strategy is that by this point: the social care reform Bill has already passed and is being implemented; the planning reform Bill is in Committee and generating its own opposition noise (diluting the land reform story); the commercial LVT applies to commercial property, not residential, which keeps the pensioner coalition asleep; and the OBR has already scored this programme and the BoE coordination mechanism is operational, so the fiscal credibility case is established.

The residential LVT transition legislation, the most politically sensitive phase, is introduced in Year 5 only after the commercial phase has produced at least one full year of revenue data and after the CPI-indexed deferral mechanism for low-income homeowners has been reviewed and validated by the Treasury Select Committee.

What Happens When It Goes Wrong

The test of an honest programme is not whether it can describe success. It is whether it can describe failure modes and adjustment mechanisms.

NHS workforce pipeline failure. The binding constraint is not money. It is time. International recruitment is already declining (down approximately 30%[{{FIGREF:intl-nurse-recruitment-decline:9}}](#) year-on-year as of early 2026) and competes with the US, Germany, and Gulf states for the same global nurse supply. Domestic training takes three years minimum. Return-to-practice programmes exist but produce hundreds of returners per year, not thousands. The most probable failure mode is that international recruitment targets are not met in Year 1–2, domestic placement capacity expansion has not yet materialised, and the net register growth is below programme targets even with the retention improvements from the 2026 pay deal.

The automatic adjustment trigger: if NHS vacancy rates have not improved by at least 15%[{{FIGREF:nhs-vacancy-improvement-target:10}}](#) within 24 months of this programme start, the international recruitment target doubles (from 5,000 to 10,000 per year) and the accelerated graduate-entry training programme intake doubles simultaneously. This is not a new policy decision; it is a pre-committed automatic trigger, agreed with NHS England before this programme is announced.

LVT legislative failure. The Year 3 Finance Bill LVT proposal is the most exposed primary legislation in this programme. If it fails, if it is defeated in the Commons, or if the Conservative opposition forces a referendum or the pound, this programme does not have a fallback land value capture mechanism of comparable yield. The adjustment mechanism is: this programme commits from Day 1 to a residential property levy as the fallback, introduced in the same Finance Bill if LVT fails at second reading, raising approximately £2–3bn[{{FIGREF:ltv-residential-levy-fallback:11}}](#) per year from a flat levy on residential property valued above £2m. This fallback is pre-legislated, not improvised. It is less efficient than LVT but it is ready.

Dilnot cost overrun. The original Dilnot cost estimate (£1–2bn per year) is from 2011. By 2026, implementation costs have almost certainly increased substantially. If the Treasury's pre-legislative cost projection exceeds the initial estimate by more than 20%[{{FIGREF:dilnot-cost-overrun-threshold:12}}](#), this programme triggers an automatic supplementary estimate process, a defined parliamentary procedure that requires Treasury to come back to the House with

additional funding, not a political negotiation. The supplementary estimate is not optional. It is triggered automatically by the cost projection threshold.

Parliamentary arithmetic failure. The most dangerous scenario for this programme is a general election that produces a minority government or a coalition dependent on SNP or Liberal Democrat support. LVT becomes negotiating leverage in the coalition formation process, with concessions on land reform in exchange for support on the Queen's Speech. The mitigation strategy is not to avoid this scenario (it may not be avoidable) but to deliver the non-LVT parts of this programme so visibly and quickly in the first 100 days that the parliamentary coalition wants to be part of a successful programme rather than the party that brought it down. The OBR engagement protocol, the civil service pay review, and the NHS international recruitment expansion are all achievable before any general election. They are this programme's early wins and its political foundation.

Why This Programme Is Different: The Structural Answer

The standard answer to "why will this government succeed where others failed" is "we're more determined" or "we've learned from mistakes." These are not structural answers. They are character arguments. They do not survive contact with reality.

The structural answer is threefold.

First: this programme front-loads institutional reform. The Governance reforms (OBR early engagement, civil service emergency reserve, national crisis council, BoE coordination protocol) and Civil Service capacity building are delivered before this programme's major commitments are measured against their timelines.

Second: this programme names specific accountability structures. Every commitment in this post has a named body, a named minister accountable to Parliament for that body's performance, and a named reporting mechanism. The Health and Social Care Select Committee gets quarterly reports on NHS workforce milestones. The Treasury Select Committee gets annual reports on LVT implementation progress. The OBR produces an annual implementation assessment alongside its fiscal risks report. Accountability is not implied. It is specified.

Third: this programme specifies its own failure modes. Every major commitment has a named scenario in which implementation falls short, a named trigger for the automatic adjustment mechanism, and a named body responsible for implementing the adjustment. This is the missing element from every previous state capacity programme. Universal Credit failed in part because there was no pre-committed adjustment mechanism: when the digital system did not work, there was no automatic trigger to switch to a different delivery model, only a political decision, made under pressure, to extend the rollout timeline. This programme has pre-committed adjustment mechanisms because the political decision about what to do when things go wrong was made during this programme's

design, not during the crisis.

This programme does not promise success. It promises a specific, accountable, measurable process for achieving it, and a specific, named mechanism for correcting the process when the specific, named things that will go wrong go wrong.

That is the structural answer to the wish-list attack: "here is the architecture, here are the names, here are the triggers, and here is what happens if it fails." Previous governments did not provide that. This programme does.

Sources

1. **Annual programme total** (GBP 72-91 billion): Programme model (data/ctw/calculations.csv). Components: programme-food-cost, programme-energy-cost, programme-health-cost, programme-housing-cost, programme-social-security-cost, programme-defence-cost, programme-justice-cost. Validated range: 72-91 GBP bn.
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4. **Dilnot social care lifetime cap** (GBP 86,000): Dilnot Commission / Care Act (2011-07). Lifetime care cost cap recommendation.
5. **Dilnot original cap cost estimate** (GBP 1-2 billion): Dilnot Commission (2011-07). Original 2011 estimate.
6. **Full social care reform cost by 2024/25** (GBP 8 billion): Health Foundation (2023-06). 2024/25 projection.
7. **Full social care reform cost by 2032/33** (GBP 18 billion): Health Foundation (2023-06). 2032/33 projection.
8. **CPO hope value compensation reduction** (30%): CTW programme model (2026-06). *Programme model; see calculations.csv*. High-value area land assembly.
9. **International nurse recruitment decline** (30%): NMC registration data (2025-03). Year-on-year decline.
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11. **Residential property levy fallback yield** (GBP 2-3 billion): CTW programme model (2026-06). *Programme model; see calculations.csv*. If LVT fails at second reading.
12. **Dilnot supplementary estimate trigger** (20%): CTW programme model (2026-06). *Programme model; see calculations.csv*. Automatic supplementary estimate threshold.

Verification status: **verified** = official source linked; **estimate** = named organisation; **scenario** = series conditional projection; **internal_calc** = modelled

from programme components in data/ctw/calculations.csv.

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The Political Environment

How hostile media, platform power, and political survival shape delivery.

The Press and Media

Main chapter

No programme of this scale survives sustained hostile coverage from the dominant British press, or transatlantic platform amplification that can destabilise UK politics in 72 hours. This chapter covers the political environment, not delivery mechanics.

Update, 2 August 2026. Two shifts sharpen the risk this chapter covers. First, US decisions on Iran now land directly on UK bases and alliance posture; the transatlantic problem is operational, not only amplification of domestic rows. Second, supermarket CEOs framing food as national security, and Macron's wartime-scale language on Europe's fires, mean the packaging fight is live. Rapid response has to defend a delivery programme from being turned into either a hostile cartoon or a polite procurement story.

The delivery chapters describe what a government could do. Governance, Civil Service, and How It Gets Done describe whether the state can execute it. This final chapter describes what the political and information environment does to programmes like this.

A press that is structurally hostile to progressive governance is not a messaging problem. It is a political survival problem.

You can win the fiscal argument and lose the country if the dominant media frames every intervention as theft, every tax rise as betrayal, and every institutional reform as bureaucratic empire-building before lunch on the day of announcement.

The press problem

No programme of this scale survives sustained hostile coverage from the dominant British press. The Sun, the Mail, the Telegraph, the Times: they are owned by people with direct financial interests in the status quo. This is not a conspiracy theory. It is a description of the ownership structure of the British press.

Land value tax, planning reform, and expanded social housing are threats to asset values, development margins, and the political coalition that has benefited from forty years of housing policy as it currently operates. This programme

should expect coordinated opposition and plan for it rather than hope for fair coverage.

The British press also has a specific tool for silencing investigative journalism: legal threat. A newspaper publishes material embarrassing to a powerful person. The response is often a letter before action threatening defamation proceedings. Defending a claim is expensive. Pursuing one is cheap for a well-resourced defendant. The threat alone frequently suffices.

The political implication is that accountability journalism becomes structurally suppressed. The people who benefit are not the public. They are the people wealthy enough to use the legal system as a weapon.

The regional press is in a different situation. The collapse of local journalism is primarily financial. Advertising revenue migrated to platforms. Large parts of the UK have no local newspaper or a single under-resourced journalist covering an entire county. That matters for this programme because local delivery depends on local consent. Councils building social housing need local reporting that explains what is being built and why, not a vacuum filled by rumour.

This programme supports public interest journalism through charitable status reform for qualifying news publishers and a platform levy funding local reporting. These are responses to market failure that currently leaves democracy blind at the local level, not attacks on press freedom.

During this programme's own legislative fights, expect bad-faith coverage. Expect front pages that conflate commercial land tax with a bedroom tax on pensioners. Expect selective leaks designed to split the Labour coalition. The response is not to hope for fairness. It is to build a communications architecture that reaches people through local media, direct ministerial explanation, and allied civil society organisations that can carry accurate detail when national outlets will not.

The transatlantic amplification problem

In early June 2026, a British teenager was murdered in Southampton. The suspect was a man with legal immigration status. Within hours, the far-right organised protests using digital platforms. The world's richest man, who owns one of those platforms, posted repeatedly to his vast following, claiming British police were institutionally racist, offering to fund a private prosecution, and describing the UK institutional framework as an evil state religion. The US Vice President then publicly weighed in on a UK legal matter.

The effect was not simply amplification. It was organisational: posts coordinated action across multiple UK cities within 72 hours.

That pattern is how structural myths become national crises. Net migration was provisionally 171,000 in the year to December 2025{{FIGREF:net-migration-171k:1}} (ONS), down from the revised 2023 peak, yet coverage rarely carries that context. Claims that migrants are overwhelming the NHS, jumping social

housing queues, or draining benefits are testable against sector evidence in Health & Social Care, Housing, and Social Security. Platform amplification does not wait for those chapters to be read.

This is a qualitatively different threat from hostile newspapers. A platform owner posting directly has no editorial constraint. Content is amplified by the algorithm and organises real-world action before institutional response can mount.

Traditional media has a response time measured in hours because it requires editorial and legal review. A platform owner posting directly has no equivalent constraint.

A government facing this threat needs a rapid response function: an operational unit in the Cabinet Office with real-time monitoring of major platform activity, direct access to the Prime Minister and senior ministers, and pre-authorised communication channels that can respond within hours of a triggering event.

Ofcom has authority under the Online Safety Act to require platforms to remove content that constitutes a threat to public order. This programme commits to using those powers fully when platforms coordinate political violence in the UK. That is not censorship of debate. It is enforcement of existing law against organised harm.

The transatlantic amplification threat is a national security problem. A foreign actor with motivation, platform, and technical capacity to influence UK domestic politics in real time, organising protests and riots with the weight of US political leadership behind his framing, is a threat to UK sovereignty in a meaningful sense.

What this programme does

Rapid response unit. Cabinet Office team with monitoring, ministerial access, and pre-cleared communications templates for platform-driven crises. Tested in exercises, not invented on the night.

Platform accountability. Full use of Online Safety Act powers where content coordinates violence. Transparent reporting on takedown requests and outcomes.

Public interest journalism fund. Platform levy supporting local and investigative reporting, with charitable status reform for qualifying publishers.

Ministerial discipline on engagement. Senior ministers do not amplify unverified platform narratives during active incidents. The government speaks from verified process, not from whatever trended in the last hour.

How It Gets Done sequences press reform in the parliamentary calendar. This chapter names the environment that sequencing must survive.

Why this is the closing chapter

You can have the right programme, the right fiscal arithmetic, a reformed civil service, and a credible implementation architecture, and still lose politically if the information environment manufactures crises faster than institutions can respond.

The series opened with The Situation: structural pressures compounding together. It closes here because political survival is itself a structural pressure. A programme that ignores the media environment is a programme written for a country that does not exist.

The short version: delivery is necessary. Governance and capacity are necessary. Fiscal credibility is necessary. None of it happens without the political space to sustain a decade of work.

Optional depth: The Press: Deep Dive · Reform Counter-Narrative.

This is the final chapter in the delivery and institutional sequence.

Sources

1. **Net migration year to Dec 2025** (171,000): ONS provisional long-term migration (2025-12). Provisional ONS figure cited in press chapter.

*Verification status: **verified** = official source linked; **estimate** = named organisation; **scenario** = series conditional projection; **internal_calc** = modelled from programme components in data/ctw/calculations.csv.*

The Press and Media (Deep Dive)

Deep dive

No programme of this scale survives sustained hostile coverage from the dominant British press, or transatlantic platform amplification that can destabilise UK politics in 72 hours. This deep dive covers ownership, legal harassment, regional journalism, platform accountability, and communications strategy in a hostile environment.

The Political Environment Problem

The delivery chapters in this series describe what a government could do. Governance, Civil Service, and How It Gets Done describe whether the state can execute it. This deep dive addresses whether the information environment allows that programme to survive politically.

A press that is structurally hostile to progressive governance is not a messaging problem. It is a political survival problem. Platform amplification from outside UK jurisdiction is a national security problem on a different timescale.

The Transatlantic Amplification Layer: What June 2026 Revealed

The British press is structurally hostile to progressive governance, owned by people with interests in the status quo, and resistant to programme communications that challenge those interests. That is the baseline analysis. But there is a threat operating above and beyond the domestic press that this programme's communications strategy has not adequately accounted for.

This is not a theoretical risk. It happened in June 2026.

In early June 2026, a British teenager was murdered in Southampton. The suspect was a man with legal immigration status. Within hours, the far-right had organised protests using digital platforms. The world's richest man, who owns one of those platforms, then posted repeatedly to his vast following, claiming British police were institutionally racist against white people, offering to fund a private prosecution of Hampshire Constabulary, and directly describing the UK institutional framework as an evil state religion. The US Vice President then publicly weighed in on a UK legal matter.

The effect was not only amplification. It was organisational: the posts coordinated action across multiple UK cities, providing the focal point around which existing far-right networks mobilised. Belfast, Glasgow, Southampton, all within 72 hours of the initial posts.

This is a qualitatively different threat from the press being hostile to this programme. The press being hostile means this programme's message does not land fairly. A transatlantic platform owner actively coordinating UK riots means this programme faces an actor with the motivation, the reach, and the infrastructure to generate political crises that bypass domestic political accountability entirely.

Why this changes the analysis. This programme communications plan is designed for a media environment where the response time to a government announcement is hours, and where the primary challenge is getting this programme's frame to land through channels that are editorially hostile. That strategy is not adequate for an environment where a foreign platform owner can generate a domestic political crisis within 72 hours by posting about a specific legal case.

The velocity difference is structural. Traditional media has a response time measured in hours because it requires editorial decisions, legal review, and publication processes. A platform owner posting directly has no equivalent constraint. The content goes out, is amplified by the platform's algorithm, and organises real-world action before any institutional response can be mounted.

Press reform is relevant but insufficient. Press reform is a years-long project. The transatlantic amplification threat is active now and will remain active regardless of what happens to the domestic press landscape, because the threat comes from outside UK jurisdiction.

What a response requires. A government facing this threat needs capabilities it currently lacks.

A rapid response function: an operational unit, sitting inside government, likely within the Cabinet Office or a dedicated communications security unit, with real-time monitoring of major platform activity (not just UK platforms but X, Telegram, and other platforms with significant UK reach), with direct access to the Prime Minister and senior ministers, and with pre-authorised communication channels that can respond within hours of a triggering event. The triggering criteria should be defined: coordinated mobilisation of far-right groups, calls for violence against public officials or institutions, or foreign actor intervention in a UK legal matter. When triggered, the unit has two hours to produce a factual response, four hours to have it in market, and 24 hours to have it across all government channels. This is not a media team. It is an institutional firefighting capability with political authority.

Platform accountability via existing UK regulators: Ofcom has authority under the Online Safety Act to require platforms to take down content that constitutes a threat to public order. The CMA has authority over platforms with significant market power. The specific mechanism: Ofcom issues a notice requiring removal of content that meets the triggering criteria within a defined timeframe, 24 hours for urgent cases, with escalating penalties for non-compliance (financial penalties up to 10%¹ of global revenue for systematic failure). This is not waiting for international agreements. It is using existing law that is already on the statute book. This programme should announce that it will use these existing powers fully and without hesitation when platforms are used to coordinate political violence in the UK.

The legal dimension: the offer to fund a private prosecution of a UK police force by a foreign national through a foreign platform raises questions about what the law permits and what it should permit. This deserves legal analysis that is currently missing from UK policy. Specifically: does the legal framework for private prosecutions have jurisdiction over foreign nationals funding prosecutions from abroad? Does the Online Safety Act have provisions that cover this specific pattern? Are there grounds for exclusion orders under national security legislation? These questions should be resolved by the Home Office and the Attorney General within the first 100 days of this programme.

The communications dimension: when a foreign actor is actively working to destabilise UK institutions, this programme's communications strategy needs to account for that actor specifically. Naming Musk directly, as Starmer did, is the right instinct. But naming alone is not sufficient; there must be a response infrastructure that acts on the information. The government should maintain a

standing statement on foreign platform intervention in UK domestic politics that is pre-prepared and deployable within hours: the statement names the actor, describes the specific intervention, states the government's position, and outlines the response. This is not reactive. It is pre-planned institutional response to a foreseeable event.

The honest assessment. The transatlantic amplification threat is not a communications problem. It is a national security problem. A foreign actor with the motivation, the platform, and the technical capacity to influence UK domestic politics in real time, to organise protests and riots, and to do so with the full weight of US political leadership backing his framing, is a threat to UK sovereignty in a meaningful sense, not just a communications nuisance.

This programme needs to name this directly and propose a response that is adequate to the threat. It is not adequate to say we will work around the hostile press. The threat is no longer only the hostile press.

The domestic press problem is the secondary challenge. Its structure matters.

The Political Risk That Requires a Strategy

No programme of this scale survives sustained hostile coverage from the dominant British press. That is not a media criticism point. It is a political risk assessment.

The Sun, the Mail, the Telegraph, the Times: they are owned by people with direct financial interests in the status quo. They are not neutral news organisations that will cover this programme fairly if it is communicated well. They are editorial operations with specific worldviews, specific advertiser relationships, and specific owners who have structured their wealth around the current arrangement of property, tax, and political power. This is not a conspiracy theory. It is a description of the ownership structure of the British press.

This programme communications plan addresses how to communicate. This post addresses the structural question of whether the media ecosystem allows that communication to land. They are related but distinct. You can have the best communications operation in political history and it will not survive a media ecosystem that is designed to prevent your message from reaching the public.

The British Press Landscape

The concentration of British press ownership is extreme by international standards. The Barclay brothers own the Telegraph Group. Lord Rothermere controls Associated Newspapers (the Mail and Mail Online). News Corp owns the Times and the Sun. The Guardian is owned by a charitable trust, which makes it independent but also financially precarious. The FT is owned by Nikkei, a Japanese media company with its own editorial interests.

Each of these ownership structures produces a consistent editorial stance. The Telegraph Group is ideologically conservative in the specific British sense: pro-

business, sceptical of state intervention, generally hostile to progressive taxation, and institutionally sympathetic to the Conservative Party. Associated Newspapers has a more populist orientation that mixes social conservatism with economic liberalism and a specific editorial hostility to progressive governance narratives. News Corp's UK titles have historically been the most volatile and the most politically interventionist, as demonstrated across multiple election cycles.

The regional press is in a different situation. The collapse of local and regional journalism is not primarily an ideological problem. It is a financial problem. The advertising model that sustained regional newspapers was destroyed by digital platforms, primarily Google and Meta, over roughly fifteen years. The result is that large parts of the UK have either no local newspaper coverage or coverage that is provided by a single under-resourced journalist covering an entire county. The BBC provides some local coverage, but its own financial pressures are reducing that capacity. The news desert problem is real and it is growing.

The ideological press is financially viable because it serves a niche that is valuable to specific audiences and advertisers. The regional press is financially precarious because its advertising model has been destroyed and there is no obvious replacement. The political implication is that the national press, which is the primary risk to this programme, is not going to change its editorial stance because it needs this programme to succeed. This programme needs a strategy for that.

The Legal Harassment Problem

The British press has a specific tool that is used to silence investigative journalism and public interest reporting: legal threat. This is not theoretical. It has been documented extensively by the Campaign for Freedom of Information, by the media law charity Reprieve, and by investigative journalists who have experienced it directly.

The mechanism is straightforward. A newspaper or campaign group publishes material that is embarrassing to a powerful person or institution. The response is not a published rebuttal. It is a letter before action threatening defamation proceedings, claiming damages for reputational harm, and demanding that the material be taken down and a correction published. The cost of defending a defamation claim is substantial. The cost of pursuing one is effectively zero for a well-resourced claimant. The asymmetry means that the threat alone is frequently sufficient to achieve its objective.

The specific case that illustrates this most clearly is the use of privacy law and defamation law against journalists investigating the financial affairs of wealthy individuals. The pattern is documented in the work of the finance journalist Nick Shahl and in the academic literature on strategic litigation against public participation. A wealthy individual or their associated structures issues a privacy

injunction or a defamation claim. The journalist or publication, faced with legal costs that could run to hundreds of thousands of pounds, withdraws the story or significantly narrows it. The original subject suffers no consequences because the legal system provides a mechanism for suppressing public interest reporting without requiring the underlying claim to be tested in court.

The political implication is not only that certain stories do not get published. It is that the investigative journalism that might hold powerful people and institutions accountable becomes structurally suppressed. The people who benefit from this suppression are not investigative journalists. They are the people who have enough wealth to use the legal system as a weapon.

Regulatory Reform Options

The press self-regulation model established under IPSOC has failed in its stated purpose. It was designed to provide independent oversight of press standards without statutory regulation. It has not delivered that. The Leveson Inquiry followed by IPSOC's establishment documented a specific pattern of press behaviour that included phone hacking, surveillance of families of crime victims, and payments to public officials for information. The regulatory response was a self-regulatory body that has not demonstrably prevented recurrence of those practices.

The alternative models are worth assessing honestly.

Statutory regulation with genuine independence is the most direct response to the IPSOC failure. A body with statutory backing, appointed through a process that is independent of both government and press ownership, with real enforcement powers and effective remedies for complainants, would address the structural problem. The political difficulty is that any statutory regulator can be reformed by a future government that dislikes its findings. A regulator that is genuinely independent of government is easier to establish than to maintain.

Charitable status for public interest journalism is a different approach. It would provide a tax-advantaged funding structure for journalism that serves public interest purposes without requiring direct government editorial control. The model exists in several European countries. The difficulty in the UK context is defining public interest journalism in a way that is both useful and not captured by partisan interests. The definition matters enormously. A charitable status regime that is captured by the existing press ownership structure would benefit the existing press and do nothing for the public interest journalism that is actually missing.

The OFCOM route is worth considering. OFCOM already regulates broadcast media with a combination of statutory authority and genuine independence. Extending its remit to cover a broader range of news and journalism activity, with a specific public interest journalism mandate, would leverage an existing institutional structure rather than creating a new one. The difficulty is that

OFCOM's existing mandate is about broadcast standards, not press standards, and the cultural and legal traditions around press freedom in the UK make extension of regulatory authority to print journalism politically sensitive in ways that broadcast regulation is not.

None of these options is clean. The honest assessment is that regulatory reform of the press is politically achievable only in limited form, and that the most durable reforms are structural rather than regulatory: funding for public interest journalism that creates alternative voices, and legal reform that reduces the asymmetry between wealthy litigants and publishers.

Public Interest Journalism Funding

The collapse of local and regional journalism is a specific problem that requires a specific solution. It is not primarily about editorial standards. It is about the economics of local news gathering in a world where the advertising model has been destroyed.

The news desert problem is documented. In 2024, there are parts of the UK where no local newspaper exists, where the BBC does not have a dedicated local correspondent, and where local government decisions are made with no substantive journalistic coverage. The decisions that affect people's lives, at the level closest to where they live, are increasingly made without any public accountability mechanism through journalism.

A public interest journalism fund would address this directly. The design is not complicated in principle. A fund, administered through a body with genuine independence from both government and press ownership, that provides grants for local and regional journalism covering local government, local health services, local planning decisions, and local economic activity. The fund would be open to new entrants, not only to existing publishers. It would prioritise coverage of communities that currently have none.

The cost is modest relative to the problem. A fund of GBP 100{{FIGREF:local-journalism-fund:2}} to 200 million{{FIGREF:local-journalism-fund:2}} per year could sustain a meaningful network of local journalism operations across the UK. That is not a large sum relative to the national advertising market that has been destroyed, most of which flowed through local and regional newspapers. It is a small investment in the accountability infrastructure that local democracy depends on.

The design question that matters most is governance. A fund controlled by the existing press ownership structure will sustain the existing press, not public interest journalism. A fund that is genuinely independent, with editorial criteria defined in statute and applied by an independent panel, could create the journalism infrastructure the country needs.

The Communications Strategy Dimension

This programme communications plan, which exists in this programme documentation, addresses how to communicate: the messaging, the channels, the target audiences, the timing. This post has addressed the structural question of whether the media ecosystem allows that communication to land.

The honest assessment is that it does not, reliably, through the dominant channels. The Sun, the Mail, the Telegraph, and the Times are not going to give this programme a fair hearing. They are going to cover it in ways that serve their owners' interests, which are not the interests of the people this programme is designed to serve. The communications plan has to account for that, which means it has to be designed for a hostile media environment, not a neutral one.

The implication is that this programme's communications strategy has to be direct-to-citizen in a way that British political communications have not historically been. If the dominant press will not carry the message, this programme needs channels that bypass the dominant press. That means digital, community, local, and peer-to-peer. It means paying for reach rather than hoping for editorial goodwill. It means treating the hostile press not as a communications problem to be solved but as a structural fact to be worked around.

Why the Political Environment Cannot Be Ignored

A press that is structurally hostile means this programme fails on political survival, regardless of how well it is delivered. Platform amplification from outside UK jurisdiction can manufacture crises faster than institutions designed for business-as-usual government can respond.

This programme in this series is the most detailed, honest accounting of what a UK government that wanted to serve the people in it would do. This post has described the information environment that determines whether any of it is politically survivable. Delivery capacity is covered in Civil Service and State Capacity. Implementation architecture is covered in How It Gets Done. Neither is optional. Neither is easy. Both require a government willing to treat hostile media and platform power as structural facts, not communications problems to be solved with better messaging.

Sources

1. **Platform penalty cap (global revenue)** (10%): Online Safety Act (2023-10). Systematic failure penalty ceiling.
2. **Local journalism fund (annual)** (GBP 100-200 million): CTW programme model (2026-06). *Programme model*; see *calculations.csv*. Sustain local journalism network.

Verification status: **verified** = official source linked; **estimate** = named organisation; **scenario** = series conditional projection; **internal_calc** = modelled

from programme components in data/ctw/calculations.csv.

How Programmes Get Destroyed: The Reform Counter-Narrative

Evidence

How right-populist attack lines destroy programmes before delivery: the Reform playbook, media amplification, and what a government would need to survive it.

The Press and Media chapter describes ownership, platforms, and rapid response. This companion names the political product those channels often sell: a programme like the one in this series does not fail because the fiscal arithmetic was wrong. It fails because an opponent turns it into a story about betrayal before the first brick is laid.

Update, 2 August 2026. Wartime-scale and food-security framing will be contested as "panic" or "control." The Press August note and this playbook should be read together.

That opponent does not need to win a general argument about industrial policy or NHS funding. It needs to make continued delivery feel humiliating to the coalition that must sustain it for a decade.

The attack template

The template is repeatable. It has been used against every serious reform attempt in British politics for forty years, and it has been refined by parties that treat outrage as infrastructure.

Step one: personalise the cost. Take a technical fiscal choice and attach it to a sympathetic victim. Land value capture becomes "they are coming for your garden." A progressive tax band becomes "punishment for success." A housing programme becomes "queue-jumping for migrants," regardless of what the Housing chapter actually says.

Step two: accelerate betrayal. Claim the government has already broken an implicit promise, even when the promise was never made. This works because modern governments over-promise. The attacker does not correct the over-promise. It weaponises the disappointment.

Step three: offer belonging without delivery. The far right sells a community that asks nothing of you except loyalty to the tribe and hostility to the out-group. A serious programme asks you to pay, wait, and tolerate disruption while systems are rebuilt. In a low-trust environment, belonging without delivery often wins the first news cycle.

Step four: internationalise the grievance. Platform amplification, described in the Press chapter, means a local housing dispute can be framed as civilisational collapse within 72 hours. The Culture Wars chapter explains the manipulation mechanics. This piece names the target: any programme that requires collective patience.

What Reform-style politics adds

Reform UK and its equivalents are not a policy party in the conventional sense. They are a pressure release valve for people who correctly sense that the settlement is failing and incorrectly believe the failure is caused by whichever group they have been told to blame.

That makes them dangerous to a delivery programme in specific ways:

- They do not need a costed alternative. "Stop the boats" and "cut waste" are emotionally sufficient without spreadsheets.
- They benefit from programme half-failure. If social housing starts slowly, the attacker cites it as proof the state cannot build. If it builds quickly, the attacker cites it as proof your area is being changed without consent.
- They align with asset interests without advertising the alignment. Opposition to planning reform and land taxation is often funded and amplified by people who will never vote Reform but will fund the headlines Reform voters repeat.

A government planning GBP 72-91 billion of annual programme spend cannot treat this as a fringe annoyance. In a fragmented electorate, 15-20% stable hostile opinion plus hostile media is enough to panic the governing coalition into retreat.

What does not work

Fact-checking alone. Correcting a false claim about NHS spending does not reach the person who heard the false claim on a relative's WhatsApp chain. Accuracy is necessary. It is not sufficient.

Technocratic patience. "Trust the process" fails when the process has failed people for fifteen years. The Situation chapter exists because the audience already knows the process failed.

Splitting the difference. Half a planning reform, half a land tax, half a social housing target gives the attacker a line about weakness and gives supporters a line about betrayal. Timidity satisfies nobody.

Ignoring the identity layer. If the only response is "here is the IFS table," the emotional register of the attack goes unanswered.

What a serious government does instead

Pre-brief the coalition, not just the lobby. Trade unions, council leaders, faith groups, and regional press need the argument before the Mail front page lands. That means months of private explanation before public announcement, which is the opposite of how British governments usually operate.

Name the trade-off in plain language. "This will be disruptive. Here is who benefits and on what timetable." The Fiscal Framework is honest about borrowing. The political case must be equally honest about inconvenience.

Tie national programmes to visible local wins early. People tolerate abstract reform if something concrete improves within one electoral cycle: a warm hub that stayed open, a flood defence that was built, a waiting list that moved. How It Gets Done sequences legislation. Political survival requires sequencing visible delivery even earlier.

Use the rapid response unit for organised harm, not for debate. The Press chapter draws a line between censorship and enforcement when platforms coordinate violence. The same discipline applies to ministerial Twitter: do not amplify bad-faith framings while trying to refute them.

Build a counter-belonging. The Introduction asked for belonging without poison. That is not sentiment. It is strategy. Street-level organisations described in What Could Be Enabled are part of the immune system.

The line that survives

The attacker will say: "They are doing this to you."

The response is not: "No they are not."

The response is: "We are doing this for each other, and here is the first thing you can see."

A programme that cannot answer that sentence in the first year does not reach the second year. Media architecture matters. Fiscal credibility matters. None of it substitutes for visible proof that the country still knows how to build.

Parent chapter: The Press and Media. Optional depth: The Press: Deep Dive.

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Appendix

Cross-cutting material that runs through the programme.

Climate: The Compounding Crisis

Cross-cutting appendix

Climate is not one chapter among many. It is the layer running through food, energy, health, housing, and the public finances, making each worse and faster. Why it is cross-cutting, why the official picture understates the risk, and why the manufactured doubt looks so familiar.

Update, 2 August 2026. Climate pressure is an active operational event, not a backdrop. England recorded hundreds of wildfires in 2026; a dense cluster hit in mid to late July. Half of England is in official drought after a bone-dry July. The Dunwich Heath fire burned about 150 hectares, forced evacuations, and sat a few miles from Sizewell B, which operators said they were monitoring and which was not reported as affecting plant operations. France and Spain have evacuated hundreds of thousands this summer; Macron called it the toughest since the Second World War. The US sits at National Preparedness Level 5. Adaptation, drought response, and neighbourhood resilience are live gaps. The National Emergency Briefing campaign is asking for a wartime-scale climate response in the same language this chapter uses.

The rest of this series treats climate as a layer rather than a chapter, because that is what it is. It does not sit alongside food, energy, health, and housing as a separate problem to be solved in its own box. It runs through all of them, making each one worse and faster. This piece pulls that layer out and looks at it directly, because a backdrop that shapes every other chapter deserves to be named in full at least once.

It is being written in a European heatwave. That is not a rhetorical flourish. It is the point. For most of the time climate has been discussed in British politics, it has been framed as a future risk: something for the 2040s, something for our children, something to be traded off against growth today. That framing is now out of date. The cost is arriving in the present, in this decade, in this summer. A wartime-scale response means treating that arrival as the planning assumption, not a surprise.

Why it compounds rather than adds

A separate problem can be addressed separately. A compounding layer cannot, because it multiplies the others.

Climate volatility hits **food** at the same time as fertiliser and shipping shocks: drought and flood damage growing seasons exactly when input costs spike, so two pressures land on the same harvest. It hits **energy** by driving summer cooling demand onto a grid already running thin margins in winter, while the households paying more to stay cool are often the same ones already in fuel poverty. It hits **health** through heat mortality, respiratory illness, and a summer

surge the NHS was never resourced for, on top of the winter one it already cannot manage. It hits **housing**, because much of the stock was built to retain heat in a cold country and now traps it in a warming one, and because building continues on flood plains where insurance is becoming unaffordable. And it hits the **public finances**, because uninsured flood losses, crop-failure support, and infrastructure repair all land on the same balance sheet that everything else in this series is competing for.

The sector chapters carry the detailed response: Food, Energy, Health & Care, and Housing each address their own piece. The fiscal framework carries the cost. What this piece adds is the connecting logic, and the reason the official picture tends to understate it.

The British reality, now

Britain's weather has stopped being a backdrop and become an accelerator. Winters are wetter, with rainfall intensity rising and flooding events recurring in the same counties within a few years rather than once a generation. Summers are hotter, with temperature records broken at a frequency that would have looked implausible a decade ago. The heatwave conditions of 2026 are not a model output for the 2030s. They are the conditions on the ground while this is being written.

This matters for the rest of this programme because it removes the comfort of treating adaptation as optional. A country that floods every few years and bakes every summer cannot run its food, energy, health, and housing systems on the assumption of a stable climate. The assumption is already wrong. The only question is whether the systems are rebuilt to match the new reality or left to fail against it one season at a time.

Why the official picture understates the risk

There is a quiet structural problem in how climate risk reaches decision-makers, and it runs in one direction: toward understatement.

Formal projections tend to cluster around central estimates and treat the worst-case tails as too speculative to plan around. That is understandable as scientific caution, but it has a perverse effect. The outcomes that would be most catastrophic, and therefore most worth insuring against, are precisely the ones least likely to appear in the headline number a minister sees. Researchers who emphasise tail risks face a professional cost: they are accused of alarmism, and alarmism is career-limiting in a way that conservatism is not. So the incentives push the published picture toward the reassuring middle, even as the observed reality keeps arriving at the pessimistic end.

The result is a systematic bias toward underestimation in exactly the situation, a fat-tailed risk to critical systems, where underestimation is most dangerous. A sensible government does not plan only for the central case of a stable-ish

climate. It stress-tests against the bad tail, because the bad tail is where the food, energy, and health systems break together. This is the same logic the fiscal framework applies to gilt markets and the defence chapter applies to security: you plan for the dangerous case, not the convenient one.

The manufactured doubt looks familiar

There is a reason climate has been kept in the future tense for so long, and it is not scientific uncertainty.

The pattern is one Britain has seen before. When the tobacco industry faced evidence that its product killed people, it did not try to win the science outright. It funded enough doubt to delay regulation for decades: emphasise uncertainty, fund contrarian voices, frame any action as premature and economically reckless, and run out the clock while the product kept selling. The strategy worked for a long time because manufacturing doubt is cheaper than disproving a fact, and delay is itself a victory for an incumbent.

The fossil fuel and asset-heavy interests with the most to lose from rapid decarbonisation have had every incentive to run the same playbook, and the culture wars chapter describes the mechanism in general terms: take a real cost, attach it to an identity, and turn a question of physics and engineering into a tribal loyalty test. Climate became a culture-war marker rather than an infrastructure problem, which is exactly the outcome that serves delay. You do not need to believe in a single coordinated conspiracy to see a shared interest in keeping the argument about values rather than about pipes, grids, harvests, and flood defences.

What naming the layer changes

Treating climate as a compounding layer rather than a standalone cause does two things at once. It refuses the false comfort of thinking climate can be parked in its own department while the real business of food, energy, and health carries on. And it refuses the equal-and-opposite error of treating climate as a single apocalyptic story that swallows every other problem and paralyses action.

Climate is the weather the rest of this programme has to be built in. Name it honestly, plan for the bad tail rather than the convenient middle, and stop letting manufactured doubt set the timetable. Then the sector chapters can do their work knowing what they are working against.

The detail lives in the chapters this layer runs through: The Situation sets the baseline, and Food, Energy, Health & Care, and Housing carry the response.

Water and sewage infrastructure is part of that same compounding picture: Water, Sewage, and Regulatory Failure.

Water, Sewage, and Regulatory Failure

Evidence

Privatisation, Ofwat, investment failure, and what fixing water and sewage would require alongside climate adaptation.

Climate treats weather as a compounding layer through food, energy, health, and housing. Water and sewage are where that layer meets something Britain built badly on purpose: a privatised monopoly sector optimised for dividends and debt, not for resilience.

Update, 2 August 2026. Drought declarations across half of England make under-investment in storage, leakage, and sewage overflows an operational crisis, not only a regulatory scandal. Read alongside the Climate August note.

This is not a sidebar. When rivers fail bathing standards, basements flood with sewage as well as rainwater, and hospitals cancel operations because of water quality incidents, the cost lands on the same NHS and fiscal lines the rest of this programme is trying to repair.

What went wrong

England's water and sewerage companies were privatised in 1989 with a promise of investment and efficiency. What followed is documented in public accounts and enforcement data:

- **Debt loading.** Several major companies carry debt levels that would be unthinkable in a publicly accountable utility, because leveraged structures extracted value for shareholders while investment lagged.
- **Sewage overflow.** Storm overflows discharge untreated sewage into rivers and coastal waters when rainfall exceeds treatment capacity. The frequency has been far higher than the public was told until monitoring improved and campaigners forced disclosure.
- **Underinvestment in resilience.** Pipes, pumps, and treatment works age. Climate-intensified rainfall increases peak loads. The system was not built for the weather Britain now has.

The Housing chapter addresses flood risk on new development. This chapter addresses the infrastructure that must cope when it rains on what is already built.

Why regulation failed

Ofwat and the Environment Agency are not absent. They are structurally constrained.

The price review cycle rewards predictable outcomes for investors. Heavy capital programmes threaten dividend paths. Companies game performance metrics.

Enforcement actions arrive years after harm. Fines are often treated as a cost of business rather than a reason to change behaviour.

This is the same pattern described in Governance and The Press and Media: institutions designed for calm Tuesdays meeting compounded crises on wet Wednesdays.

When a sector is both essential and politically toxic, ministers intervene late, announce a "tough regulator," and avoid the ownership question until the next summer of headlines.

Health, place, and trust

Sewage in rivers is not only an environmental story. It is a **health** story when inland bathing sites fail and coastal communities lose tourism income. It is a **housing** story when insurance for flood-plus-sewage events becomes unaffordable. It is a **trust** story when people are told to accept bill rises while executives bonus.

The Health & Social Care system has no spare capacity for waterborne illness surges on top of heat mortality. Treating water as a green niche issue is a category error.

What this programme would do

Special administration with public purpose. Where companies cannot finance required investment, place them in special administration with a statutory mandate: investment first, dividends suspended, debt restructured. This is not ideology for its own sake. It is what you do when a monopoly fails its licence conditions.

Investment floor in the price review. Minimum capital spend on sewage and leakage reduction, audited independently, not self-reported. Breach triggers automatic penalty and board disqualification for responsible executives, not only corporate fines.

Regional public ownership option. Wales and Scotland show different models. England need not unify overnight, but new regional public corporations should be a lawful end state for failing franchises, with transparent governance and borrowing for twenty-year asset life, not quarterly extraction.

Climate adaptation standard. Every company publishes a climate stress test: peak rainfall scenarios, combined sewer overflow reduction timetable, and interdependence with energy for pumping and treatment. The Climate chapter's bad-tail logic applies here: plan for the wet year, not the average year.

Housebuilding linkage. Developments that increase runoff must fund upstream mitigation or face refusal. The planning system cannot keep approving estates that assume nineteenth-century pipes will cope.

Fiscal note

Renationalisation headlines distract from the immediate arithmetic. The first costs are **investment**, whether public or private balance sheets carry them. Order of magnitude for catching up sewage and leakage backlog across England runs to tens of billions over a decade, much of it capital that should never have been deferred.

That capital sits alongside housing and grid spend in the long-term investment bucket described in the Fiscal Framework, not in the annual programme table for food and social security. Pretending otherwise is how Britain got here.

Why it belongs in the climate appendix

Climate multiplies water stress. Hotter summers increase demand. Intense rainfall overwhelms combined systems. Drought orders compete with agricultural need in the same catchments as Food Security.

Ignoring water until it becomes a scandal is the old model. Naming it here is part of refusing the old model.

Parent chapter: Climate. Related: Housing and Planning, Governance.