

The Alternative Budget 2025, Part 4: Renationalisation

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The Alternative Budget 2025 Part 4 Renationalisation

Rachel Reeves will be presenting her Budget on November 26, [if the Labour government of which she is a part lasts that long](#).

I will be commenting on that Budget on the day on BBC Radio 2, and elsewhere afterwards, but what is already clear is that whatever Reeves has to say, she will miss the required mark by a very long way. Being aware of that, I thought it appropriate to offer an alternative Budget speech ahead of the time when she offers her own. Given the significance of this issue, it will be addressed in parts over the next week or so, leading up to Budget Day.

This fourth part addresses a key issue in the UK economy: the future ownership and control of our public utilities. Unless this issue is addressed, the future basis for our economic and climate security cannot be guaranteed, and inflation will be much harder to control.

If there is one arena where the failures of neoliberalism are most apparent, it is in the country's essential public services. Nowhere has the dogma of privatisation — and the deference to markets that accompanied it — done more harm. The evidence is not marginal. It is woven into the daily experience of millions of people.

Water that is polluted.

Trains that do not run.

The post either does not arrive or arrives late.

Our energy infrastructure cannot deliver the green transition.

Electricity and gas cost far too much.

Banking systems threaten to collapse whenever markets become anxious.

It is impossible to rebuild this country unless we reconstruct these and other services upon which a civilised society depends.

This Budget begins that reconstruction.

First, water, rail and postal services will be returned to public ownership

These sectors provide services that cannot be interrupted. They are the foundations of health, mobility, and social connection. They are natural monopolies. They cannot, by their nature, be sensibly regulated by markets.

Privatisation of these activities has delivered neither efficiency nor innovation. It has delivered profit extraction and debt-fuelled business models. The result has been rising prices and falling standards as corporate behaviour has placed the interests of shareholders above the interests of the public and consumers.

This government will end that model.

Plans for the renationalisation of water, the remaining private-sector rail services, and core postal services will be put in place immediately. As the number of companies in core broadband services continues to shrink, that sector will also now have to be considered, but I am leaving that issue aside for the moment.

Compensation will be paid in accordance with established legal principles, based on the market value of each company at the point of transfer.

Shareholders and bondholders will be paid their fair share, and no more. What they subscribed for shares or loaned to companies will not determine what they receive in compensation, now that the businesses on which they took a risk have failed: only market value will. Assets over which they claim security for loans will be compulsorily purchased on the same basis: we cannot be held to ransom by the equivalent of vulture fund operators in international debt markets.

All other creditors — secured or unsecured — will be paid in full, because the continuity of essential service provision must never be jeopardised by financial engineering.

Compensation will be made using new Treasury bonds, issued in precisely the same way as happened with the postwar nationalisations undertaken in the national interest. These bonds will:

- * pay no more than 4% per annum in interest*
- * have maturity dates of not less than 50 years in the future*
- * include an option to extend repayment further if required*

This is fair, transparent, and sustainable. It protects both the public interest and financial stability.

Second, the energy system will be redesigned as a whole

The green transition cannot happen without a stable, accountable, publicly governed energy system. The present mix, part privatised, part regulated, and most definitely opaque, is not only failing to meet climate goals but also failing consumers.

Therefore:

- * The National Grid will be brought back into public ownership*
- * Electricity generation and supply will be nationalised, except where community and small-scale local operations provide genuine public benefit*
- * The national coordination of North Sea gas supply will return to public hands*

This is not ideology. It is a necessity.

It is also essential that energy be priced fairly. We accept that consumer prices must cover generation costs and appropriate returns, but the current pricing model, which is almost always based on the cost of generating electricity from gas, maximises consumer and industrial energy prices, and that has been profoundly destructive of well-being in this country, as well as harming our international competitiveness. Ofgem will be reformed to sweep away this archaic pricing model, ensuring a fair one can take its place. Compensation on nationalisation will be based on that new model, not the one that should have been replaced long ago.

Energy is the bloodstream of a modern economy. When the system fragments, the transition to net zero becomes impossible. When profit extraction becomes the organising principle, long-term investment collapses. When governance is outsourced to corporate boards, public accountability disappears. This government will deliver an energy system designed for climate security, not shareholder return.

Third, we will create a National Network Bank

The basic banking system, which supplies us all with the means to make payments to each other, is not just a service. It is a part of our core national infrastructure. It underpins every transaction in the economy. When private banks behave recklessly, as they repeatedly have, we have been forced to bear the cost of bailing them out because this payment system must be saved at all costs. Banks know that, and have exploited that knowledge to their own advantage.

That will end.

A National Network Bank will be established to provide personal banking services to everyone who wants them.

Those old enough will recall that the UK state once provided a service called Girobank. We will now recreate that, but go much further.

This new bank will guarantee access for everyone to a modern, reliable, nationwide banking platform capable of supporting the payments system that we all need, ensuring that no one will ever again face the risk that the behaviour of private financial institutions might threaten their ability to pay for food at the supermarket.

The National Network Bank will:

- * Operate alongside existing commercial banks but independently of them*
- * Be available in all communities, physically where needed, and digitally everywhere*
- * Act as a stabilising anchor for the entire payments system, with all private sector banks being required, eventually, to use its system to underpin their own operations, guaranteeing that in the event of failure, they can be continued seamlessly by the state, just as rail companies did, until recently, operate on the lines provided by Network Rail.*
- * Guarantee continuity of transactions during any future financial turmoil*

Importantly, this National Network Bank will make use of some of the funds saved with National Savings and Investments as a result of changes in its nature, to which I will refer later in this budget. As a result, it is likely to become a major mortgage lender and a vital source of capital for small and medium-sized enterprises in the UK. When existing banks are failing to meet the needs of customers in either of these sectors, this innovation is essential.

When banks fail, it is not their business models that concern the public; it is the threat to the payments system. By providing a public banking backbone, we will remove that existential risk.

Fourth, we will respect the needs of the four nations

Public services cannot be rebuilt on a one-size-fits-all basis. England, Scotland, Wales and Northern Ireland face very different conditions and have distinct institutional structures. Scotland, Wales and Northern Ireland have their own governments. England does not, and that itself is a constitutional anomaly requiring future attention.

This Budget respects those differences.

Each national government will have its own water, rail, postal, energy and banking institutions. Coordination will exist where necessary, but control will be devolved wherever possible, because this Union survives only as a voluntary association of nations that recognise each other's autonomy.

This approach will strengthen the Union by acknowledging its reality rather than denying it.

Why do these reforms matter?

Firstly, that is because essential services are just that: essential. They cannot be run in ways that ignore public need.

Secondly, they are required because privatisation has demonstrably failed. It has produced weak investment, collapsing service quality, and the diversion of billions of pounds that should have been spent on investment and maintenance into shareholder payouts.

Thirdly, they are required because a modern economy requires an integrated infrastructure. Markets cannot provide that integration. Only a public framework can.

Fourthly, they are necessary because the green transition demands it. No private company can prioritise 30-year investment horizons while being judged on quarterly returns.

Fifthly, they are essential because the public pays the price when essential services fail. We have to address that issue.

Finally, we must do so because democracy requires institutions that operate in the public interest, and not in the interests of financial intermediaries. We will ensure that is the case.

What comes next

In the next part of this Budget, I will turn to the question of how the structure of UK savings should be reformed.

Other posts in this series:

- * [The Alternative Budget 2025 – The Background](#)
 - * [The Alternative Budget 2025, Part 2: Understanding tax and ‘borrowing’](#)
 - * [The Alternative Budget 2025, Part 3: Creating a new fiscal framework](#)
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Taking further action

If you want to write a letter to your MP on the issues raised in this blog post, there is a ChatGPT prompt to assist you in doing so, with full instructions, [here](#).

One word of warning, though: please ensure you have the correct MP. ChatGPT can get it wrong.

Comments

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