

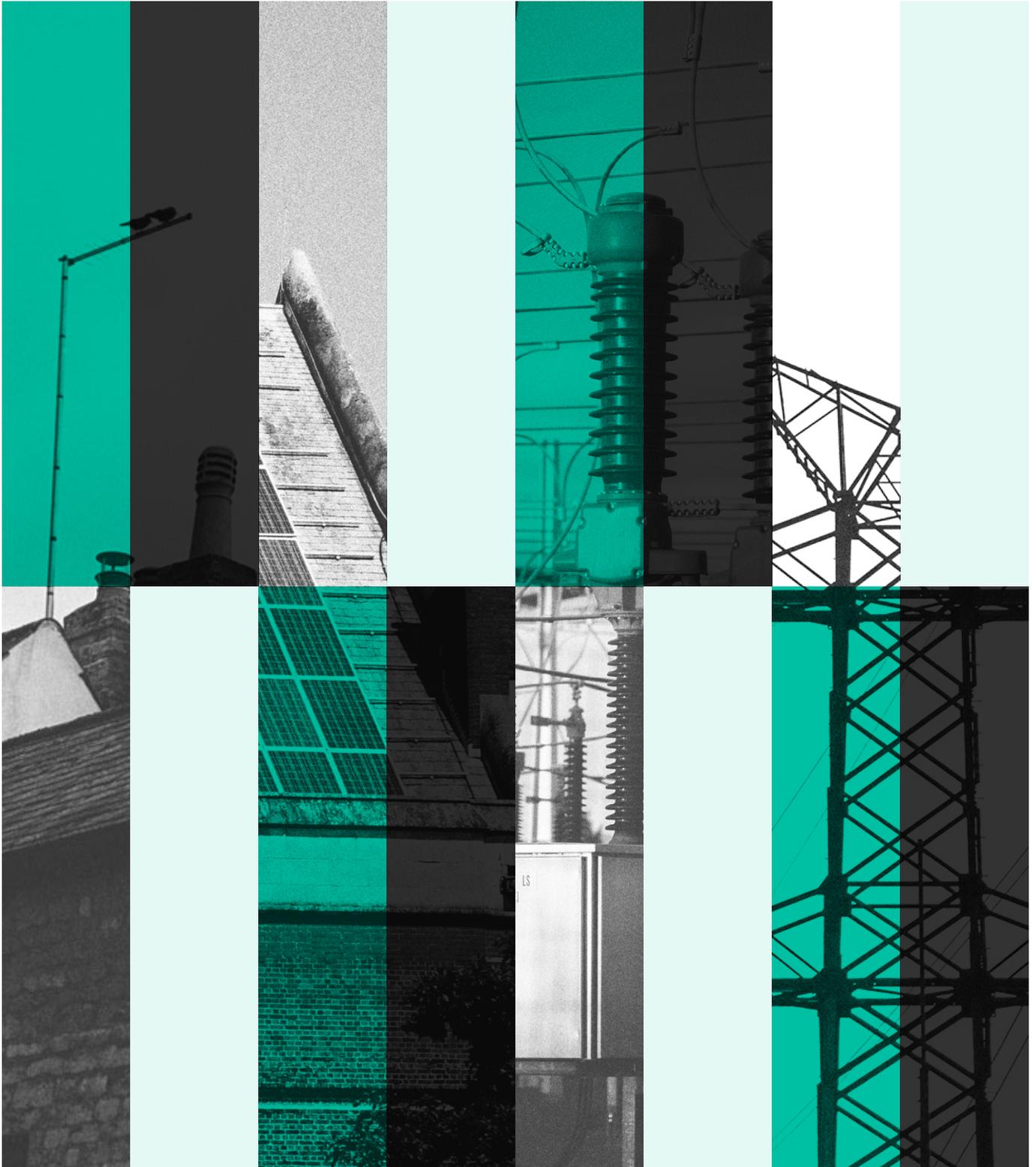
# Public Power:

COMMON  
WEALTH

Towards a New Social Contract  
for the Cost of Living Crisis

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# A Gathering Crisis

The transition to net zero is a climate necessity. If done right, it can become a generational opportunity to renew a fraying social contract and renew our communities. Delivered effectively and fairly, decarbonisation — powered by clean energy — would underpin a new era of improved living standards and real security for all: lower bills, warmer homes, cheaper transport and a new economic foundation of shared prosperity.

This vision of potential abundance, however, contrasts with how most people have experienced recent decades. Promises of a just transition and national renewal have clashed with the reality of stagnating living standards and the soaring costs of essentials, enabling the populist right to foment a politics of reaction. Capitalising on economic insecurity, they try to blame decarbonisation and broader progressive agendas for the affordability crisis.

Their success would be a fatal blow to both affordability and climate ambition. They want to drag Britain backwards to a retrograde agenda: doubling down on fossil fuels, antagonistic towards electrification and renewables, bent on reinforcing economic hierarchies and narrowing social inclusion. The country would be left poorer, less secure and more unequal.

## A Difficult Truth

The difficult truth, however, is that the populist right is not entirely wrong about the distributional effects of the green transition, at least as it has been carried out up till now. The mainstream low carbon policy agenda too often fails to address households' financial concerns and too readily adds extra costs, typically in a regressive manner.

Despite rapid reductions in the capital cost of clean power, energy bills have doubled since 2010. As renewables provide a greater share of our power, the cost of living crisis has deepened.

The UK now has among the highest energy costs in the world — unless this is tackled, anti-net zero messages will find growing resonance, eroding the current broad-based public support for climate action.

The problems of affordability and equitable access do not stem from technologies themselves, but a prevailing logic — that markets know best and that energy infrastructure should be privately owned and financed. Thus, the increasing adoption of cheap clean power has not been translated into lower bills by the structure of the electricity market, where gas still sets the price over 85 per cent of the time.

Much of the cost of the energy transition has been regressively loaded on the bills of ordinary households and businesses, rather than financed through progressive taxation.

Attempts to insulate our homes have relied on failing market-based delivery models, with a 98 per cent failure rate for solid wall insulation under recent programmes.

The free market for retail energy is neither free nor competitive.

Studies show that access to low carbon technologies such as rooftop solar remains the preserve of a wealthy few.

In all of this, a captive public foots the bill. A course correction is needed.

## A New Social Contract

The postwar settlement built a new welfare state based on the principles of universal access to public services, health, education and housing. This can be understood as forming a new social contract between state and citizens.

If we are to save the decarbonisation agenda from the existential peril posed by the anti-climate right, we must move beyond the current market-led approach that generates excessive costs, windfall profits and unequal outcomes.

The path forward requires a radical course correction: the establishment of a low carbon social contract. This contract must guarantee that the transition to a greener economy delivers economic security and affordability *here and now* as well as *then and there*.

The foundations of this new low carbon social contract are:

- Lower costs: cost savings from the low carbon transition must be felt by British households and businesses in the near term.
- Universal energy security: we must guarantee access to an affordable, warm home as a basic right.
- Better levels of service: decarbonisation must reverse the decline in the foundational economy and public services, and deliver improved and widened access to quality housing, transport and energy services.
- Renewed local economies: the economic benefits of the green revolution must be felt in all regions and nations, with a focus on community wealth, job creation, local firms and supply chains.
- Public ownership and control: public ownership — an incredibly popular policy — with control and investment is the only way to fully realise the potential of the transition for ordinary families.

To realise this agenda, the state itself must transition — from a guarantor of private returns through public derisking to an active facilitator of a future based on affordability and security based on public investment and decommodified provision. Without this shift, and greater control of costs, the green transition remains vulnerable to being undermined by reactionary politics. Rather than being a bridge to a better future, it risks being represented as a luxury working people cannot afford.

Success depends upon the extent to which politicians will reverse the privatisation and deregulation that have stalked Britain since the Thatcher era. Without a change in approach, a green transition is practically — both politically and technically — less and less likely. In the meantime, political pressure from rising bills demands feasible and ambitious action *today*.

The series that this pamphlet accompanies therefore introduces a programme of reforms to begin the transition to that new social contract, with a focus on changes which could be implemented within this parliament and fiscal settlement, working towards the five goals outlined above.

# Reimagining The Energy Sector

The four papers in this series are designed to address the immediate crisis of affordability that itself risks undermining consent for a rapid clean power drive.

The legitimacy of the decarbonisation project hinges on its ability to improve livelihoods and lower costs for citizens in the near term.

By extension, this legitimacy crisis is representative of the wider challenges facing the Government. If it fails to deliver on affordability, then a brighter, more equal, low-carbon future may never be realised.

The following proposals are, therefore, framed and conceived as pragmatic solutions to the present affordability and net zero legitimacy crisis and are designed to be delivered within the Government's current economic and political framework.

Importantly, delivering this vision will require an ideological break in how we understand energy, climate and social policy. For forty years, successive governments have treated markets and privatisation as the solution to energy and housing governance.

We outsourced the delivery of key climate policy aims to market forces and handed over the ownership of core economic sectors such as energy and housing to private actors.

The evidence that this is failing is all around us. We have among the coldest and draughtiest housing in Europe and among its highest electricity prices and housing costs.

While some households are already benefiting from low carbon solutions such as solar panels, these tend to be those with the financial and social capital to participate. These trends — and the failures of the current policy paradigm — now play directly into the hands of right-wing populist forces.

What is needed is a clean break in our approach to energy and climate governance; one that foregrounds affordability and improved livelihoods above all else. What follows are proposals that set the UK on a new path by radically expanding access to warm homes (“A Plan for Places”) and rooftop solar (“Solar-Edged Securities”) eliminating excess private profit in the electricity system (“Fixing the Price”) and ending the charade of competitive energy retail (“Retail Reimagined”). Together they ensure that the transition reduces bills and improves quality of life.

These proposals represent the first steps — and all achievable within the Government’s current funding envelope and fiscal framework — towards a new social contract that integrates decarbonisation and social welfare through public and community ownership and control.

## **A Plan for Places: Transforming Housing and Lowering the Cost of Living Through Home Improvement Corporations**

Madeleine Pauker and Donald Brown

“A Plan for Places” addresses the failure of fifteen years of market-led home retrofit programmes to improve housing quality or reduce bills at scale, particularly in poorer communities. It documents how fragmented, energy company-led schemes have ignored housing in the worst condition and delivered poor-quality outcomes. It argues for a return to place-based public sector delivery, drawing on historical precedents such as Housing Action Areas.

It proposes a new public governance structure for retrofit delivery: the creation of around thirty Home Improvement Corporations, operating at county or combined-authority level, to coordinate retrofit, repairs, workforce development and tenant protections.

Phase 1 would fully retrofit all inefficient homes in the most deprived areas (IMD 1–2), covering around 3.1 million homes at a capital cost of roughly £24 billion, crucially including remedial works.

This would deliver significant annual household savings to the UK’s poorest communities, alongside major public health and employment benefits.

## **Fixing the Price: How a Single Buyer Model Could Slash UK Electricity Prices and Build Consent for the Clean Power Mission**

Donald Brown

“Fixing the Price” argues that the wholesale electricity market developed during the era of electricity privatisation is no longer fit for purpose. Despite renewables providing close to half of generation, gas continues to set the electricity price 85 per cent of the time, driving persistently high prices.

The design of the market bakes in windfall profits for private generators and inefficiencies in the dispatch and delivery of power, and limits the potential of demand side flexibility to reduce costs. This leads to tens of billions of pounds in higher electricity bills and will see wholesale prices increase in the coming years, despite the Government's Clean Power 2030 drive.

Without reform, this fully decarbonised power system will not deliver lower household costs. Moving to a single buyer model for electricity would replace fragmented wholesale trading with a rationalised and coordinated public procurement of power and flexibility services.

"Fixing the Price" suggests that a single buyer could deliver tens of billions in cumulative savings by 2030, equivalent to hundreds of pounds per household per year, primarily by eliminating gas-driven price setting and excess profits embedded in current market arrangements.

The paper further argues that bill reductions require structural reform, not just more clean generation, and that public coordination is a precondition for restoring the legitimacy of the clean power agenda.

## **Solar-Edged Securities: How a Rooftop "Solar Gilt" Could Permanently Address the Cost-of-Living Crisis**

Donal Brown, Steve Hall, Madeleine Pauker, Chris Hayes

"Solar-Edged Securities" sets out a mass public programme for rooftop solar, financed through long-term, low-interest public loans backed by hypothecated green gilts. While rooftop solar is one of the cheapest sources of electricity available to households, access remains highly unequal, with only around five per cent of homes benefitting. Private finance models, with high interest rates and short repayment terms, fail to deliver bill savings and exclude lower-income households by pricing them out.

By contrast, a twenty-five year, low or zero-interest public loan (plus grants for low-income households), tied to the property rather than the individual, could deliver immediate and meaningful savings per household per year, depending on funding and system configuration.

# Retail Reimagined: How Regional Energy Boards Could Deliver a Fair and Flexible Energy System

Stephen Hall

“Retail Reimagined” argues that the competitive retail energy market has failed on its own terms and is now actively obstructing decarbonisation, fairness and affordability. Retail competition has produced high costs, consumer disengagement, rising debt and regressive outcomes, while repeated regulatory “patches” have turned suppliers into loss-making administrators of a pseudo-market. The report proposes replacing supplier switching with public Regional Energy Boards (REBs) that would supply all households and SMEs within a region.

On their own, REBs would enable fairer tariffs, simpler fuel poverty support and coordinated delivery of energy efficiency. When combined with wholesale market reform — particularly a single buyer model — REBs could be the key to delivering billions in cost savings, via flexibility services and would also enable social tariffs to realise the Government’s pledge to cut bills by around £300.

Ending retail competition is a necessary condition for making public investment, social tariffs and local energy systems work for everyone, not just the engaged and affluent.

# Conclusion: A Programme for Change

This pamphlet sets out a programme for a paradigm shift in the governance of the energy system and net zero project. This paradigm shift requires new values, new business models, and new governance modes to deliver durable change.

The four forthcoming policy papers form a coherent programme: wholesale reform via a single buyer to reduce electricity prices, regional energy boards to ensure equity and fairness, using the Government's fiscal powers to expand access to solar and batteries, and place-based public delivery to fix Britain's housing stock.

Through the ambitious public action they propose, a new low carbon social contract can deliver lower bills, enhanced legitimacy and rapid clean power.

The need is urgent. The threat growing. The time to act is now.



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Common Wealth is reimagining  
ownership for a sustainable and  
democratic future.

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ideas for an economy that works for  
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