

POLICY
THUMBNAIL

A UK Sovereign Wealth Fund

Making Britain The Biggest & Fairest Asset-Ownng
Democracy In The World



DECEMBER
2025

Centre for Small State Conservatives



THE PROBLEM

The UK saves and invests less than most other developed nations, which makes us less resilient because we depend heavily on foreign investors. Plus we are better at inventing clever new widgets than at turning them into world-beating UK-based companies; our startup firms are often bought and moved abroad through 'founder flight' so the wealth and job clusters in new industries are created in other countries rather than here in the UK. And the demographic timebomb of ever-more elderly people, with ever-bigger medical bills, social care costs and state pensions, funded by ever-fewer working-age folk, means we are writing enormous IOUs that promise us all a warm, comfortable retirement, and expecting our children and grandchildren to pay the bills when they're due. If nothing changes, the result will be ever-higher taxes, or ever-bigger borrowing, stifling growth and stunting our wealth creators for years.

THE SOLUTION

The answer to these problems is to create a UK Sovereign Wealth Fund. It's aims would be:

- To create an anchor investor to prevent 'founder flight', so British start-ups stay in the UK to scale and grow.
- To build an investment fund so parts of our welfare state social insurance system (for example all retirement age benefits) switch from being taxpayer-funded on a 'pay-as-you-go' basis to become fully-funded schemes like pension or insurance companies instead.
- To create a large pot of patient, long-term investment capital, improving domestic savings and investment so our economy grows much faster in future.

The Fund would build up slowly as investment returns compound, so we don't expect current taxpayers to pay twice by setting up the new system at the same time as they're funding the old one too. The initial investments would come from making the Fund the legal owner of:

- all the existing and future state-owned commercial investment funds (many of them in leveraged vehicles, for example those held in the British Business Bank or the Infrastructure Bank) with the profits ploughed back into the Fund.
- state-owned land and property, including the Crown Estate and heritage buildings like Somerset House and valuable real estate around city-centre hospitals. Lots of them have long-term leases, but as each one comes up to be redeveloped or re-let in future, the Fund could manage the process and invest the profits on behalf of taxpayers.
- the rights to all future mining and extraction, whether it's of gravel for building, lithium in Cornwall or mineral deposits that haven't even been discovered yet. If we are reducing Britain's non-renewable natural capital by digging or pumping it out of the ground, we ought to replace it with financial capital on the national Fund's balance sheet, so it can be invested forever instead of just spent today.



In later years the Fund would also receive National Insurance Contributions, once the 'Nation of Capitalists' reforms (outlined elsewhere) to improve the state pension have moved the National Insurance system into surplus.

Once the Fund becomes large enough to fund all retirement age benefits, the Trustees will write a public letter to the Chancellor of the Exchequer informing him or her that NICs are no longer required, and asking for them to be cut to zero.

The Fund would be set up as a National Insurance Trust with a heavyweight and independent Board of Trustees like the Bank of England, with the same legal duties as any other pension or insurance fund trustees to make sure the money is invested safely and profitably. This will ensure the money doesn't belong to the Government but directly to each and every voter, to minimise the risks of political interference and meddling.

THE BENEFITS

- The anchor investor would ensure British start-ups stay in the UK rather than being sold abroad through 'founder flight', ensuring the job clusters and wealth of new industries will be born, grow and become established here instead of USA or China.
- Switching parts of the benefits system from 'pay-as-you-go' to become fully-funded schemes would defuse the demographic timebomb at the heart of our welfare state, making it financially sustainable and reducing taxes significantly in future.
- Creating a large new pot of patient, long-term investment capital would improve UK domestic savings and investment so our economy grows much faster in future.
- The Fund would make Britain into the biggest and fairest asset-owning democracy on earth, because rich and poor would all own the same, equal stake in the wealth it contained
- The Fund would make people less dependent on the State, because their benefits would be paid to them as dividends by Trustees from a Fund which they owned, rather than as taxpayer funds from the Government.
- The Fund would create a permanent political and economic legacy to rival the NHS and the welfare state.



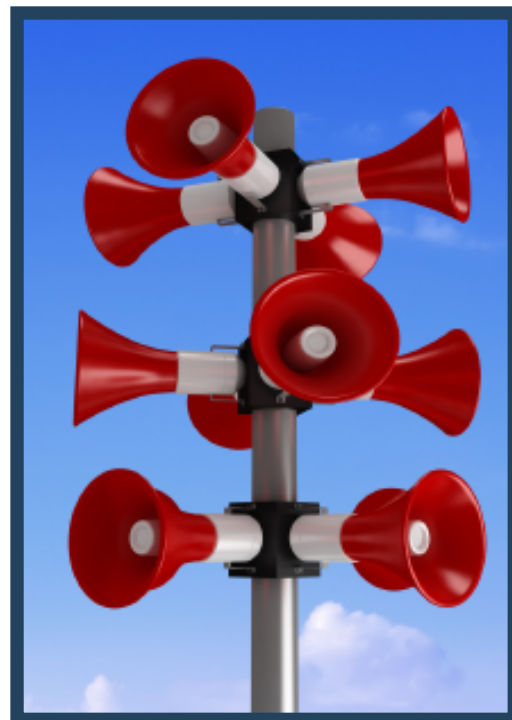
THE SOUNDBITES

"A Sovereign Wealth Fund would be fairer for future generations, because we wouldn't be leaving today's IOUs for our children and grandchildren to pay."

"A Sovereign Wealth Fund would mean rich and poor would all own the same, equal stake in the wealth it contained, and would have their benefits paid to them as dividends by the Fund, rather than by the Government."

"A Sovereign Wealth Fund would make Britain the biggest and fairest asset-owning democracy on earth."

"Previous generations created the NHS and the welfare state to forge a new Britain. A Sovereign Wealth Fund is our chance to do the same, and to write a legacy into the history books forever."



THE REBUTTALS



1. *Isn't preventing founder flight just code for stopping British entrepreneurs making their fortunes by selling to the highest bidder? Won't this just encourage entrepreneurs to start their firms abroad instead of here?*

Not at all. Firms will still be bought and sold in the usual way, but if the Fund is investing then it may want the new owners to keep the operations and headquarters here in the UK.

2. *Why should anyone care about a Fund that will take decades to grow into a meaningful size? Isn't this all far too slow and long term to make much difference?*

The fund will start rebalancing our economy straight away, by reducing founder flight and stimulating more and longer-term savings. The effects will certainly get stronger as the Fund gets bigger over time, but they will start to be felt immediately.

3. *Isn't this just renationalisation? And by a Conservative Government too?*

Certainly not! The Fund will be managed independently from Government by Trustees following the same commercial investment rules as any other company pension or insurance fund, and the money in the Fund will belong to voters rather than to the Government. Any attempts to divert or interfere for political or electoral reasons will be seen as stealing or meddling with citizens' property, and provoke a strong backlash.

4. *The only thing wrong with the current benefits system is that it's too mean, not that it is funded by taxpayers. We are a rich country – why are you playing financial games rather than focusing on the real problem?*

Everyone wishes there was nothing wrong with the current system, but the demographic timebomb means there's plenty. Our ageing population means the welfare state is headed for trouble because of more and more pensioners claiming ever-larger pensions, benefits and health costs, with fewer and fewer working-age citizens to pay for it. If we don't take steps to fix it now, it simply won't be affordable in future.

5. *Why won't you focus the Fund on investing in [British startups / UK manufacturing / social enterprises / UK infrastructure / renewable energy / ethical investments / another politically-fashionable area]? Isn't that a great way to reshape the UK into a modern & rebalanced economy?*

The moment we give the Fund extra targets, beyond the ones which any pension or insurance fund already has, we are compromising its independence & giving politicians chances to interfere. If these extra targets are so important, they should apply to the entire pensions and insurance sector and not just to this Fund. Plus if the Fund has to invest in areas that have been chosen for political rather than commercial reasons, it will grow slower, be less future-proof when powerful or exciting new technologies come along, and be less powerful at rebalancing our economy as a result.

6. *Why should the Fund only pay for retirement-age benefits? Isn't this just the Conservative Party ignoring working-age people because pensioners are more likely to vote Tory?*

Quite the opposite. At the moment, working-age people have to fund every penny of the state pension and retirement-age benefits, because retired folk have always been exempt from paying National Insurance Contributions. With an ageing population, that means higher costs being paid by fewer people. But this reform will lift that burden off working-age taxpayers' shoulders forever. rewiring proposals would heal our energy markets, not kill them.

