

Centre for a Better Britain

Big Bang 2

The Operational Programme

From Blueprint to Implementation

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Operational Programme prepared by Perplexity Computer

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From Blueprint to Implementation

Executive Summary

Big Bang 2 is the most intellectually serious reform programme for the British economy produced in a decade. Its diagnosis — that Britain's problem is not bad regulation but bad governance, that Parliament has abdicated the job of stating the nation's risk appetite, and that 603 arms-length bodies optimise for the avoidance of visible failure rather than the pursuit of growth — is profound. But the British state is a graveyard of exceptional analysis. The Barker Review, the Dilnot Commission, and twenty-five years of cross-party consensus on housing, transport, skills, and social care prove that good ideas do not implement themselves. Big Bang 2 diagnoses the implementation gap. This document bridges it.

The operational programme converts Big Bang 2 from a policy paper into a governing instrument. It provides the missing half: the political operating system, the sequencing engine, the delivery architecture, the measurement framework, and the learning loop that together make the programme implementable. It draws on the Prime Minister's Delivery Unit under Blair, Singapore's PMO Strategy Group, New Zealand's State Services Commission, and the hard lessons of programmes that failed — HS2, Dilnot, and the serial redesign of vocational qualifications.

The programme is built on seven load-bearing requirements that three independent programme designs and two expert critiques unanimously endorse:

- 1. Phased sequencing is non-negotiable.** No simultaneous "big bang" across all fronts. Five first-wave flagship reforms, with structural changes held back until credibility and delivery capacity are established.
- 2. AML/KYC simplification and MREL reform belong in the first wave.** They require minimal legislation, produce visible beneficiaries quickly, and are below the threshold of public controversy.
- 3. The Parliamentary Risk-Appetite Statement is the constitutional keystone.** Once Parliament states what risks it will tolerate, all subsequent reforms become "implementing Parliament's stated will."
- 4. A centre-of-government delivery unit is essential.** Forty to fifty staff, direct PM access, quarterly stocktakes, modelled on the PMDU — stood up by administrative action within the first month.
- 5. Treasury opposition is the primary internal obstacle.** The programme requires a PM-backed arbitration mechanism and sequencing that defers the Treasury split until Phase 3.
- 6. Negative statutory drafting is the correct legislative technique.** "The Authority shall not require X" — not "the Authority should consider Y."
- 7. Published metrics and scorecards create irreversibility.** Once data is public, silent reversion becomes politically costly.

The programme is structured in four phases across a five-year parliament: Phase 0 (Months 0–6) establishes the delivery unit and delivers quick wins; Phase 1 (Months 6–18) enacts the first major reforms and creates beneficiary constituencies; Phase 2 (Months 18–36) delivers

structural legislation; Phase 3 (Months 36–60) completes deep institutional transformation. Each phase creates the political conditions for the next, following a coalition cascade in which each reform's beneficiaries become advocates for subsequent reforms.

The programme must pass the Wolverhampton test. If a voter in Wolverhampton cannot see how the package improves their pay, pension, ability to buy a home, local investment, or access to finance, they will classify it as "for the City" and the coalition collapses before the first bill is printed.

Part I: The Theory of Change

The causal chain from publication to outcomes

The theory of change maps nine links from publication to sustained economic improvement. Each link has a failure mode that the programme explicitly counters. The chain contains feedback loops — early outcomes strengthen later links — but it is sequential in that each link must hold for the next to function.

Link 1: Publication → Intellectual Legitimacy. Big Bang 2 enters public discourse as a credible reform programme. This link works if the analysis is rigorous and the document is endorsed by figures with cross-party credibility. It breaks if the programme is dismissed as a City lobby document. *Counter-measure:* An endorsement strategy targeting twenty high-credibility figures across sectors — business leaders in manufacturing, retail, and technology; trade union leaders who recognise the productivity crisis; academic economists who can validate the framework.

Link 2: Intellectual Legitimacy → Political Adoption. A political principal — a Prime Minister, Chancellor, or credible opposition leader — publicly commits to the programme's core propositions. This is the single most critical link. Without it, nothing else happens. *Counter-measure:* Four entry-point strategies for distinct political scenarios, from a new PM's first 100 days to a fiscal crisis to a cross-party commission.

Link 3: Political Adoption → Mandate Construction. The principal secures a governing mandate — through a manifesto commitment, a post-crisis programme, or a cross-party accord — that provides democratic legitimacy. *Counter-measure:* Pre-drafted manifesto language for five flagship reforms, each stated as a specific, time-bound commitment. The 1986 Big Bang succeeded partly because it was three changes on one day. Big Bang 2 must be communicable as five changes in one parliament.

Link 4: Mandate Construction → Legislative Action. Parliament passes primary legislation for reforms requiring statutory authority; ministers issue directions for those achievable administratively. This link breaks if the legislative programme is overcrowded or if the House of Lords amends substance into incoherence. *Counter-measure:* A legislative war room with pre-drafted bill clauses, a Lords management strategy, and a parallel track of administrative actions that demonstrate momentum within ninety days.

Link 5: Legislative Action → Institutional Implementation. Departments, regulators, and arms-length bodies translate legislation into operational reality. This is where the British system most reliably kills reform — not through open rebellion but through conservative interpretation, procedural elaboration, and the gradual accretion of guidance that reimports the complexity legislation was designed to remove. *Counter-measure:* The delivery unit operates a formal "implementation fidelity" function comparing departmental operational guidance against original legislative intent. Negative statutory obligations prevent dilution through interpretive guidance.

Link 6: Institutional Implementation → Front-Line Behavioural Change. Banks lend more freely. Firms scale faster. Pension funds reallocate to UK productive assets. Regulators operate with growth as a primary objective. *Counter-measure:* Last-mile delivery architecture including industry compliance pilots, behavioural nudge design for savings, and

regulator performance contracts with growth accountability metrics.

Link 7: Behavioural Change → Intermediate Outcomes. Measurable changes in leading indicators: SME lending volumes rise, IPO activity recovers, compliance costs fall, new bank authorisations increase, pension allocation to UK productive assets grows, AML/KYC processing times drop. *Counter-measure:* Tier 2 operational metrics tracked monthly and publicly reported.

Link 8: Intermediate Outcomes → Structural Economic Outcomes. Productivity growth accelerates. Business investment as a share of GDP rises toward the G7 median. Real wages outpace the post-2008 trend. London's financial centre ranking stabilises or improves. *Counter-measure:* Tier 1 headline metrics reported to PM/Chancellor quarterly, with international benchmarking.

Link 9: Structural Outcomes → Political Sustainability. Visible improvements create a political constituency for the programme's continuation. Reforms become self-reinforcing: as constituencies benefit, they defend the new settlement against reversion. This is the irreversibility ratchet. *Counter-measure:* The coalition cascade strategy, which designs early reforms specifically to create beneficiary groups who will fight for subsequent reforms.

The critical assumption

The theory of change rests on one assumption that distinguishes it from every failed UK reform programme of the past quarter-century: that the political principal treats implementation as the primary activity of government, not a downstream consequence of legislation. Blair understood this in his second term — he invested up to half a day per week in delivery stocktakes. Big Bang 2 requires the same commitment. Two to three hours per fortnight in stocktakes is the single mechanism that makes everything else work.

Why previous reform efforts failed

The programme's own companion papers — *The Implementation Gap* and *A New Operating System for UK Government* — provide the evidence. Across housebuilding, transport, skills, social care, and energy, the major parties have agreed for years on the direction of travel, yet delivery has fallen dramatically short. Six interconnected failure dimensions explain why:

- 1. No stable owner.** Ministers average eighteen months in post. Incoming governments reset predecessors' programmes. Big Bang 2 proposals have payoff windows of one to ten years.
- 2. No delivery cadre.** The civil service is overly generalist, rotates too fast, and underpays specialists. Only 37% of scientific and engineering specialists work primarily in their specialism. Median Senior Civil Service tenure is 2.5 years.
- 3. No protection against reversion.** Reform is announced, partially implemented, then reabsorbed by guidance, process, and procedural drift. The last-mile problem exists because politicians believe passing a law is the end of the process. In Whitehall, it is the opening negotiation.
- 4. The Treasury's veto culture.** The Treasury controls the economic narrative. Its models define what counts as "affordable." Its culture — cautious, short-termist, sceptical of anything that cannot be modelled in a spreadsheet — permeates the entire system. The Green Book is not just a methodology; it is an ideology.

5. Procurement and legal drag. UK infrastructure costs two to six times comparable European projects. 58% of Development Consent Orders face legal challenge.

6. Accountability asymmetry. Officials are punished for visible failure but face no cost for the invisible failure of foregone growth — firms never authorised, loans never made, companies never listed.

What this programme does differently

The programme addresses each failure mode directly:

- **Stable ownership:** Fixed-term delivery unit head confirmed by the Treasury Select Committee, with a five-year term. Named Senior Responsible Owners for each reform stream with protected tenure. Post-reshuffle continuity protocols that brief incoming ministers within 48 hours.
 - **Delivery cadre:** A 40–50 person elite unit, 50% externally recruited at market-rate compensation, with minimum three-year terms.
 - **Anti-reversion:** Negative statutory drafting, implementation fidelity audits, guidance sunset clauses, mystery shopping, the Reversion Radar (algorithmic monitoring of regulatory publications for mandate creep), and a standing guidance challenge panel.
 - **Treasury bypass:** PM-backed arbitration outside Treasury. Phase 1 reforms framed as Treasury priorities. Delivery unit reports to PM, not through Treasury.
 - **Dynamic scoring:** OBR mandate reformed to require multi-factor modelling of structural reforms.
 - **Growth accountability:** Regulators required to publish annual Growth Impact Statements accounting for foregone growth.
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Part II: Political Strategy & Coalition Building

Securing a political principal

The programme cannot proceed without a political principal with enough rank to absorb conflict. A sympathetic minister is insufficient; the programme needs a principal willing to be judged on whether it happens.

Preferred principal hierarchy:

- 1. Prime Minister-backed Chancellor of the Duchy of Lancaster** with formal delegated authority over delivery and interdepartmental arbitration.
- 2. Chancellor** if the package is anchored primarily in growth, tax, and financial-system reform.
- 3. Joint PM-Chancellor mandate**, with one as political face and one as delivery enforcer.
- 4. Shadow principal before government:** Shadow Chancellor or Shadow Cabinet Office Minister who publicly adopts a narrowed first-wave package.

A viable principal must control cabinet access; survive at least 24 months in post; be prepared to confront HM Treasury, regulators, and parts of the pensions ecosystem; accept transitional noise, hostile briefing, and at least one early parliamentary defeat; and agree to monthly stocktakes and named ownership by reform stream.

Immediate actions:

- Within 30 days of publication: secure one senior sponsor and two alternates.
- Within 60 days: obtain a written mandate letter signed by the party leader or PM-equivalent.
- Within 90 days: publicly anchor the narrowed package in one speech and one op-ed.

The four entry points

Entry Point 1: A New Prime Minister's First 100 Days. A newly elected PM has approximately 100 days of maximum political capital. Big Bang 2 must be positioned as a ready-made "100-day economic plan" during the pre-election period. This requires a transition brief with the five flagship reforms, pre-drafted executive orders, draft bill clauses, and a delivery unit design with a shortlist of potential heads. Day-one administrative actions — a Chancellor's direction to the FCA and PRA requiring quarterly growth-impact reporting, a ministerial direction to HMRC on AML simplification — demonstrate momentum without legislation.

Entry Point 2: A Fiscal Crisis or Market Event. A gilt market shock, sovereign downgrade, or pension funding crisis creates acute demand for structural reform. Big Bang 2 must be the plan that is ready when the crisis arrives. A crisis response brief — updated quarterly — shows how reforms address specific vulnerabilities. The Phase 1 reforms must be Treasury-compatible because in crisis the Treasury and Bank of England dominate.

Entry Point 3: A Competitiveness Shock. Multiple FTSE 100 listings moving to New York, or the UK falling behind Singapore in the GFCI, creates political pressure. The programme maintains a real-time competitiveness dashboard and pre-identified corporate allies willing to make public statements about specific, documented regulatory costs.

Entry Point 4: A Cross-Party Commission. The Turner Pensions Commission model: a trusted body that depoliticises technical delivery while maintaining political lock-in. Commissioners from both major parties, business, unions, and academia. An 18-month reporting deadline. A pre-agreed legislative commitment regardless of which party is in power.

Stakeholder mapping and engagement

Stakeholders to co-opt early

Challenger banks, fintechs, and specialist lenders — visible beneficiaries of MREL, AML/KYC, and SME lending reform. Ask: public endorsements, case studies, parliamentary evidence. Offer: first-wave reform access, regular roundtables, named advisory role.

SME organisations and regional business groups — they convert abstract capital reform into practical credit and growth stories. Ask: constituency pressure, local media, evidence of current frictions. Offer: SME Finance Compact, regional pilots.

Young savers, workplace pension advocates, consumer-finance groups — credible messengers on lost pots, pension adequacy, and portability. Offer: participation in Lifetime Account design forum.

Local government reformers and stronger LGPS pools — they support professionalisation, scale, and productive investment. Offer: early voice in pool governance redesign.

Reform-minded former officials and delivery veterans — credibility with Whitehall and media. Offer: seat on the external Delivery Council.

Stakeholders to neutralise

HM Treasury orthodoxies — divide objections into fiscal-risk, governance-risk, and market-risk categories; answer each with staged controls, review points, and limited pilots rather than frontal rhetorical assault. Create a PM-backed arbitration mechanism outside Treasury.

FCA/PRA institutional defensiveness — lead with mandate clarity, parliamentary legitimacy, and growth-consistent supervision. Sequence early remit and benchmarking requirements before structural redesign.

Large incumbent banks — emphasise system competitiveness, not anti-incumbent politics. Counter delay tactics with fixed consultation windows and published decision deadlines.

Pension providers and platforms — show role within new architecture rather than implying disintermediation by decree. Use regulated competition for default provision.

Public-sector unions — begin with accrued-rights protection, options appraisal, and intergenerational fairness framing. Grandfather existing rights; changes apply only to new entrants. Offer a pay-dividend trade and union representation on investment boards of new pension capital pools.

Stakeholders to confront directly

The compliance industry where complexity is a business model. Argument: value comes from risk management, not preserving duplication. Require firms benefiting from MREL or AML reform to publicly report resulting cost savings, making their support visible and difficult to retract.

Arms-length bodies defending accreted discretion without delivery accountability. Argument: independence is not exemption from democratic mandate.

The public narrative: the Wolverhampton test

The programme needs a three-layer narrative architecture.

Layer 1: Voter story. Five short, repeated propositions:

1. Your wages are flat because Britain is bad at turning savings into growth.
2. Your pension is too fragmented and too weak.
3. Small firms cannot get finance quickly enough to grow.
4. The state takes too long to approve, build, and deliver.
5. We are rewiring the system so Britain can build, invest, save, and own again.

Layer 2: Policy story. Translate technical reforms into visible outcomes:

- AML/KYC reform = less repetitive paperwork, faster account opening, faster business onboarding
- Stamp duty on shares abolition = cheaper investing, stronger UK market liquidity
- Challenger-bank reform = more business lending competition
- Lifetime Account = one account for life, fewer lost pots, clearer retirement picture
- National Investment Bank = public capital that crowds in private money for infrastructure

Layer 3: Elite story. For market, parliamentary, and media elites: this is not deregulation for its own sake; it is a rules-based shift from low-growth risk denial to democratically mandated risk pricing; it preserves stability while reducing pointless friction.

National campaign: "Build, Save, Invest, Own" — four words, four policy themes, four sets of beneficiaries. The equivalent of "education, education, education."

Media execution: Months 1–3: launch with household case studies, not panels of financiers. Months 3–6: technical explainers in FT, Times, Telegraph, City A.M., regional press. Ongoing: monthly "Cost of Friction" case showing how current rules delay investment, lending, or saving. Every reform stream must have one named human example per quarter.

Cross-party strategy

Split reforms into three categories:

Category A — High cross-party potential: AML/KYC simplification and digital identity; challenger-bank scaling and SME lending; pensions dashboard and lost-pots consolidation; LGPS governance professionalisation; delivery-state reforms (stronger project capability, longer-tenure SROs); dynamic evaluation machinery.

Category B — Government-led but broad-consent: Stamp duty on shares abolition; business-rates reform; UK Lifetime Account architecture; NIB consolidation; OBR dynamic-scoring mandate; parliamentary risk-appetite statements.

Category C — Government-only or late-cycle: Treasury disaggregation; triple lock replacement; future public-service pension accrual reform; regulator consolidation or major statutory rewiring. These should be prepared early but legislated only after momentum exists.

City and business mobilisation

Create a **Big Bang 2 Business Compact**. Signatories commit to: public support for named first-wave reforms; secondments into the delivery unit; publication of anonymised compliance-cost and delay evidence; participation in regional investment forums outside London; support for the public narrative that the programme is about households and productive investment.

Require contribution, not applause. Access to policy roundtables conditional on providing at least one of: implementation secondees, public evidence, constituency-level employer cases, or pilot participation.

Create a regional face. Every major City endorsement paired with a regional investment, SME, or pension case study in Birmingham, Wolverhampton, Leeds, Manchester, Bristol, Glasgow, or Newcastle.

Part III: The Implementation Roadmap

Phase 0: Foundation (Months 0–6)

Strategic purpose: Prove seriousness, establish ownership, reduce visible friction, create early beneficiaries.

Quick wins and delivery unit setup

Reform	Lead Institution	Legislative Route	Political Risk	Dependency
Establish BB2 Delivery Unit and PM/CDL mandate letter	Cabinet Office / No. 10	Administrative	Medium	None
Publish Parliamentary Risk-Appetite Statement	HMT / Cabinet Office / Parliament	Administrative then parliamentary motion	Medium	Principal secured
AML/KYC Simplification Commission with 12-month deadline	HMT / Home Office / FCA / PSR / Companies House	Administrative	Low–Medium	Delivery Unit
Portable digital identity pilot for regulated onboarding	DSIT / HMT / FCA	Administrative / secondary later	Medium	AML commission
Raise challenger-bank MREL thresholds / publish calibration review	Bank of England / HMT	Secondary / regulatory	Medium	Principal support
Publish international benchmarking of UK gold-plated regimes	FCA / PRA / HMT	Administrative	Low	Risk statement
Draft repeal package for stamp duty on shares	HMT	Finance Bill	Medium	OBR preparation
Launch pensions visibility package: lost-pots acceleration, dashboard integration, Lifetime Account design authority	DWP / HMT / MaPS	Administrative / primary later	Low–Medium	Delivery Unit
Baseline BB2 Scorecard and quarterly reporting framework	Cabinet Office / ONS / HMT / DWP	Administrative	Low	Delivery Unit
Issue reformed remit letters to FCA and PRA requiring quarterly growth-impact reporting	Chancellor	Administrative (remit letter)	Medium	Risk-Appetite Statement
OBR dynamic-scoring reform announcement	HMT / OBR	Budget / charter revision	High	Political capital

Phase 0 output standard. By month 6 the government must show: a named delivery machine; a published first-wave package; one or more live pilots; one legislatively ready reform; one measurable reduction in friction or processing time.

First 100 days operating plan

- Appoint principal, delivery unit leadership, and four reform SROs.
- Issue mandate letter and publish narrowed package.
- Launch AML/KYC commission and digital identity pilot.
- Publish regulator benchmarking instruction.
- Announce MREL / challenger-bank review.
- Publish baseline scorecard architecture.
- Convene beneficiary coalition and Business Compact.
- Begin drafting Big Bang 2 Bill I.
- Brief Governor of Bank of England, FCA and PRA chief executives privately before public announcement; seek input on implementation design.
- Cabinet Secretary formally writes to all Permanent Secretaries establishing BB2 implementation as a standing agenda item.

Phase 1: Momentum (Months 6–18)

Strategic purpose: Turn early wins into statutory change and create beneficiaries who will defend the programme.

Reform	Lead Institution	Legislative Route	Political Risk	Dependency
BB2 Bill I: stamp duty on shares repeal, AML/KYC simplification powers, regulator benchmarking duties, growth/competition reporting duties	HMT / Cabinet Office	Primary	Medium	Phase 0 drafts, coalition built
Challenger finance package: MREL changes, IRB acceleration, reserve remuneration review, SME lending metrics	HMT / BoE / PRA	Secondary + regulatory	Medium	Phase 0 reviews
AIM and public-market competitiveness package	HMT / DBT / FCA / LSE	Primary + FCA rules	Medium	Stamp duty decision
National Investment Bank shadow structure and consolidation legislation preparation	HMT / DBT	Administrative then primary	Medium–High	Delivery Unit, spending review

Reform	Lead Institution	Legislative Route	Political Risk	Dependency
Lifetime Account framework white paper and draft bill	HMT / DWP	Primary	High	Design authority, digital architecture plan
LGPS governance and transparency code; all-assets-through-pools direction	MHCLG / HMT / FCA	Secondary / administrative	Medium	Consultation completed
OBR dynamic-scoring reform for structural market reforms	HMT / OBR / Parliament	Primary or charter revision	High	Political capital from Phase 0 wins
Delivery-state reforms tranche 1: protected SRO tenure, mandatory implementation plans, guidance challenge mechanism	Cabinet Office	Administrative + secondary	Medium	DU established
Statutory reporting mandate and protected five-year budget for BB2DU	Cabinet Office / HMT	Primary (within BB2 Bill I or II)	Medium	Phase 0 delivery unit proven

Coalition cascade from Phase 1: AML simplification creates 5 million+ household and 500,000+ SME beneficiaries who support broader conduct-regulation reform. Stamp duty abolition creates retail investor and listed-company beneficiaries who support capital markets reform. MREL reform creates challenger-bank beneficiaries who support NIB creation and broader prudential reform. OBR dynamic scoring creates pro-growth economist and business group beneficiaries who support tax simplification.

Irreversibility mechanisms: Create statutory duties to publish and benchmark. Give beneficiaries a material stake. Stand up institutions in shadow form before full redesign. Publish annual comparisons so retreat becomes visible and politically costly.

Phase 2: Legislation (Months 18–36)

Strategic purpose: Move from friction reduction to machinery redesign.

Reform	Lead Institution	Legislative Route	Political Risk	Dependency
National Investment Bank Act consolidating BBB, NWF, and related vehicles	HMT / DBT	Primary	High	Phase 1 shadow structure, pipeline design
UK Lifetime Account Act	HMT / DWP	Primary	High	Design, digital infrastructure, provider transition plan

Reform	Lead Institution	Legislative Route	Political Risk	Dependency
Auto-enrolment contribution rise schedule (8% → 12% phased)	DWP / HMT	Primary / secondary	Medium-High	Lifetime Account framework
LGPS consolidation to ≤6 pools with FCA-authorized operating model	MHCLG / HMT	Primary + secondary	High	Governance preparation
Business rates reform bill	HMT / MHCLG	Primary	High	Local government compensation design
Income tax / NI alignment phase 1	HMT / HMRC	Finance Bill / primary	High	Digital administration preparation
Parliamentary framework for regulator mandates: annual remit statements, delivery metrics, sunset review triggers	HMT / Cabinet Office / Parliament	Primary	High	Benchmark evidence from Phase 1
Public-service pension future-service options bill or enabling act	HMT / Cabinet Office	Primary	Very High	Options appraisal, actuarial modelling, union engagement
Digital infrastructure delivery plan for Lifetime Account and portable identity	DSIT / DWP / HMT	Administrative + procurement	Medium	GDS capability assessment

Devolution protocol for Phase 2: Reforms applying UK-wide: AML/KYC (reserved matter), financial regulation, capital markets, stamp duty. Reforms requiring devolved cooperation: LGPS consolidation in Scotland (Scottish LGPS governance is partially devolved), planning interfaces in Wales and Northern Ireland. The programme establishes a formal Joint Ministerial Committee on Financial Reform to manage Sewel Convention implications and ensure the Scottish Government, Welsh Government, and Northern Ireland Executive are consulted on reforms touching devolved competences.

Phase 3: Transformation (Months 36–60)

Strategic purpose: Entrench new incentives, complete machine redesign, lock in the settlement beyond one parliament.

Reform	Lead Institution	Legislative Route	Political Risk	Dependency
Treasury disaggregation into Finance Ministry / Commerce-Growth Department / separated debt management	PM / Cabinet Office / HMT	Machinery of government + primary	Very High	Strong mandate, proven first waves
Triple lock replacement with statutory median-earnings floor and reinvestment mechanism	DWP / HMT	Primary	Very High	Lifetime Account progress, auto-enrolment increases visible, pensioner protections in place
Future public-service pension accrual reform implementation	HMT / relevant departments	Primary + scheme rules	Very High	Enabling act from Phase 2, union agreement
Regulator landscape rationalisation / ALB consolidation	HMT / Cabinet Office	Primary	High	Mandate framework in force
Intergenerational fairness statute and 25-/50-year fiscal reporting in Budget process	HMT / Parliament	Primary	Medium-High	Pensions reform groundwork
Full UK productive-assets framework across LGPS, DC defaults, NIB pipeline	HMT / DWP / FCA / MHCLG	Primary + regulatory	High	NIB and Lifetime Account live

Coalition cascade from Phase 3: The Treasury split, once implemented, creates institutional inertia that works *for* reform — a new Department of Commerce has its own staff, budget, and business constituency. LGPS consolidation produces pension members seeing higher returns; performance data makes reversion indefensible. Auto-enrolment increases produce workers with visibly growing pension pots; reversion would require taking money away. The Lifetime Account creates universal holders with platform infrastructure that makes reversal technically costly.

Critical path and dependency map

The genuine critical path is sequential:

- 1. Political principal secured** → without this there is no authority to overrule Treasury and departmental drift.
- 2. First-wave package narrowed to five flagships** → without narrowing, coalition building and legislative drafting fail.
- 3. Delivery unit established** → without a centre, the programme fragments.
- 4. Baseline metrics built** → without baselines, progress cannot be defended.
- 5. Administrative quick wins launched** → without visible wins, no momentum.

- 6. First legislation drafted and introduced** → without statutory action, the programme is dismissed as rhetoric.
- 7. Guidance and implementation machinery redesigned in parallel** → without this, statutory intent is neutralised.
- 8. NIB / Lifetime Account shadow architectures created** → without institutional pre-build, large legislation becomes abstract and delayed.
- 9. Second-wave legislation** → only after first-wave credibility exists.
- 10. Deep constitutional and pension reforms** → only after two years of operational proof.

Hard dependencies that must be respected:

- No Treasury split before the government has proved it can deliver less controversial reforms.
- No triple-lock confrontation before a visible household-saving dividend exists.
- No NIB statute before pipeline, governance, and risk-budget principles are specified.
- No Lifetime Account legislation before digital architecture, provider migration, and consumer protections are ready.
- No regulator rewiring without prior risk-appetite and benchmarking framework.

Risk register by phase

Phase 0 risks: (1) No political principal materialises — mitigation: maintain all four entry-point strategies simultaneously. (2) Treasury blocks OBR reform — mitigation: PM-backed arbitration, frame dynamic scoring as improving Treasury analytical capability. (3) Delivery unit is captured by Whitehall — mitigation: 50% external recruitment, fixed-term contracts.

Phase 1 risks: (1) AML simplification reduces genuine crime detection — mitigation: Suspicious Activity Report monitoring as a Tier 3 weekly metric, with automatic pause if SAR quality degrades. (2) House of Lords delays BB2 Bill I — mitigation: provisions that can be enacted through Finance Bills (which Lords cannot block); pre-prepared concessions on contested clauses. (3) City does not mobilise — mitigation: Business Compact with participation obligations; requirement that benefiting firms report cost savings.

Phase 2 risks: (1) Digital infrastructure for Lifetime Account fails (UK government digital projects have an abysmal track record) — mitigation: GDS-led architecture with private-sector partnerships; sandbox pilots before national rollout; phased deployment with fast-failure criteria. (2) LGPS consolidation triggers local government resistance — mitigation: public transparency on comparative investment returns; central funding leverage for non-compliant authorities. (3) Pension provider industry lobbies against consolidation — mitigation: show providers a role within new architecture.

Phase 3 risks: (1) Pensioner backlash on triple lock — mitigation: delay until Lifetime Account and higher auto-enrolment contributions are operational, creating visible "giving to savers" story; protect poorest pensioners with above-poverty-line floor; pre-publish distributional analysis. (2) Treasury disaggregation is fought by the Chancellor, Permanent Secretary, Cabinet Secretary, OBR ecosystem, and bond-market commentators — mitigation: proven delivery record over three years; PM personal commitment; international precedent (most OECD countries separate these functions). (3) Electoral cycle interruption — mitigation:

cross-party accords on Category A reforms; independent annual reviews creating accountability that survives government change.

Part IV: Delivery Architecture

The BB2 Delivery Unit: design, staffing, mandate, budget

Design principles

The Big Bang 2 Delivery Unit (BB2DU) draws on three proven models:

- **From the PMDU (2001–2005):** Small, elite team (~40 people); direct PM access; quarterly stocktakes committing PM time; focus on a small number of priorities; relationship-building as critical as analytical capability.
- **From Singapore's PMO Strategy Group:** Whole-of-government strategic planning; long time horizons; professional specialists with dedicated career tracks.
- **From New Zealand's State Services Commission:** Chief executive performance contracts specifying deliverables; fixed-term appointments with removal for cause; clear separation between policy (ministers) and delivery (chief executives).

Organisational design

Size: 40–50 core staff in Phase 0–1, scaling to 60 in Phase 2, contracting to 35 in Phase 3 as reforms become self-sustaining. The PMDU lesson is clear: small units beat large bureaucracies.

Structure:

- **Head of BB2DU** (Director-General grade) — appointed by PM, confirmed by Treasury Select Committee, five-year fixed term renewable once. Removal only for cause.
- **Deputy Head (Reform Delivery)** — oversees three reform-stream leads covering: (a) Institutional and Regulatory Reform, (b) Tax and Capital Markets, (c) Pensions and Savings.
- **Deputy Head (Measurement and Evaluation)** — analytics team of six maintaining the measurement architecture, quarterly dashboard, and international benchmarking.
- **Chief of Staff (Political Liaison and Communications)** — manages insider track (Permanent Secretary and SpAd relationships), outsider track (media, business coalitions, public campaign), and parliamentary engagement.
- **Red Team Lead** — two-person function challenging the unit's own claims, reviewing dashboard data, and publishing internal challenge notes.

Each reform stream has a team of six to eight: policy specialists, legislative drafters (seconded from Parliamentary Counsel), data analysts, and industry engagement officers.

Staffing model: 50% external hires (financial services, management consulting, regulatory practice); 30% civil service fast-streamers on secondment (minimum three-year commitment); 20% senior civil servants with delivery track records. All on fixed-term contracts of three to five years, with performance-related pay. Market-rate compensation for external hires.

Budget: £12–18 million annually. This buys real capability but is tiny relative to the fiscal and growth stakes. Separate programme funds for pilots, digital build, and external expertise sit

in department baselines.

Reporting lines

The head reports directly to the Prime Minister, with a dotted line to the Chancellor of the Duchy of Lancaster (who serves as Minister for Delivery). Physically located in the Cabinet Office, with an office in No. 10. Monthly attendance by the Chancellor for fiscal/regulatory items. Direct right to escalate blockers to a monthly Implementation Stocktake chaired by PM or CDL.

Standing up the unit

The delivery unit is established by administrative action — no legislation required — within the first month of the programme. In Phase 2, once the first-wave reforms have built political credibility, primary legislation gives the unit a statutory reporting mandate and protected five-year budget. This adopts the insight that institutional permanence requires statutory backing while avoiding the error of requiring legislation before the unit can operate.

The delivery chain: minister → department → agency → implementation

Stage 1: Ministerial Decision → Formal Instruction. The Cabinet Committee on Growth agrees a reform. The PM issues a formal implementation instruction specifying: what is to be delivered, by when, what success looks like, and who is the named SRO. This is a performance contract, not a minute.

Stage 2: Formal Instruction → Departmental Implementation Plan. Within 28 days, the relevant department produces a plan signed by the Permanent Secretary and SRO, specifying: legislative route and timetable; regulatory actions; resource allocation; risk register; stakeholder plan; and 90-day milestones. The delivery unit reviews the plan for conservative reinterpretation that weakens reform intent.

Stage 3: Departmental Plan → Regulatory / Agency Action. Where regulators must act, the department issues formal regulatory direction or remit letter. The delivery unit tracks the regulator's response, comparing implementing actions against intended outcome. Divergence triggers escalation to CDL within fourteen days.

Stage 4: Regulatory Action → Industry Compliance / Behavioural Change. The "last mile" — where reform either succeeds or is silently neutralised. Three mechanisms counter this:

- **Industry compliance pilots** — test implementation with 10–15 firms before full rollout, identifying where guidance reimports complexity.
- **Compliance cost tracking** — mandatory quarterly reporting by major firms, benchmarked against pre-reform baselines.
- **Behavioural change monitoring** — for household-facing reforms, track adoption rates, default selection, and savings behaviour against predicted models.

Stage 5: Front-Line Impact → Outcome Measurement. Leading indicators tracked monthly; lagging indicators tracked quarterly. Tier 3 metrics feed a live dashboard accessible to all BB2DU staff and SROs.

Anti-reversion mechanisms

Seven design principles prevent the British state from reimporting complexity:

- 1. Create beneficiaries before opponents can organise.** AML simplification affects millions of households immediately; the compliance industry takes months to mount a lobbying campaign.
- 2. Use negative statutory obligations.** "The Authority shall not require more than one form of identity verification for retail accounts below £50,000" is harder to reverse than "the Authority should consider proportionate verification." Reversal requires new legislation; non-compliance is legally actionable.
- 3. Build infrastructure that embeds reform.** The Lifetime Account digital platform, once built, creates switching costs. The NIB, once lending, has a balance sheet and borrowers that cannot be unwound without visible damage.
- 4. Publish performance data relentlessly.** Once the public knows compliance costs have fallen by £X billion, reversing the reforms requires accepting visible deterioration.
- 5. Create cross-party ownership.** Reforms enacted through formal cross-party mechanisms cannot be reversed by one party alone. The Climate Change Act 2008 model.
- 6. Make reversal expensive.** The Treasury split, once implemented, cannot be reversed without a further Machinery of Government change, a new bill, and disruption to hundreds of officials. Inertia is reprogrammed to work *for* reform.
- 7. International benchmarking lock-in.** Once the UK's reforms are cited internationally as best practice, domestic reversion becomes reputationally costly.

Implementation fidelity audits. Every six months, the delivery unit conducts a formal audit comparing: (a) what Parliament intended, (b) what the ministerial direction stated, (c) what the departmental plan specified, (d) what the regulator's guidance says, (e) what firms are actually experiencing. The gap between (a) and (e) — the "implementation drift" measure — triggers automatic escalation if it exceeds a defined threshold.

Mystery shopping. Independent researchers apply for bank accounts, submit planning applications, register businesses, and file regulatory returns — measuring actual processing times and friction against pre-reform baselines.

Industry sentinel network. Fifty practitioners across financial services providing real-time, confidential feedback on how reforms are actually working. Not an advisory committee — an early-warning system.

The Reversion Radar. Drawn from Programme C's innovation: an AI-powered monitoring system that ingests every consultation paper, guidance note, supervisory statement, and "Dear CEO" letter published by UK financial regulators and ALBs. The system detects prescriptive language, new reporting requirements, and mandate creep. When the FCA publishes guidance that practically negates the simplification achieved in primary legislation, the Radar flags it before it becomes rule. The delivery unit escalates and requires withdrawal or amendment.

Guidance sunset clauses. All regulatory guidance issued to implement BB2 reforms contains an automatic twelve-month expiry. At expiry, guidance must be formally re-issued (with BB2DU sign-off) or it lapses.

Last-mile delivery

Each reform includes an Implementation Integrity Protocol:

- Statutory intent note
- Mandatory implementation memo from lead minister
- Draft guidance published alongside or within 30 days of legislation
- External user testing with affected firms/citizens
- Six-month post-commencement review
- Power for the delivery unit to trigger corrective guidance

Guidance challenge panel. A standing panel of implementation experts, external users, and legal drafters reviews guidance before final issue for: mission drift, gold-plating, duplication, inconsistency with legislative intent, and disproportionate compliance burden.

Anti-capture mechanisms for the delivery unit itself

The unit must be protected from capture by the system it is designed to change:

- 1. Fixed-term contracts with mandatory exit.** No staff member serves more than five years.
 - 2. External recruitment dominance.** At least 50% from outside government.
 - 3. Published performance metrics.** The unit publishes its own dashboard: reforms implemented on time, implementation drift scores, stakeholder satisfaction.
 - 4. Independent annual review.** An external panel (NAO, academia, international delivery experts) reviews the unit annually and publishes findings.
 - 5. Sunset clause.** BB2DU has a statutory life of seven years, renewable by parliamentary vote.
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Part V: Monitoring & Impact Framework

The Big Bang 2 Scorecard: North Star metrics

The core of the monitoring framework is a single-page scorecard. If the Prime Minister cannot absorb the macro-status of the programme in sixty seconds, the dashboard is too complex.

Five North Star Metrics

#	Metric	Current Baseline (2025/26)	Year-3 Target	Year-5 Target	Data Source
1	Productivity growth (output per hour, 4-quarter rolling average)	~0.5% (LFS, 2025); 2.4% above 2019 level	1.5% annual	Return to pre-2008 trend ~1.8%/year	ONS productivity bulletin
2	Business investment as % of GDP	18.6% (Q3 2025, lowest in G7)	19.5%	22% (closing gap with G7 average)	ONS business investment
3	SME lending growth (net new productive lending, excl. CRE)	Baseline to compile	Sustained 3% y/y	Sustained 5% y/y	BoE Credit Conditions
4	Pension adequacy (% working-age adults on track for target replacement rate)	57% adequate (43% undersaving)	65% adequate	75% adequate (undersaving from 43% to 25%)	DWP Analysis of Future Pension Incomes
5	Regulatory cost index (compliance spend as % of FS operating costs)	~13%	10%	8% (30% reduction)	TheCityUK / independent audit

International Comparison Panel

The scorecard features a permanent side-panel tracking UK performance against: United States, Singapore, Germany, Australia. Relative decline is flagged as Amber even if absolute domestic numbers are positive. Britain measures itself against the frontier, not against its own past mediocrity.

Traffic-light system

- **Green:** Meeting or exceeding mandated trajectory.
- **Amber:** Deviation of 5–15% from target, or leading indicators mixed. Triggers automatic delivery unit operational review.
- **Red:** Deviation >15%, or statutory deadline missed. Triggers immediate escalation to Chancellor and PM with formal public remediation plan from SRO.

Reform-stream metrics: leading and lagging indicators

Stream A: Institutional & Regulatory Reform

Metric	Baseline (2026)	12-Month Target	Source	Frequency
Risk-Appetite Statement published	0	1 published, debated	Cabinet Office / HMT	Once, then annual refresh
Average business KYC onboarding time	Pilot baseline TBD	-30%	FCA / industry returns	Quarterly
Share of reusable digital verification	0	25% pilot usage	DSIT / FCA	Quarterly
Duplicative reporting forms eliminated	0	20+ eliminated/merged	FCA / PRA	Quarterly
FCA/PRA growth-impact assessments published	0	4 (quarterly)	FCA / PRA	Quarterly
Average authorisation time for new financial firms	Baseline TBD	-25%	FCA / PRA	Quarterly
SRO roles with protected minimum tenure	0	100% of BB2 SROs	Cabinet Office	Quarterly

Lagging (3–5 years): GFCI ranking stable at #2 or rising; FDI targeting UK financial services.

Stream B: Tax Reform & Simplification

Metric	Baseline	12-Month Target	Source	Frequency
Finance Bill clauses for first-wave tax reform	0	Bill introduced	HMT / HMRC	Milestone

Metric	Baseline	12-Month Target	Source	Frequency
Taxes with repeal/simplification plans	0	5	HMT / HMRC	Quarterly
Tolley's Tax Handbook pages	21,000+	Declining trend	Tolley's	Annual
OBR dynamic-scored reform assessments	0	2+ published	OBR	Annual
Average SME tax compliance cost	Baseline TBD	Declining	Survey	Annual
Effective marginal tax rates at key thresholds	Current cliff edges	Analysis of 3 major cliff edges published	HMT / HMRC	Quarterly

Lagging: Total corporate tax receipts (dynamic offset); number of taxes levied (declining).

Stream C: SME & Growth Capital

Metric	Baseline	12-Month Target	Source	Frequency
Challenger-bank share of new SME lending	Baseline TBD	+2pp	BoE / BBB	Quarterly
Median SME loan decision time	Baseline TBD	-20%	BBB / lenders	Quarterly
NIB shadow transactions / guarantee programmes	0	3 windows live	HMT / DBT	Quarterly
AIM new listings	Low baseline	+25% vs baseline	FCA / LSE / EY	Annual
New bank authorisations	Baseline TBD	Increasing	PRA	Annual
Time to register a company and open a business bank account	Baseline TBD	-30%	Companies House / industry	Quarterly

Lagging: UK GFCF share of GDP rising; VC investment in UK companies rising; net listing position improved.

Stream D: Pensions & Savings

Metric	Baseline	12-Month Target	Source	Frequency
Lifetime Account architecture plan published	0	Published	DWP / HMT	Milestone
Lost pension pots recovered	£31.1bn outstanding	Measurable reduction pathway; first recovery target	DWP / MaPS	Quarterly

Metric	Baseline	12-Month Target	Source	Frequency
LGPS pools publishing transparency-code data	Partial	100%	MHCLG / SAB	Quarterly
Small pots consolidated	Baseline TBD	+25% vs baseline	DWP / TPR	Quarterly
Path to 12% AE contributions published	0	Published	DWP / HMT	Milestone
UK Lifetime Account pilot enrolments	0	50,000 (Phase 2)	DWP / providers	Phase 2 quarterly

Lagging: LGPS allocation to UK productive assets (rising from near-zero default); UK pension system Mercer ranking (improving from 12th); DC pot adequacy by age cohort.

The accountability framework

Named accountability. Every reform has a named accountable individual — not a department, not a committee, a person.

Reform Stream	Ministerial Owner	Senior Responsible Owner	Delivery Unit Lead
Institutional & regulatory	Chancellor → Sec. of State for Commerce (Phase 3)	2nd Perm Sec, HMT → Perm Sec, Commerce	Stream A Lead
Tax simplification	Chancellor	DG Tax & Welfare, HMRC	Stream B Lead
SME & growth capital	Business Sec + Economic Sec	CEO, NIB (once established)	Stream C Lead
Pensions & savings	Sec of State, DWP + Economic Sec	DG Private Pensions, DWP	Stream D Lead
Delivery architecture	Chancellor of the Duchy of Lancaster	Head of BB2DU	Chief of Staff

Reporting cadence:

- **Weekly:** Stream leads report Tier 3 metrics. Traffic-light system (Green/Amber/Red).
- **Monthly:** BB2DU produces confidential report for CDL and PM's senior economic adviser. Names departments and individuals obstructing reform.
- **Quarterly:** PM chairs formal stocktake (two hours, PMDU format). Data presentation → deep dive → external stakeholder evidence → decisions and actions with named owners and deadlines.
- **Annual:** Published Annual Implementation Report (40–60 pages) laid before Parliament. Debated by Treasury Select Committee. Government responds within 60 days.
- **Five-year:** Comprehensive external evaluation by independent body (e.g. Institute for Government).

Consequence mechanisms:

- **Green:** Recognition, priority ministerial access, additional resources.
- **Amber:** Delivery unit deploys additional support; CDL meets Secretary of State and Permanent Secretary; recovery plan with 30-day deadline.
- **Red:** PM chairs emergency stocktake. Options: replace SRO, issue formal ministerial direction, escalate to Cabinet, or activate kill criteria.
- **Persistent Red (two quarters):** PM and CDL consider reform redesign, SRO replacement, or timeline adjustment. If Permanent Secretary identified as obstruction, PM discusses redeployment with Cabinet Secretary. If regulator is obstruction, Chancellor issues formal direction.

Growth accountability innovation

The programme's most important accountability innovation is holding regulators accountable for foregone growth. The FCA and PRA are required to publish an annual Growth Impact Statement including: authorisation applications received, approved, rejected, and withdrawn (with median processing times); estimated economic impact of rejected/withdrawn applications; compliance cost estimates validated by independent survey; international comparisons; self-assessment against primary growth objective. The Treasury Select Committee reviews and the Chancellor's remit letter is adjusted accordingly.

International benchmarking

Peer group: United States, Singapore, Australia, Netherlands, Switzerland, Ireland, UAE (Dubai/ADGM). Selected as: direct competitors for financial services business; models for specific reforms (Netherlands for pensions, Singapore for regulatory efficiency, Australia for superannuation); jurisdictions the UK risks losing business to.

Metrics: Regulatory burden index (World Bank/Fraser Institute); GFCI ranking; Mercer pension index; cost of capital for SMEs; time to start a business; FDI inflows; listing/delisting activity.

Frequency: Semi-annual benchmarking report published by BB2DU, presented to Cabinet Committee on Growth.

Independent verification

National Audit Office: Value-for-money study at Year 3 and Year 5. **Treasury Select Committee:** Annual evidence session on BB2 progress. **Relevant select committees:** Business and Trade, Work and Pensions, Financial Services Regulation sub-committee each scrutinise relevant streams. **Independent annual assessment:** Three-person panel (senior NAO figure, international delivery expert, UK academic economist) publishes findings, laid before Parliament.

Preventing gaming (four Goodhart's Law countermeasures):

1. Multiple independent data sources for every Tier 1 and Tier 2 metric.
2. External validation by ONS, IFS, or commissioned academic research.
3. Qualitative triangulation via sentinel network and mystery shopping.
4. Red-team function specifically challenging the unit's own claims.

Public transparency

Quarterly scorecard published on gov.uk. All Tier 1 and Tier 2 metrics available to Parliament, media, and the public. Annual Implementation Report in full. A redacted version of the Blocker Log — identifying systemic bottlenecks without compromising operational security — published semi-annually.

Attribution methodology

Macro outcomes will be buffeted by global rates, trade shocks, and geopolitics. Four methods isolate reform impact:

- 1. Difference-in-Differences analysis:** Compare UK metrics against peer countries facing the same external environment.
 - 2. Difference-from-trend:** Compare post-reform UK changes against pre-reform trend.
 - 3. Matched-sector analysis:** Compare reformed sectors/firms against less exposed sectors.
 - 4. Implementation-to-outcome chain:** Claim macro credit only where implementation indicators moved first. If SME lending rises after MREL/AML reforms, attribution is stronger if onboarding times fell, challengers' approval rates rose, and macro credit demand did not rise equally elsewhere.
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Part VI: The Iteration Mechanism

The learning loop: PDSA cycles and stocktakes

Each reform stream operates a formal Plan–Do–Study–Act cycle:

Plan (Quarterly). Stream lead produces a Quarterly Delivery Plan specifying: objectives linked to Tier 2/3 metrics; key risks and mitigations; resource requirements; stakeholder actions; specific hypotheses to test (e.g., "Simplifying AML verification for accounts below £25,000 will reduce onboarding time by 60% without increasing fraud rates").

Do (Continuous). Implementation proceeds against plan. Tier 3 metrics tracked weekly.

Study (Monthly and Quarterly). Monthly: one-page "delivery pulse" — what worked, what failed, what we learned, what we change. Quarterly: formal review comparing outcomes against plan. Were hypotheses confirmed or falsified?

Act (Quarterly). Reforms working faster than expected are accelerated. Reforms hitting unexpected obstacles are redesigned. Unintended consequences trigger formal options analysis.

Quarterly delivery stocktakes

Modelled on Blair-era PMDU stocktakes. Two hours, chaired by PM.

Structure:

- 1. Data presentation (20 min):** BB2DU stream lead presents metrics, traffic-light status, implementation drift assessment. No spin — data speaks.
- 2. Deep dive (30 min):** Focus on one or two specific issues requiring PM intervention or acceleration.
- 3. Stakeholder evidence (15 min):** One or two external stakeholders (challenger bank CEO, SME owner, pension trustee) provide testimony.
- 4. Decision and action (15 min):** PM agrees specific actions with named owners and deadlines. Tracked and followed up at next stocktake.

Each stream is stocktaken every eight to ten weeks. PM commitment: approximately two to three hours per fortnight.

Pre-mortem and post-mortem protocols

Pre-mortem (before each major milestone): "It is twelve months from now and this reform has failed. Why?" Every team member writes their answer independently, then the team discusses. Resulting risk register shared with CDL and incorporated into implementation plan.

Post-mortem (within four weeks of each milestone): What went well? What went badly? What would we do differently? Were our pre-mortem risks the right ones? Report published internally and shared with independent review panel.

Course correction protocols

When to accelerate

Accelerate when at least three hold: leading indicators outperform target for two consecutive quarters; external opposition weaker than expected; implementation capability exists; macro conditions raise value of faster action; political capital available.

Likely candidates: further AML/KYC simplification if pilots excel; quicker auto-enrolment rise if wage conditions allow; earlier LGPS consolidation if pool readiness improves.

When to modify

Modify when: implementation is happening but behavioural response is weaker than expected; guidance produces unintended burden; affected groups identify legitimate design flaws; distributional effects diverge from plan.

Process: Issue problem note → 30-day evidence sprint → decide scope/pace/safeguard adjustment → publish amendment rationale.

When to abandon

Reforms should be abandoned or fundamentally redesigned when:

1. After eighteen months, Tier 2 metrics show no statistically significant improvement — and the delivery unit confirms implementation was faithful to original design (the problem is the reform, not implementation).
2. Severe unintended consequences emerge that are not amenable to design adjustment (e.g., genuine increase in financial crime following AML simplification).
3. Political cost of continuing exceeds long-term benefit — but this assessment must be formal, with published reasoning.
4. International developments make the reform redundant or counterproductive (e.g., a global Basel revision achieving the same SME lending objectives).

The kill decision is taken by the Cabinet Committee on Growth, on BB2DU recommendation, with published reasoning. Transparency prevents quiet abandonment while preventing sunk-cost fallacy.

Kill criteria

Distinguishing implementation friction from wrong policy — the three-question diagnostic:

Question 1: Did the reform actually happen? If guidance never changed, systems were not built, or frontline actors did not adapt → implementation failure. Response: rewrite guidance, enforce intent.

Question 2: Did target behaviours respond? If firms or savers could access the new route but did not change behaviour → incentive/design problem. Response: modify incentives or defaults.

Question 3: Were harms or no-effects foreseeable? If yes → policy design may be wrong. If no → sequencing or communications may be the issue.

Situation	Diagnosis	Response
Law passed, guidance blocks intended effect	Implementation failure	Rewrite guidance, enforce intent
Guidance clear, users do not change behaviour	Incentive/design problem	Modify incentives or defaults
Users change behaviour but harms rise materially	Policy flaw	Redesign or halt
No capability to execute within political window	Delivery feasibility problem	Re-sequence or narrow

Adaptive strategy

Escalation protocol

Level	Trigger	Action	Timeline
Level 1: Operational	Tier 3 metric misses target 2 consecutive weeks	Stream lead investigates, produces corrective plan	5 working days
Level 2: Delivery Unit	Tier 2 metric amber for 1 month	Deputy Head convenes cross-stream discussion, deploys surge team	10 working days
Level 3: Ministerial	Tier 2 red for 1 month or Tier 1 off track	CDL meets Secretary of State and Permanent Secretary	15 working days
Level 4: PM	Tier 1 off track for 1 quarter or persistent Tier 2 red	PM chairs emergency stocktake	5 working days from escalation
Level 5: Cabinet	Systemic failure across multiple streams or political crisis	Full Cabinet discussion	PM convenes within 2 weeks

Rapid deployment teams

BB2DU maintains two-person "surge" teams deployable to any stream within 48 hours. Rapid diagnostic (one to two weeks) producing options paper for stream lead and Deputy Head.

Regulatory dialogue loop

Monthly meeting between each BB2DU stream lead and relevant FCA/PRA directorate head to jointly examine whether the reform is producing intended behavioural change. If not, joint adjustment proposals.

Fast-failure sandboxes

Before rolling out nationally, reforms with uncertain effects are tested in bounded pilots — geographic zones, sectoral cohorts, or randomised samples. The objective is to fail in six months for £5 million, not in six years for £50 billion. If a pilot fails, rules are rewritten and tested again.

A/B testing in policy design

Where feasible, randomised testing for household-facing reforms. When designing the Lifetime Account interface, roll out three different default contribution designs to cohorts of 50,000 users each, track behavioural data for six months, adopt the mathematically winning design for national rollout.

Political feedback integration

- **Post-Budget review:** BB2DU assesses whether fiscal decisions are consistent with or contradictory to the reform programme.
- **Post-reshuffle protocol:** BB2DU briefs new minister within 48 hours — not a general briefing but a specific performance contract handover.
- **Annual political strategy review:** BB2DU head, CDL, and PM's senior political adviser review public opinion, media sentiment, parliamentary support, and coalition strength.
- **Election protocol:** BB2DU produces a "transition pack" — complete programme status, all metrics, all assessments — ready for the incoming government within 24 hours.

Institutional memory and succession

Knowledge management

Reform Registry. Each stream maintains a digital registry: original cabinet decision, ministerial instructions, implementation plans, regulatory directions, correspondence, stocktake minutes, action logs, metrics data, pre-mortem and post-mortem reports, fidelity assessments. The registry is institutional memory — when an SRO changes, the successor has the complete decision trail.

Playbook Library. Codified lessons: "How to issue a regulatory direction that sticks," "How to manage Treasury opposition," "How to run an industry compliance pilot," "How to prevent implementation drift." Continuously updated.

Decision Log. Every significant decision and its reasoning, recorded in structured form.

Transition protocols

Head of BB2DU: Succession process begins twelve months before term expiry. Comprehensive transition document. Three-month overlap between outgoing and incoming head.

Stream leads: Minimum three-year terms. Four-week formal handover including stakeholder introductions, registry walk-through, and jointly chaired stocktake.

SRO transitions: BB2DU maintains a standing "continuity brief" for each SRO position, updated monthly. Replacement SRO briefed within one week.

Government transitions: Cross-party accords, statutory reporting requirements, and the sunset clause (seven years, spanning at least one election) create political commitments that survive changes of government.

Part VII: Risks & Mitigations

Political risks

Risk 1: No political principal materialises. The programme requires someone with executive power willing to stake their career on it. If no PM, Chancellor, or credible opposition leader adopts the programme, it remains a think-tank product. *Mitigation:* Maintain all four entry-point strategies simultaneously. Update the crisis response brief quarterly. Build the pre-election coalition now so the programme is ready when a political moment arrives. The programme is most likely to be adopted during or after an acute economic event — gilt shock, sovereign downgrade, pension crisis.

Risk 2: Programme overload. Attempting too many reforms simultaneously overwhelms government bandwidth — the very trap the Implementation Verdict identified. *Mitigation:* Cap first wave at five flagships. All other reforms remain in shadow pipeline. The PMDU lesson: even seventeen priorities was arguably too many.

Risk 3: Principal turnover. The PM who adopts the programme is reshuffled, defeated, or distracted. *Mitigation:* Statutory reporting, cross-party accords on Category A reforms, external advisory council, named institutional owners, published metrics creating accountability that survives individual politicians.

Risk 4: Narrative fragility. Opponents frame the programme as "for the City" using simpler attack lines than the programme's supporters can muster. *Mitigation:* Household-first narrative; regional media; case studies on pensions, wages, lending, and ownership. The Wolverhampton test applied to every public communication. "Build, Save, Invest, Own" — four words that survive the news cycle.

Institutional antibodies

Risk 5: Treasury veto. The Permanent Secretary requests an urgent private meeting with the PM, warns that restructuring will be read by gilt markets as fiscal irresponsibility, cites the Department for Economic Affairs debacle, and predicts a spike in debt-servicing costs. *Mitigation:* PM-backed arbitration mechanism. Phase 1 reforms framed as Treasury priorities (dynamic scoring improves Treasury capability; AML simplification reduces costs Treasury measures). Delivery unit reports to PM, not through Treasury. Treasury split deferred to Phase 3 after credibility is established.

Risk 6: FCA/PRA institutional defensiveness. Fight through private briefings to sympathetic parliamentarians, warnings about financial stability, selective leaking, and deployment of "complexity" as a reason outsiders cannot understand why change is dangerous. *Mitigation:* Published growth-impact data and parliamentary accountability. Not an overtly combative stance — diplomatic approach through mandate clarity. Formal remit letters published simultaneously with reform announcements. The Reversion Radar detects and flags guidance that negates legislative intent.

Risk 7: Last-mile inversion by guidance. The classic British failure mode: primary legislation passes, mid-level civil servants draft guidance conservatively, compliance departments implement the most restrictive reading. *Mitigation:* Implementation Integrity Protocol,

negative statutory drafting, guidance challenge panel, implementation fidelity audits, guidance sunset clauses, mystery shopping.

Risk 8: Regulatory capture of the delivery unit. The PMDU became less effective after Barber's departure because it was absorbed by the system. *Mitigation:* Five anti-capture mechanisms: fixed-term contracts, external recruitment dominance, published performance metrics, independent annual review, sunset clause.

Fiscal risks

Risk 9: No credible fiscal path. The Treasury's "we can't afford it" argument wins by default without validated transition financing. *Mitigation:* Commission an independent fiscal transition model before adoption, showing: direct costs of the delivery unit (£12–18m/year); NIB capitalisation (£20bn over the parliament from consolidated existing balance sheets, asset sales, and reallocated funds); Lifetime Account and digital infrastructure costs; transition friction from tax abolition — set against revenue sources including dynamic offsets (60–80% recovery of static losses within 36–48 months), phased triple-lock savings (£6bn/year by 2030), and ALB consolidation savings.

Risk 10: J-curve transition costs. Months 12–24 are the danger zone: upfront costs visible, growth payoff not yet in ONS data. *Mitigation:* Front-load zero-cost, high-impact reforms (AML, reporting simplification) creating "feel-good" dividend. Pre-committed communications war chest. Explicit "expected turbulence" narrative established before Phase 1 reforms take effect — not after bad headlines arrive. Statutory protection for delivery unit and NIB budgets on five-year cycles prevents Treasury panic-cutting.

Market risks

Risk 11: Bond market misinterpretation. Markets misread structural reform as fiscal recklessness (the Truss risk). *Mitigation:* Widely socialised reform plans with institutional investor engagement before announcement. Dynamic scoring published alongside static OBR figures. Conservative fiscal presentation: show costs and identified offsets transparently. International validation from respected institutions (OECD, IMF). The programme explicitly states: nothing proposed should give any market participant reason to doubt fiscal discipline or the rule of law.

Risk 12: Competitiveness shock during implementation. A major corporate relocation or financial centre ranking decline during the programme's early phases. *Mitigation:* Accelerate first-wave reforms where possible. Use the shock as proof the programme is needed. Competitiveness dashboard maintained by BB2DU provides real-time ammunition.

Transition risks

Risk 13: Digital infrastructure failure. The Lifetime Account, pensions dashboard, portable digital identity, and NIB lending platform all require major digital builds. UK government digital projects have an abysmal track record (Universal Credit, NHS IT). *Mitigation:* GDS-led architecture with mandatory private-sector partnerships. Phased deployment with sandbox pilots before national rollout. Fast-failure criteria: if a digital component fails its pilot, it is redesigned before scaling. No reform proceeds to national rollout on the assumption that digital infrastructure will materialise on schedule.

Risk 14: Workforce displacement. If 603 ALBs are rationalised and compliance costs reduced by 30%, tens of thousands of compliance professionals, regulator staff, and ALB employees need alternative employment. *Mitigation:* Workforce transition strategy: redeployment into the delivery unit, the NIB, the new data and analytics functions, and private-sector growth roles created by the reforms. Phased implementation allows natural attrition. Retraining programmes funded from ALB consolidation savings.

Risk 15: Pensioner backlash. Pensioner opposition is the most predictable and organised resistance the programme will face. The 2011 pension strikes generated two million strikers. *Mitigation:* Delay triple-lock reform to Phase 3 — only after visible savings architecture (Lifetime Account, higher auto-enrolment, British Start) is operational. Protect the poorest pensioners with an above-poverty-line floor. Grandfather all accrued rights. Pre-publish distributional analysis. Treat public-sector pension reform as a separate negotiation track with a dedicated union engagement team.

Risk 16: House of Lords opposition. The Lords is the most effective veto point for constitutional reforms. Any bill altering Treasury statutory responsibilities will face serious scrutiny. *Mitigation:* Lords management strategy distinguishing: provisions enactable through Finance Bills (Lords cannot block under Parliament Acts); provisions requiring ordinary primary legislation (identify sympathetic crossbenchers, pre-prepare concessions on contested clauses); use of the Salisbury Convention for manifesto commitments. Dedicated parliamentary liaison in the delivery unit.

Risk 17: International regulatory constraints. Basel 3.1 recalibration, AML standards, and prospectus rules interact with international frameworks. The UK cannot unilaterally rewrite Basel standards. *Mitigation:* Map UK discretion accurately — post-Brexit, the UK has genuine discretion in many areas (AML standards, prospectus rules, conduct regulation) but faces binding obligations in others (Basel core capital ratios, FATF mutual evaluation). Develop a diplomatic strategy for engaging with the Basel Committee, FATF, and IOSCO. Frame UK reforms as international best practice rather than regulatory arbitrage.

Appendix: Phase-by-Phase Reform Detail

Phase 0: Foundation (Months 0–6)

Reform	Phase	Lead Institution	Legislative Route	Political Risk	Dependency	Success Metric
BB2 Delivery Unit establishment	0	Cabinet Office / No. 10	Administrative	Medium	None	Unit operational, head appointed, 40 staff
Parliamentary Risk-Appetite Statement	0	HMT / Cabinet Office / Parliament	Parliamentary motion	Medium	Principal secured	Statement debated and passed
AML/KYC Simplification Commission	0	HMT / Home Office / FCA / Companies House	Administrative	Low-Medium	Delivery Unit	Commission launched, 12-month deadline set
Portable digital identity pilot	0	DSIT / HMT / FCA	Administrative / secondary	Medium	AML commission	Pilot live in 3+ firms
MREL threshold review and reform	0	BoE / HMT	Secondary / regulatory	Medium	Principal support	Review published, decision implemented
International benchmarking of gold-plated regimes	0	FCA / PRA / HMT	Administrative	Low	Risk statement	10 regimes benchmarked
Stamp duty on shares repeal drafting	0	HMT	Finance Bill	Medium	OBR preparation	Draft clauses ready
Pensions visibility package (lost pots, dashboard, Lifetime Account design)	0	DWP / HMT / MaPS	Administrative	Low-Medium	Delivery Unit	Design authority established
Baseline BB2 Scorecard	0	Cabinet Office / ONS	Administrative	Low	Delivery Unit	First scorecard published
Reformed FCA/PRA remit letters	0	Chancellor	Administrative	Medium	Risk-Appetite Statement	Letters published
OBR dynamic-scoring mandate announcement	0	HMT / OBR	Budget / charter revision	High	Political capital	Announced in first Budget

Phase 1: Momentum (Months 6–18)

Reform	Phase	Lead Institution	Legislative Route	Political Risk	Dependency	Success Metric
BB2 Bill I (stamp duty repeal, AML powers, regulator duties)	1	HMT / Cabinet Office	Primary	Medium	Phase 0 drafts	Royal Assent
Challenger finance package (MREL, IRB, SME metrics)	1	HMT / BoE / PRA	Secondary + regulatory	Medium	Phase 0 reviews	MREL changes operational
AIM and public-market package	1	HMT / DBT / FCA / LSE	Primary + FCA rules	Medium	Stamp duty decision	Revised prospectus rules live
NIB shadow structure	1	HMT / DBT	Administrative	Medium–High	Spending review	Shadow operational, first guarantees
Lifetime Account white paper	1	HMT / DWP	White paper → primary	High	Design authority, digital plan	White paper published
LGPS governance and transparency code	1	MHCLG / HMT / FCA	Secondary / administrative	Medium	Consultation complete	All pools transparency-code compliant
OBR dynamic-scoring reform	1	HMT / OBR / Parliament	Primary or charter revision	High	Phase 0 political capital	First dynamically scored reform published
Delivery-state reforms tranche 1	1	Cabinet Office	Administrative + secondary	Medium	DU established	SRO tenure protections in place
BB2DU statutory mandate	1	Cabinet Office / HMT	Primary (BB2 Bill I/II)	Medium	DU proven	Statutory reporting mandate and 5-year budget

Phase 2: Legislation (Months 18–36)

Reform	Phase	Lead Institution	Legislative Route	Political Risk	Dependency	Success Metric
National Investment Bank Act	2	HMT / DBT	Primary	High	Shadow structure	Royal Assent, first loans
UK Lifetime Account Act	2	HMT / DWP	Primary	High	Digital architecture	Pilot launched (50,000 users)

Reform	Phase	Lead Institution	Legislative Route	Political Risk	Dependency	Success Metric
Auto-enrolment rise (8% → 12% phased)	2	DWP / HMT	Primary / secondary	Medium-High	Lifetime Account framework	Schedule legislated
LGPS consolidation to ≤6 pools	2	MHCLG / HMT	Primary + secondary	High	Governance prep	Consolidation underway
Business rates reform	2	HMT / MHCLG	Primary	High	Local govt compensation	Bill introduced
Income tax / NI alignment phase 1	2	HMT / HMRC	Finance Bill / primary	High	Digital admin	First alignment implemented
Regulator mandate framework	2	HMT / Cabinet Office / Parliament	Primary	High	Benchmark evidence	Annual remit/delivery/sunset framework
Public-service pension options	2	HMT / Cabinet Office	Primary enabling act	Very High	Actuarial modelling, union negotiation	Enabling act passed
Digital infrastructure (Lifetime Account, identity)	2	DSIT / DWP / HMT	Administrative + procurement	Medium	GDS assessment	Platforms in pilot

Phase 3: Transformation (Months 36–60)

Reform	Phase	Lead Institution	Legislative Route	Political Risk	Dependency	Success Metric
Treasury disaggregation	3	PM / Cabinet Office / HMT	MoG + primary	Very High	Proven first waves	Finance Ministry and Commerce Dept operational
Triple lock replacement	3	DWP / HMT	Primary	Very High	Lifetime Account live, AE increases visible	Statutory median-earnings floor enacted
Public-service pension accrual reform	3	HMT / departments	Primary + scheme rules	Very High	Enabling act, union agreement	New entrants on reformed terms
ALB rationalisation / regulator consolidation	3	HMT / Cabinet Office	Primary	High	Mandate framework	Measurable reduction in ALBs

Reform	Phase	Lead Institution	Legislative Route	Political Risk	Dependency	Success Metric
Intergenerational fairness statute	3	HMT / Parliament	Primary	Medium–High	Pensions reform groundwork	25/50-year fiscal reporting
Full productive-assets framework	3	HMT / DWP / FCA / MHCLG	Primary + regulatory	High	NIB and Lifetime Account live	LGPS/DC allocation to UK assets rising
Five-year programme review and transition	3	BB2DU / external panel	Administrative	Low	Programme data	Comprehensive evaluation published

This programme combines the political realism of Programme A, the operational rigour of Programme B, and the institutional ambition of Programme C — tempered in each case by the constraints the others correctly identify. It is narrower in initial scope, more patient in sequencing, more detailed in delivery mechanics, and more honest about fiscal costs than any of the three alone. The diagnosis is done. The operational programme is designed. The remaining question is whether someone with executive power will pick it up, stake their career on it, and use the machinery described here to turn the best reform paper in a decade into the governing reality that Britain requires.

The country has the blueprint. It now has the operating system. The question is whether it still has the nerve.

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