The UK Digital Sovereignty Brief · Issue #8

The UK Digital Sovereignty Brief · Issue #8 · Thursday 06 August 2026. A weekly read on UK digital sovereignty: the latest policy, legal, commercial and technological news.

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I get the impression that the tide is turning, albeit very slowly, regarding digital sovereignty in the UK. Some recent announcements from the new Burnham-led government, the EU and research from Forrester show that reducing risks from unpredictable and often hostile players is changing purchasing behaviour amongst public and private organisations. Let's hope it continues.

This Week's Headlines

Open Manufacturing

While I am a little sceptical about the claim made in this article that smart factories or "lighthouse factories" ,as the WEF calls them, have seen productivity increase by 40% *(Palantir and NHS England's questionable claims of 110,000 additional operations and a 15 per cent reduction in discharge delays are still ringing in my ears)*, Roland Busch from

Siemens makes a good point in this article: Europe cannot simply regulate its way out of US and Chinese technology dependence and is unlikely to produce enough home-grown technology to create complete EU digital sovereignty. Therefore, another approach is needed - in this case, becoming a globally trusted connector of technologies and data and build innovative ecosystems around that. As the US becomes a more unreliable international partner under the current regime and China continues to operate under a centrally controlled authoritarian system, trust and data security will become more valuable. Lots to be done but some of the foundations are already in place. LINK (FT paywall)

A very private affair

I suspect Apple will win this one. It has the economic power and the backing of privacy campaigners. I doubt too many UK Apple users will be very concerned one way or the other but I can imagine Apple pulling the plug completely on its messaging and iCloud services in the UK if it loses. LINK (Computer Weekly)

The good Skynet

Perhaps the new UK administration under PM Andy Burnham will start to flex some purchasing muscle and look to the EU rather than the US in a test of UK digital sovereignty. Sure, the alternative to Lockheed Martin is Airbus, not a UK-owned organisation, but the German, French and Spanish governments hold stakes in its Skynet (not that Skynet) satellites are built in the UK. If the UK and EU are going to build a stronger technology base then public contracts like this are important. LINK (The Guardian)

Dare we hope

Olix is designing chips aimed at the AI inference market, competing with Nvidia amongst others. It will not be making these in the UK but will need to outsource manufacture overseas. However, this is a win for the small but growing UK AI sector - it's a long shot but with that funding they are in with a shout and good to see the UK government's Sovereign AI venture fund taking part in the round. In the end, success in the market will come down to price and performance and if the AI bubble does deflate then things will get harder for Olix as a new entrant. But if they can deliver on the capabilities they promise then who knows.... LINK (Data Center Dynamics)

Not the good kind of lock-in

This is why new entrants, British or otherwise, struggle to gain traction in software markets - bundling AI with existing products may annoy customers but I doubt too many will cancel their subscriptions to 365. LINK (Competition and Markets Authority)

Stop rearranging the furniture

Embracing change is all well and good but we need some stability in the functions of government. Constantly changing leaders, governments and ministers and the dissolution and reforming of departments is bad for any longer-term industrial strategy. The abolition of the DSIT is a good example. Lindsay Clark at The Register makes a good point when he says, "But something is missing at the heart of the changes. Responsibility for getting to grips with legacy systems, public sector data, and commercial relationships with tech giants now sits apart from the mission to use AI to improve prosperity and transform the public sector." Technological change is messy especially when building on top of decades of embedded systems, code and practices. LINK (The Register)

Why can't we just work together?

The madness that was/is Brexit continues to be felt. While some commentators argue we should not bother with this fund (EU €5bn tech start-up fund) as it is too small to make much difference and the UK is already the technology investment capital of Europe, I think there is a broader point here. Sure, the fund may not move the needle very much, although every little helps, but we need to be working more closely with the EU on these matters. The bloc represents a massive and wealthy market for our technology outputs - large home markets are essential to stimulate growth, as China and the US know to their benefit. Europe may be more fragmented culturally but we share common interests around defence and economic growth. LINK (FT paywall)

You’ve got to be kidding me

It seems crazy that after all the revelation about Fujitsu's central role in the Post Office scandal (innocent people went to jail and were bankrupted for goodness sake) the company is still in the running for public contracts. Plus ça change... LINK (Computer Weekly)

Buying the government

The dangers of AI regulatory capture in the US are real with the vast sums a small number of powerful companies are spending on lobbying their government. This only increases the need for the UK and EU to build viable alternatives. We are a long way behind but that does not mean we should not try. A more friendly investing environment, a larger pipeline of suitable graduates and strategic public procurement are core elements of this. LINK (FT paywall)

Get those egg baskets ready

Echoing the sentiment of an article I wrote for CIO a couple of weeks ago, building our own frontier models in the UK is not a realistic possibility in the medium term but using harnesses to switch between models and reduce dependency on US providers is. However, companies need to be careful not to overly rely on Chinese open weight models as these could be cut off at any time. Spread the risk across models while building in-house capabilities in fine-tuning is my advice. LINK (Computer Weekly)

This is not healthy

The pushback against Palantir in the UK continues to gain traction. Sustained investigating by the FT reveals poor analysis of data by NHS

England - possibly conflating correlation with causation. It's becoming hard to see the UK government extending Palanatir's contract beyond the 2027 break clause date in February 2027 - I expect there is some frantic work being done within the NHS and UK government to work out a practical exit and viable alternatives. LINK (FT paywall)

People are waking up

The Register reports on Forrester research showing AI sovereignty and data residency are becoming priorities in Europe and elsewhere - how that translates into actual contracts remains to be seen as a weak supply-side in the EU and UK restricts viable vendors. However, supply usually follows demand so it is a step in the right direction. LINK (The Register)

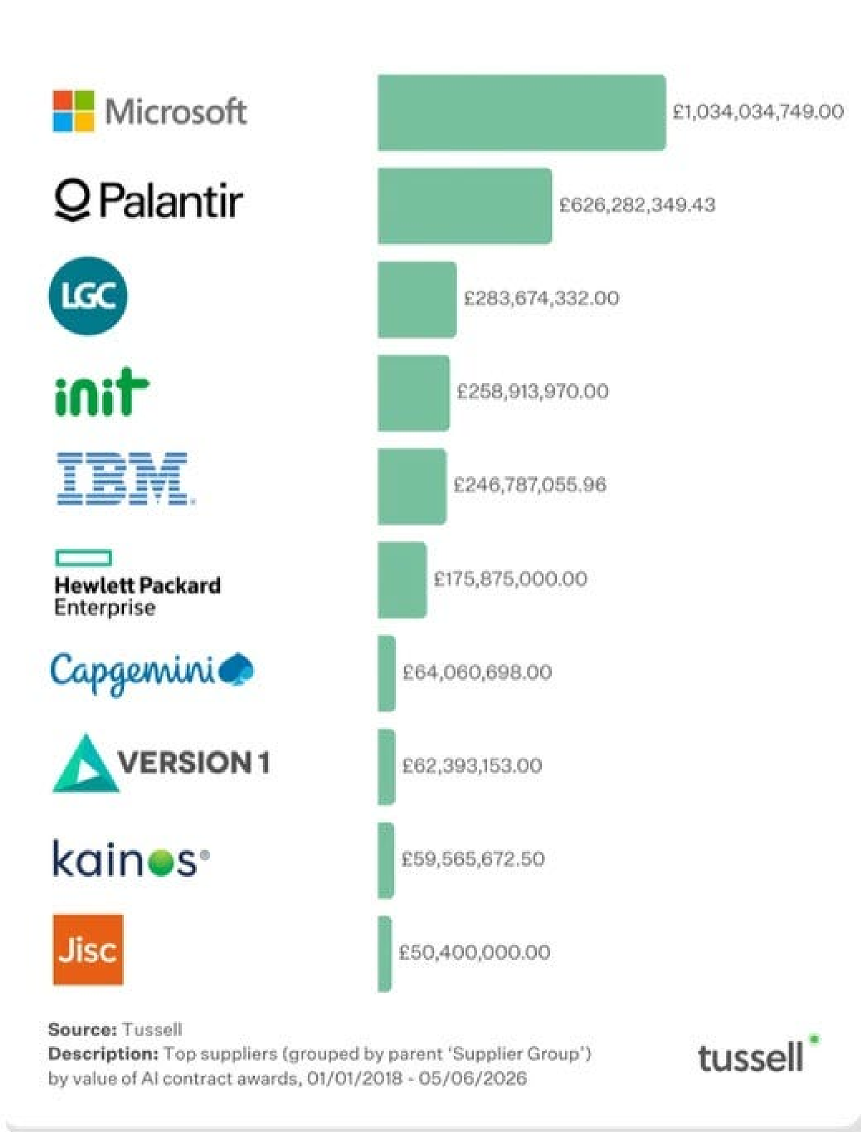
It's a start

Not solely related to technology but using £90 billion of annual public procurement budgets to drive growth in UK businesses and communities is a good move, so long as it is effectively monitored and enforced. It builds on the existing National Cloud Infrastructure Programme which is still in its early stages. LINK (The Cabinet Office)

Chart of the Week

Research from Tussell shows that 1,977 contracts worth £4 billion to provide AI services to UK public bodies have been awared since 2018. Of the 10 largest suppliers, four are US-owned, one French, one German, one Swiss-controlled (Irish-run), one UK/Luxembourg PE joint control, and two UK — Kainos and Jisc. Based on this week’s stories, maybe Palantir won’t be receiving quite so much in the future.

Chart 3: Largest suppliers of AI by contract value, since 2018



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