KMEP Kent & Medway Economic Partnership

Item 2

Date: 3rd April 2025

Subject: The Chancellor's Spring Statement *"The world is changing"*

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Summary

On 26 March 25, the Chancellor unveiled the Government's **Spring Statement**. This paper summarises the key headlines.

Recommendation

KMEP board members are asked to note the report.

- **The Chanceller unveiled the Spring Statement on 26 March 2025.**

- **The Office for Budget Responsibility (OBR) has also published its Economic and Fiscal Outlook.**

- **The Autumn Budget set out new "non-negotiable" fiscal rules and plans to raise public spending and investment by £300 billion** with the largest tax rises in over 30 years.
- **However, the public finances are now very different.** For example, GDP shrank by 0.1% in January; Stalled tax receipts and the impact of the new American administration have dented the public finances and led to Higher borrowing costs and a need to spend more on defence. Despite one of the key ways the Government's intends to stimulate the economy being to increase house-building and infrastructure, Monthly construction output fell by 0.2% in January 2025 and Planning permissions are at the lowest since records started in 1979; Labour said that they would be the party of business and with growth their "number one" objective. However, since the Autumn Budget, business confidence has fallen and is at its lowest reading since January 2021 - businesses have commented that increases in employer NI contributions and the National Living Wage are contributing factors; Although GfK's Consumer Confidence Index has increased by one point, it is still at -19. Although CPI inflation has fallen to 2.8%, real terms wage growth was 2.2% for regular pay in November 2024 to January 2025 and the OBR calculate that 'higher energy and food prices and more persistently high wage growth [will] cause inflation to rebound to a quarterly peak of 3.7% in mid-2025, before returning to target over the rest of the forecast'. **The OBR also has calculated that RHDI (Real Household Disposable Income) will only rise by 1.7% this year – a fall from the 3.9% in 2024 – then it falls to 1.1% in 2026, and 0.5% in 2027, and 0.7% in 2028, rising to 1.2% in 2029.** The Chanceller has added that - "It will take time for our reforms to be felt in the economy".

- The **OBR concluded the Chanceller had £9.9bn financial buffer ('headroom'). However, the OBR has downgraded its predicted growth rate of 2% this year to 1%** - but has increased its forecasts for future years (1.9% in 2026, of 1.8% in 2027, 1.7% in 2028 and 1.8% in 2029). **The OBR have also calculated that the measures in this Statement maintain the 'headroom' planned in the Autumn Budget** – with a surplus of £9.9bn in 2029/30. However, the deficit is higher than previously forecast in the next two financial years (2025-26: £36.1bn, compared with a £26.2bn in October's budget; 2026-27; & £13.4bn, compared with a £5.2bn), with smaller surpluses in the two years after that (2027-2028: £6bn, compared with a £10.9bn; & 2028-2029: A surplus of £7.1bn, compared with a £9.3bn).

- The Director of the Institute for Fiscal Studies (IFS) has commented that the Chancellor – "has left herself with the same £9.9bn sliver of headroom against her target to balance the current budget as she had in October, and a very similar amount of headroom against the target that debt should be falling in 2029–30". "All of that adds to uncertainty around policy. We can surely now expect 6 or 7 months of speculation about what taxes might or might not be increased in the autumn".

- **Government said they intended to only have one Budget a year, with the Spring Statement being a simple economic update. However, the changes to the economic situation have resulted in this Statement, and the subsequent three-year Spending Review (SR), becoming more consequential.**

- **At the time of the Autumn Budget, the Chanceller said there would be "no return to austerity". The Treasury is looking at Departmental cuts of up to 11% as part of its SR zero-based review work - this may feel like austerity to some.**
- **The Spring Statement doesn't raise taxes, but it does make spending cuts and trail further, substantial, ones** (to be announced in the SR on 11 June), so the Chancellor can continue to meet her Fiscal Rules**.** The SR will detail the outcome of the Treasury's zero-based review of all Government spending. **The SR was always going to be difficult for unprotected Government Departmental budgets (like Local Government), but the looming issue of more funding needing to be spent on defence and a worsening economy will make this more acute**. **The OBR have reported that overall day to day spending will be cut by £6.1bn from what was previously planned by 2029/30. This means it will grow by 1.2% a year above inflation, not 1.3% as in the Autumn Budget.**

- **Spending cuts will come from £5bn in welfare cuts; £2bn from changes to Government administrative costs; £1bn from tax collection - in plans the Chancellor will announce next week. Government Departments are also being asked to look at consultant spend and buildings costs. The Treasury will repurpose £2bn cuts to foreign aid to defence spending, which can be counted as capital investment and thus exempt from the fiscal rules –freeing up further cash in the spring statement.**

- **Whilst, the financial pressures on councils continue to be unresolved.** The LGA has said if current cost and demand trends continue, councils would face a £1.9 billion gap in 2025/26 rising to £4.0 billion in 2026/27, £6.0 billion in 2027/28, and £8.4 billion in 2028/29. Of those who responded to the LGA's survey, 25 per cent of Chief Financial Officers now say that their council had either applied for Exceptional Financial Support (EFS) to support their 2025/26 budget or that they expected to do so in 2025/26 or 2026/27. The National Audit Office (NAO) has also highlighted that 'despite short-term measures to address acute funding shortfalls, there has been insufficient action to address the systemic weaknesses in local government financial sustainability'. The MHCLG's Lords spokesperson, Baroness Taylor, has said "this is going to be a difficult Spending Review", as "there are issues of the security of our country that we have to pay attention to" and that this could affect policy areas like the Devolution Priority Programme (DPP).

- **In summary the following measures will affect Local Government:**
  - **A cut of 15% in Government running costs and a reduction in civil service headcount** will impact on central Government policy roles and their ability to administer programme/policy capacity, like policy programmes for local government.
  - **Departmental cuts of up to 11% as part of the Spending Review will undoubtedly impact on Local Government**.
  - **Transformation Fund:** the first allocations include 'reforming the children's social care system through providing an additional £25 million for the fostering system. This will include funding the recruitment of a further 400 new fostering households, providing children with stability and addressing cost pressures on local government'.
  - **Welfare changes:** The Disability Policy Centre thinktank has published analysis forecasting that the government's cuts would lead to £1.2bn of extra costs for the NHS and social care services. The chair of the Local Government Association's Community Wellbeing Board, David Fothergill, has added - "A reduction in Pip could mean lower individual contributions and therefore higher council contributions".
  - **Infrastructure:** The Lower Thames Crossing has been approved.
  - **Road funding and potholes:** to receive highway maintenance funding, councils will need to annual progress, detailing how many potholes they have filled, what percentage of their roads are in what condition, and how they are minimising streetworks disruption. Failure to meet these strict conditions will see 25% of the uplift (£125 million in total) withheld.
  - **Affordable and social housing:** The Chanceller has announced £2bn for 18,000 social houses and specifically referred to sites in Thanet.
  - **Community housing:** A £20 million package for community groups, such as community land trusts and housing co-operatives, was announced.
  - **Family support services:** Prior to the Statement, Government set out new guidance which sets a clear expectation on all councils and their partners to reform family support services to enable earlier intervention and better protect children from harm.

THE MEASURES

- **The Chanceller has announced two main areas of reducing spend:**
  - **A reduction in the size of the Civil Service & Welfare changes**

- **This note also covers the following areas:**
  - Spending Review - Departmental cuts & efficiencies
  - Defence spending
  - Infrastructure
  - Housing
  - Prevention
  - Regulation
  - Taxes

RECASTING OF THE STATE & REDUCING THE SIZE OF THE CIVIL SERVICE

- **The Chancellor has said that Government running costs will be cut by 15% by the end of the Parliament. This is part of the Sending Review work.**
- This is 15% of the Government's £13 billion-a-year administration budget. More than three quarters of this is spent on staff, and this could reduce the size of the civil service by up to 50,000 jobs.

- **Part of this involves reducing the size of the Civil Service** - which has increased by 15,000 since 2023 - to save £2 billion from the Government's running costs by 2030. The ONS has reported that as of December 2024, an estimated 547,735 people were employed by the Civil Service.
- **The Cabinet Office Minister, Pat McFadden, is to write to Departmental Permanent Secretaries later this week, asking them to draw up plans to meet the new spending reductions.** This will impact on policy roles and programmes.

- **More widely, the PM wants to reimagine the State.**
- **This involves having less quangos, folding these into Government Departments, and the reduction in the civil service**. The Prime Minister has told Cabinet Ministers to '[assess] processes and regulations that play no part in delivering the Plan for Change, and the Government taking responsibility for decisions rather than outsourcing them to regulators and bodies as had become the trend under the previous government".
- **For example - prior to the Statement, the Prime Minister (PM) announced that the abolishment of NHS England and 'folding' it back into the NHS**, to give Government direct control and reduce duplication with civil servants at the Department of Health and Social Care (DHSC). It is expected that a similar approach could be taken to rail reform.
- **The PM** has said - "**[the state] should be smaller, more agile**…**it should be active…what we've got is an oversized and underpowered state, the complete opposite of the active state**".
- The PM has also written – '**people want a state that will take care of the big questions, not a bigger state that asks more from them… I'm not interested in ideological arguments about whether it should be bigger or smaller. I simply want it to work**'.
- **Reducing the size of the Civil Service involves using AI more**. The PM has said - "No person's substantive time should be spent on a task where digital or AI can do it better, quicker and to the same high quality and standard". The Chancellor has said – "We want to improve the efficiency of how public services and the centre of government works. If things can be automated, they should be automated. We should be using technology and AI much more in public services, and we need to modernise the state too". "Look at some of the things that we're trying to do at the Department for Science, Innovation and Technology. Putting more Government services online, trying to reduce some of the costs of back-office functions".

Transformation Fund

- **The Government is also confirming the creation of a £3.25 billion Transformation Fund to support the fundamental reform of public services, seize the opportunities of digital technology and Artificial Intelligence (AI), and transform frontline delivery to release savings for taxpayers over the long-term.**
- **The Spring Statement confirms the first allocations from the Transformation Fund, which will invest in vital public services and accelerate the modernisation of the state. The Government will:**

- **Take the next step to reform the children's social care system through providing an additional £25 million for the fostering system. This will include funding the recruitment of a further 400 new fostering households, providing children with stability and addressing cost pressures on local government.**
- Support the management of offenders in the community, by providing £8 million for new technology so probation officers can focus on reducing reoffending, rather than filling out forms.
- Provide £42 million for three pioneering DSIT-led Frontier AI Exemplars. These Exemplars will test and deploy AI applications to make government operations more efficient and effective, and improve outcomes for citizens by reducing unnecessary bureaucracy.
- Provide £150 million for Government employee exit schemes. This will support a leaner and more efficient Civil Service, helping to reduce administration costs by 15% by the end of the decade.

Further information:
World's largest quango scrapped under reforms to put patients first – GOV.UK
Prime Minister: I will reshape the state to deliver security for working people - GOV.UK
PM remarks on the fundamental reform of the British state: 13 March 2025 - GOV.UK
World's largest quango scrapped under reforms to put patients first - GOV.UK
NHS England: Health and Social Care Secretary's statement - GOV.UK
Keir Starmer rewires the state: An interview with the prime minister

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SPENDING REVIEW - DEPARTMENTAL CUTS & EFFICIENCIES

- **The results of the Spending Review are due to be announced on 11 June.**
- The Treasury is looking at Departmental cuts of up to 11% as part of its zero-based review.
- Unprotected Departments, those outside of Defence, the NHS, schools and early years - like MHCLG and the Local Government budget, have been told to model two scenarios:
  - No cash increase: equal to a 5.7% real-terms cut in Departmental budgets over the three-year Spending Review period.
  - A 2% cash decrease: equal to an 11.2% real-terms reduction.
- Government Departments have also been mandated to conduct a spending audit, and to submit the 20% lowest value.
- Departments were also for suggestions to find savings and efficiencies of 5%.
- Government have already said that savings on back-office functions will total 'at least £2.2 billion per year by the end of this period, and ensure that front line services are prioritised'.

- **The Chief Secretary to the Treasury, Darren Jones, has said that the Spending Review won't see a return to austerity**. He said – "Just factually, it would be incorrect to say we are doing what the Conservatives did after 2010".
- Ben Zaranko of the Institute for Fiscal Studies has commented there was a "significant cash injection at the start of the Parliament", "Ballpark, the cuts are about half the pace we saw in the 2010s, maybe a little less. Getting on for 2 per cent a year compared with 4 to 5 per cent". "So it is not quite a return to the pace of the coalition years, but starting from a very different baseline in terms of coming off a decade of restraint, the pandemic and another 15 years of ageing of the population".

- **The PM has also indicated that only the Government's commitments in their 'Plan for Change' will survive uncut**, adding that the Government is "looking across the board" for savings. The PM said – "there were "all sorts of ways in which you can cut down the money you're spending, but actually produce a better service". "One of the areas that we will be looking at is, can we run the government more efficiently? Can we take some money out of government? And I think we can. I think we're essentially asking businesses across the country to be more efficient, to look at AI and tech in the way that they do their business. I want the same challenge in government, which is, why shouldn't we be more efficient?".

- **Prior to the Statement, the Chief Secretary to the Treasury, also gave a speech to the Institute for Government (IfG), on plans to give the Treasury access to live and real-time performance data at both a Departmental and programme level.**

Further information:
Chief Secretary announces Government finance systems overhaul - GOV.UK
Darren Jones speech to Institute for Government - GOV.UK

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WELFARE REFORM

'Pathways to Work: Reforming Benefits and Support to Get Britain Working' Green Paper

- **Prior to the Spring Statement, Government set out plans for £5 billion of welfare savings in a Welfare Green (consultation) Paper -** Pathways to Work: Reforming Benefits and Support to Get Britain Working.
- Government say that 'Since the pandemic, the number of working-age people receiving Personal Independence Payments (PIP) has more than doubled from 15,300 to 35,100 a month. The number of young people (16-24) receiving PIP per month has also skyrocketed from 2,967 to 7,857 a month. Over the next five years, if no action is taken, the number of working age people claiming PIP is expected to increase from 2 million in 2021 to 4.3 million, costing £34.1 billion annually'.
- The health and disability benefits bill is forecast 'to reach £70 billion a year by the end of the decade, or more than £1 billion a week. This is equivalent to more than a third of the NHS budget, and more than three times as much as is spent on policing and keeping communities safe'.

- **The changes include:**

  - **Scrapping the Work Capability Assessment (WCA).** This will end the state labelling people as either 'can or can't work'. Instead, any extra financial support for health conditions in UC will be assessed via the PIP assessment and be based on the impact of disability on daily living, not on capacity to work. This will de-couple access to the health element in Universal Credit (UC) from work status. Government will implement this change via primary legislation. Further details will be published in a forthcoming White Paper. Government are not consulting on this measure.
  - Government will also be legislating to guarantee that work in and of itself will not lead to someone being called for a reassessment or award review.
  - **Government will start to rebalance payment levels in UC to promote work**, 'address perverse incentives and to start to improve basic adequacy'.

- Government will legislate to reset payment rates in UC over this Parliament.
- **The change to the UC Health rate for new claims will be combined with much more active engagement and support**.
- **By scrapping the WCA, Government say they will reduce the number of assessments that many people have to go through**. Government will restart re-assessments to make sure that people are accessing the benefits and support they should be. Government will 'smooth and improve' the assessment process for people who have severe and lifelong health conditions that will never improve. They are not consulting on these measures.

- **Government will build towards a guarantee of personalised employment, health and skills support for anyone on out of work benefits with a work-limiting health condition or disability who wants it. A key objective from this new investment is to entrench early intervention**.
- Under the banner of "pathways to work" this will bring together and build on existing support – from WorkWell, Individual Placement and Support for those with severe mental illness or substance dependency, Connect to Work and the new Get Britain Working trailblazers as well as the new national jobs and careers service.
- Government say they will need input from local health systems, local government and Mayoral Strategic Authorities, private and voluntary sector providers, employers and potential users.
- Instead of queuing for a benefit assessment, disabled people and people with a work-limiting health condition will have a support conversation. This support conversation will centre on employment, but in the context of someone's wider health and independent living aspirations.
- For example, Prior to the Statement Government announced plans for 1,000 existing Work Coaches deployed in 2025/26 to deliver intensive voluntary support to around 65,000 sick and disabled people. This intensive support for people on health-related benefits will see Work Coaches providing tailored and personalised employment support, and help claimants access other support such as writing CVs and interview techniques. They will also access a range of DWP employment programmes to help claimants unlock work based on conversations with their Work Coaches. Government have said that the 1,000 redeployed Work Coaches 'are a "downpayment" on wide-ranging plans to overhaul employment support, which are set to be unveiled in just a few weeks' time'. Further information: [Government bolsters employment support to unlock work for sick and disabled people]() - GOV.UK
- **Government is consulting on establishing a new "Unemployment Insurance" benefit through the reform of contributory working-age benefits.**
- Unemployment insurance would be a new non-means tested entitlement for people who have contributed into the system. It would be created by replacing contribution-based Jobseeker's Allowance (JSA) and Employment and Support Allowance (ESA) with a new single entitlement, paid at the current ESA rate and will be time-limited. People claiming this would be expected to actively seek work, with easements for those with work-limiting health conditions.
- This change would end the indefinite entitlement to contributory ESA for those assessed as having limited capability for work-related activity.

- **In future the PIP assessment would become the single assessment to receive both financial support in PIP and any extra financial support through UC.** Government plan to undertake a review of the PIP assessment, involving experts, stakeholders and disabled people to consider how it needs to adapt for the future.

    - **Alongside the Sir Charlie Mayfield's Keep Britain Working review** – which will report in the Autumn - **this Green Paper consults on the future of Access to Work**. Government say that there is a strong case for updating the role it plays in making work accessible for disabled people. They are consulting on 3 potential future approaches:
        - supporting employers directly to make workplaces accessible and inclusive, consistent with their legal responsibilities
        - providing targeted funds to individuals to pay for workplace adaptations, beyond what could be considered reasonable adjustments
        - shaping the market for aids, appliances and assistive technology, to reduce their cost and spread their adoption
    - Government are also consulting on future delivery models.

    - Prior to the Spring Statement, the Keep Britain Working Review 'Discovery Phase' report sets out the economic inactivity challenges facing the UK and how this compares to other countries. It finds that:
        - There are 8.7 million people in the UK with a work-limiting health condition, up by 2.5 million (41 per cent) over the last decade, including 1.2 million 16 to 34-year-olds and 900,000 50 to 64-year-olds
        - These figures show young people (16 to 34-year-olds) with mental health conditions are 4.7 times more likely to be economically inactive than their cohort
        - Those who are out of work for less than a year are five times more likely to return to work compared to those who are out of work longer

    - **The Green Paper also considers how the proposals across the board particularly affect young people in light of the government's commitment to a Youth Guarantee**.
    - Green Paper sets out how changes to the benefit system and employment activation could underpin the Youth Guarantee, so that young people have work and training rather than a pathway to economic inactivity. Government is consulting on delaying access to the health element of UC within the reformed system until someone is aged 22. Government is also consulting on whether to raise the age at which young people transition from Disability Living Allowance for children to PIP from 16 to 18.

- **The welfare reform package was 'expected to save over £5 billion in 2029 to 2030'. However, the Government has had to make additional savings, as the OBR has concluded the Treasury would not have saved £5bn from the already announced welfare cuts to bring the amount saved to £4.8bn.**
- **The additional measures include:**
    - **Universal Credit Health Element:** The government is rebalancing the payment levels in Universal Credit, to address perverse incentives in the system. The Universal Credit health element will be frozen for existing claimants until 2029-30. For new claims, the Universal Credit health element will be reduced to £50 a week in 2026-27 and then frozen until 2029-30.
    - **Universal Credit Standard Allowance:** The government will increase the Universal Credit standard allowance for new and existing claims above inflation from April 2026, reaching CPI + 5% from April 2029. This means the standard allowance weekly rate for a single person aged 25 and over will increase from £92 in 2025-26 to £106 in 2029-30.

- **The Disability Policy Centre thinktank has published analysis forecasting that the government's cuts would lead to £1.2bn of extra costs for the NHS and social care services.**
- **The chair of the Local Government Association's Community Wellbeing Board, David Fothergill, has added - "A reduction in Pip could mean lower individual contributions and therefore higher council contributions".**
- **The Department for Work and Pensions (DWP) also conclude that – 'By 2029/30 an estimated 800,000 people will not receive the daily living component of Pip who would have under current rules, a significant proportion of these people will retain access to the mobility component and will remain on the benefit. A further 150,000 people will not receive carer's allowance or the UC [Universal Credit] carer element as a result".**

Further information:
Biggest shake up to welfare system in a generation to get Britain working - GOV.UK
Secretary of State for Work and Pensions speech to the House of Commons on Pathways to Work reform - GOV.UK
New Report reveals young people nearly fives time more likely to be put out of work - GOV.UK
Almost two million people on Universal Credit not supported to look for work – GOV.UK
Universal Credit Work Capability Assessment statistics, April 2019 to December 2024 – GOV.UK
Government impact assessment of the welfare changes
Keir Starmer has written - Labour will help people get back to work — it's in our name
Resolution Foundation analysis
Institute for Fiscal Studies analysis
The IfS has also published - The role of changing health in rising health-related benefit claims
Article by the Minister for Social Security and Disability, Sir Stephen Timms

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DEFENCE SPENDING

The Government will be spending far more on defence

- The Prime Minister had already pledged to increase defence spending to 2.5% of GDP by 2027, which equates to an extra £6 billion a year - an increase of £13.4 billion in cash terms - with the aim of reaching 3% by 2033. However, this timeframe may have to be accelerated, putting further pressure on the Government's finances. The 2.5% was funded by cutting the international aid budget from 0.5% of GDP to 0.3%.
- **The Chancellor has also announced a further £2.2 billion** for defence funding. The Chanceller has said – 'we have to move quickly in a changing word. And that starts with investment. So I can today confirm that I will provide an additional £2.2bn for the Ministry of Defence next year – a further downpayment on our plans to deliver 2.5% of GDP. This increase in investment is not just about increasing our national security but increasing our economic security, too. As defence spending rises, I want the whole country to feel the benefits'.
- Spending on defence is part of the SR process.
- The Chanceller has said that defence will be "at the heart" of the new Industrial Strategy.
- This includes "New business opportunities", including reform defence procurement system, "a protected budget of £400m within the Ministry of Defence…for UK defence

innovation", new housing for military families, £2bn for UK export finance for defence, a new 'Defence Growth Board'.

Barrow-in-Furness is a "blueprint" for how increasing defence spending can boost prosperity across the UK

- The Prime Minister has said that investment in Barrow-in-Furness is a "blueprint" for how increasing defence spending can boost prosperity across the UK. The PM said - "Defence spending here is supporting highly skilled jobs, driving opportunities for young people and delivering world class capabilities to keep us all safe, but it's also crucially putting money in the pockets of hardworking people".
- The Chanceller has presented additional defence spending as helping 'left-behind towns'. The Chanceller has said – "I am determined that as we spend that money on that defence and security, that we use it in a way that can also help stimulate the economy, and particularly to revive some parts of the country that do often feel like they're left behind".

Further information:
PM: Barrow a blueprint for positive impact of defence spending across the country - GOV.UK
Major £1.6 billion equipment contract to support British Defence jobs and boost Army readiness – GOV.UK

National Wealth Fund (NWF) remit

- **The £27.8 billion National Wealth Fund (NWF) has had its remit changed so that it can also be spent on supporting the defence sector, as well as infrastructure projects like green energy**. The NWF aims to generate £3 of private sector investment for every £1 it invests.
- The Chancellor has said – "We've already said the NWF should support the industrial strategy priorities — areas like advanced manufacturing in energy, technology and AI — but we think the NWF could do more to support security and defence. Obviously, it is important that we leverage in private sector money as well as public spending, but if we're going to be spending billions extra every year on defence, I want to see that create good jobs, paying decent wages in the UK".
- This will unlock over £70 billion in private investment to help deliver economic growth, make Britain a clean energy superpower, and strengthen the defence sector.
- The new strategic direction sets clean energy, advanced manufacturing, digital technologies, and transport as new priority sectors for the NWF. Money will be invested across the United Kingdom in projects like carbon capture, green hydrogen, gigafactories, green steel, and ports.
- The Chancellor's steer will help direct investment to the industries our defence sector relies on - advanced manufacturing and digital and dual-use technologies – working with industry to keep Britain safe and building on the Government's commitment to increase spending on defence and national security to 2.5% of GDP from April 2027.
- The NWF's economic capital limit will also be increased from £4.5 billion to £7 billion, allowing it take on greater risk. This means it has more flexibility over its investments and can support more projects that struggle to access private finance.
- The Chancellor will also establish a new 'UK Strategic Public Investment Forum' joining up the UK's leading policymakers and public financial institutions including the CEOs of the NWF, British Business Bank, UK Export Finance, Homes England, Innovate UK, and Great British Energy and The Crown Estate. The forum – the first of its kind – will cooperate on delivering investments to the priority areas set out by the Chancellor and

will be tasked with ensuring the Government is getting maximum impact for its investments.
- Stemming from this, the NWF will work closely with Great British Energy to support its quick establishment as a publicly owned clean energy company that will boost Britain's energy security making it a clean energy superpower, lower bills, create jobs, and grow the economy.

Further information:
Chancellor's National Wealth Fund to deliver growth and boost security - GOV.UK

Defence supply chain
- 'The Government announced its plans to launch a new hub to provide Small and Medium Enterprises (SMEs) with better access to the defence supply chain and committed to set direct SME spending targets for the Ministry of Defence by June this year. This is a chance for small, often family-owned, firms to bring their innovations, their agility and their expert workforce to the task of strengthening Britain's defences. It will help create new jobs, boosting the economy of small towns and suburbs in the UK'.

Further information:
New measures to boost small businesses benefitting from UK's defence investment – GOV.UK

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INFRASTRUCTURE

- Capital investment is increasing by an average of £2bn a year, compared to the autumn.

Lower Thames Crossing approved
- As part of this and prior to the Statement, the Government announced that the £10bn Lower Thames Crossing has been approved, subject to funding and, potentially, judicial review.
- Construction could start as early as 2026, with the project expected to take six to eight years, supporting up to 22,000 jobs.
- Government has indicated in the past that it expects private finance to fund some of the construction, with tolls expected to recoup some of the costs.

Further information:
Lower Thames Crossing development consent decision announced – GOV.UK

Road funding and potholes
- From mid-April, local authorities in England will start to receive their share of £1.6 billion highway maintenance funding, including an extra £500 million – which Government say will be enough to enough to fill 7 million potholes a year.
- But to get the full amount, councils in England must publish annual progress on their websites by 30 June 2025, detailing how much they are spending, how many potholes they have filled, what percentage of their roads are in what condition, and how they are minimising streetworks disruption. They will also be required to show how they are spending more on long-term preventative maintenance programmes. By the end of October, councils must also show they are ensuring communities have their say on

what work they should be doing, and where. Local authorities who fail to meet these strict conditions will see 25% of the uplift (£125 million in total) withheld.
- The Transport Secretary has unveiled £4.8 billion funding for 2025 to 2026 for National Highways to deliver critical road schemes and maintain motorways and major A-roads.

Further information:
PM tells councils to prove action on pothole plague to unlock extra cash and reveals £4.8 billion for major roads – GOV.UK

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HOUSING

Infrastructure and Planning Bill
- The Government has already unveiled the Infrastructure and Planning Bill – a separate note is available on this.

Revised National Planning Policy Framework (NPPF)
- The OBR have said that the 'the planning reforms incorporated in the revised NPPF [National Planning Policy Framework] will increase net additions [to housing supply] by 170,000 across the forecast period. This is equivalent to a 0.5 per cent increase in the housing stock in 2029-30'.

Affordable and social housing
- The Chanceller has announced £2bn for 18,000 social houses.
- Government say that this 'comes as a down payment from the Treasury ahead of more long term investment in social and affordable housing planned later this year, which will provide additional funding for 2026-27 and well as for future years'. 'At the conclusion of the current Spending Review process on 11 June 2025, the government will announce further long-term investment into the sector in England, delivering the biggest boost to social and affordable housing in a generation'.
- The government is encouraging providers to come forwards as soon as possible with projects and bids to ramp up the delivery of new housing supply.
- This specifically includes sites in Thanet.

Further information:
£2 billion new investment to support biggest boost in social and affordable housebuilding in a generation – GOV.UK
Reeves to put £2bn into affordable housing to 'sweeten the pill' of cuts

Community housing
- Prior to the Statement, a £20 million package for community groups, such as community land trusts and housing co-operatives, was announced. This will directly support the construction of more than 2,500 new homes over the next decade. These housebuilding projects will be led by communities to specifically address local needs in their area.
- The government has invested £20 million in the Resonance Community Developers social finance fund for a 10-year period. Resonance Limited is an established social finance company with experience in supporting the delivery of community-led housing.
- Resonance is expected to begin investing directly into local housebuilding schemes across England over the next few weeks.

Government paves the way for local people to build more homes – GOV.UK

Construction funding

- Ahead of the Spring Statement, the Chancellor announced £600 million worth of investment to train up to 60,000 more skilled construction workers.
- The construction industry has been saying that a barrier to meeting the Government's pledge of 1.5 million houses in this Parliament is a lack of construction workers.
- The announcement will provide £100 million of new investment to fund 10 new Technical Excellence Colleges and £165m of new funding to help colleges deliver more construction courses.
- Skills Bootcamps in the construction sector will also be expanded, with £100 million of funding to ensure new entrants, returners, or those looking to upskill within the industry will be able to do so. All Local Skills Improvement Plan (LSIP) areas will benefit from £20 million to form partnerships between colleges and construction companies, to boost the number of teachers with construction experience in colleges, sharing their vital expertise by training the next generation of workers.
- Construction will also be one of the key sectors that will benefit from new foundation apprenticeships backed by an additional £40 million, which will be launching in August 2025. This will inspire more young people into the construction industry and allow them to progress and specialise in advanced apprenticeships, giving them the tools they need for a sustained and rewarding career. As part of this new offer, employers will be provided with £2,000 for every foundation apprentice they take on and retain in the construction industry, on top of fully funding the training costs through the new Growth and Skills Levy.
- A further £100 million of government funding, alongside a £32 million contribution from the Construction Industry Training Board (CITB) will fund over 40,000 industry placements each year for all Level 2 and Level 3 learners, those studying NVQs, BTECs, T-levels, and advanced apprenticeships. This will help get learners 'site-ready' and address the 'leaky pipeline' of learners who don't progress into the sector. The CITB will also double the size of their New Entrant Support Team (NEST) programme to support SMEs in recruiting, engaging, and retaining apprentices.
- An additional £80 million capital fund will support employers to deliver bespoke training based on their needs.
- To ensure employers are able to work collaboratively to secure the workforce needed to meet future demand, the government will sponsor a new Construction Skills Mission Board. Co-chaired by government and by Mark Reynolds, Executive Chair of Mace, the Board will be empowered to develop and deliver a construction skills action plan and provide strategic leadership to the construction sector.

Government unleashes next generation of construction workers to build 1.5m homes - GOV.UK

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PREVENTION

Family support services

- Prior to the Statement, new guidance sets a clear expectation on all councils and their partners to reform family support services to enable earlier intervention and better protect children from harm.

- Key reforms include introducing a single 'front door' to support services in every local area. This will make it clear to families struggling with complex needs such as mental health issues, disabilities and substance misuse, where and how they can access help.
- This could mean embracing digital services or bringing different teams and services into an existing setting, such as a family hub. Bringing help from health visitors, housing support teams and mental health specialists into one place, will make it clear to parents where to access help and improve join up with existing universal support.
- Thousands more family help leads will be matched with families to coordinate support and resources, taking responsibility for getting them the support they need to stop issues escalating. This will importantly end the frustrating experience of vulnerable families being passed from team to team, forced to tell their story time and time again.
- These radical reforms are all backed by over half a billion pounds for councils in 2025/2026 – double their allocation in previous years – rebuilding the vital support infrastructure needed to reduce the number of children going into care. These changes are urgently needed, with eight in ten parents unable to access the services they need in their child's early years.

Further Information:
Councils backed with over £500m to restore family services - GOV.UK

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REGULATION

Regulation action plan

- Prior to the Statement, Government published a Regulation Action Plan. This:

Streamlines environmental regulations.

- Government 'will make it simpler and faster for projects to agree environmental permits, in some case removing them altogether for low-risk and temporary projects, putting an end to delays that can slow down decisions needed to get spades in the ground. Combined with the appointment of a single lead environmental regulator, this will speed up approvals and save businesses millions in time and resource. The government will also consult on allowing regulators to be more agile in making sensible decisions on which low-risk activities should be exempt from environmental permits. This will allow them to focus on high-impact, high-priority areas, such as low-carbon infrastructure - while ensuring nature protections are not weakened'.

The Chancellor is promising to significantly cut the number of regulators by the end of the Parliament to reduce overlap.

- Following the decision to primarily consolidate the Payment Systems Regulator (PSR) into the Financial Conduct Authority (FSA), the Regulator for Community Interest Companies will be folded into Companies House. Cabinet ministers will report back to the Chancellor by the summer with further suggestions to cut numbers and create a more effective system. The Treasury will also explore ways to streamline financial services regulators' 'have regards' to improve predictability and business confidence. The role of the Financial Ombudsman Service will also be reviewed to ensure that it is acting as an impartial service that provides quick and predictable resolutions to disputes – not as a quasi-regulator. The new system will also support businesses to innovate instead of putting obstacles in the way, led by Lord Willetts as Chair of the Regulatory Innovation Office (RIO). The RIO works with businesses and regulators to embed a pro-innovation regulatory system that enables ground-breaking new technologies to reach the market quicker. The RIO is focused on ensuring regulation supports transformative applications of emerging technologies.

Core legal duties are streamlined.

- 'Major regulators will also have their legal duties slimmed down, so that they do not waste time satisfying redundant duties that do not align with their core purpose or the public's priorities. This work will begin with the financial services regulators, energy watchdog Ofgem, water regulator Ofwat and the Office for Road and Rail'.

Performance reviews

- 'Regulators will be summoned for performance reviews twice a year from the relevant Secretary of State and will be judged against a set of targets agreed with the businesses they affect, which could how quickly they make decision on planning applications and new licenses for businesses and products. The regulators will immediately begin discussing these targets with businesses and publish them by June'.

- The plan comes alongside 60 growth-boosting measures from watchdogs.
- Government say they 'will continue to work closely with regulators to ensure they are regulating for growth, not just risk'. Cabinet Ministers will report back to the Chancellor in the summer with further suggestions for streamlining the regulatory landscape and better regulation will be a key part of the upcoming Modern Industrial Strategy.

Further information:
A new approach to ensure regulators and regulation support growth – GOV.UK
Radical action plan to cut red tape and kickstart growth - GOV.UK
Former Science Minister appointed as innovative regulation Chair to bring game-changing tech like drone medicine deliveries to the public faster – GOV.UK
Regulator axed as red tape is slashed to boost growth – GOV.UK

Public interest test for announcing investigations into regulated businesses

- In addition, the FCA will not proceed with applying a new public interest test for announcing investigations into regulated businesses.
- As part of its growth agenda, the Government has been applying pressure on regulators to "rip out bureaucracy that blocks investment".

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TAXES

Tax avoidance

- The Chanceller announced further tax avoidance and fraud measures.
- This includes plans to recruit an extra 600 staff to HMRC's debt management teams.
- Higher penalties for late tax payers will also start in April. If someone is 15 days late paying their taxes, the fine will go from 2% of owed tax to 3%. If they are more than a month late, it will jump from 4% to 10%.