

Browne Jacobson's lawyers react to the Spring Statement 2025

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The 2025 spring budget statement lays out the Labour government's plans for the UK economy, with Chancellor Rachel Reeves unveiling key initiatives to tackle the nation's current economic challenges.

With economic growth forecasts for 2025 halved to 1% and inflation expected to average above the Bank of England's 2% target at 3.2%, the government has implemented a series of new measures to balance public finances.

These include welfare cuts aimed at saving £4.4bn and a 15% reduction in the costs of running the civil service, which are also earmarked to support the government's commitment to increase defence spending to 2.5% of GDP by 2027.

Browne Jacobson's public and private sector experts analyse key issues in the Budget.

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Corporate

Commenting on the Chancellor's statement that the government wants to make the UK defence superpower and confirmation of increased defence spending, [Tom Saunderson](#), corporate partner at UK and Ireland law firm Browne Jacobson, said: "We knew about the overall increase to 2.5% of GDP for defence spending by April 2027, but the Chancellor's announcement of an additional £2.2bn in defence spending in the next financial year is a strong initial step towards fulfilling that promise. The feeling remains, however, that this is still not enough in a world where the USA's new path of isolationism has left many European democracies exposed.

Strategic investments to empower innovation

"One of the standout announcements was the allocation of 10% of the Ministry of Defence (MoD) budget towards novel technologies such as artificial intelligence, drone technology and cyber security. Historically, the lack of MoD budget for future platforms has stifled the development of security-related solutions in the UK, often forcing innovations to relocate for support, typically to the US.

"The establishment of a protected £400m budget for defence innovation, set to increase over time, is a welcome move that promises to bridge the funding gap and foster the growth of early-stage companies, maintaining the UK's edge in defence technology.

Streamlining defence procurement

"The Chancellor's initiative to reform the defence procurement system aims to make it quicker, more agile and more streamlined. This is a crucial development that seeks to address concerns of a fragmented trade and procurement market. By improving access to MoD

contracts for small businesses, the government is taking significant steps to mitigate the perceived crowding out of innovation by established primes, thereby fostering a more competitive and diverse market landscape.

Vision for a defence industrial superpower

“Chancellor Reeves’ aspiration to transform the UK into a defence industrial superpower reflects a bold and strategic vision that complements the discussions at our recent event, *‘Brave new world: Trade, innovation and investment in space, aerospace and defence’*, which brought together businesses, innovators and investors in these sectors.

“The Chancellor’s emphasis on defence spending not just being about national security, but also improving economic security, reflects the need to change public perceptions about defence and security. By framing defence spending in this way, it may help to shift the narrative and public perception of defence as a sector.

“As we move forward, it’s imperative that both government and industry stakeholders continue to collaborate closely, ensuring that the promise of the budget can be fully realised for the benefit of our national security and economic prosperity.”

Government

Commenting on the Chancellor’s pledge in the Budget to “significantly reduce the costs of running government” by making cuts to the civil service, [Anja Beriro](#), Partner in the [government](#) team at UK and Ireland law firm Browne Jacobson, said: “While governments come and go, the civil service is a fixed asset that steers forward national objectives.

“Therefore, a proposal to cut civil servant jobs – while understandably part of an ambition to make the state leaner – risks the loss of significant brain power and momentum behind delivering on its five missions for this parliament, unless certain issues are considered and acted upon.

“It highlights the importance of ensuring protocols are in place to protect know-how and expertise within the state apparatus from the peaks and troughs of its workforce size, particularly if schemes like voluntary redundancy appeal to civil servants closer to the end of their careers.

“Data collection and AI systems may require upgrading to enable expertise to be shared between departments, which would also help to drive efficiencies.

“But there’s also a need for improved workforce planning, with training and development at its heart, to develop the next generation of civil service leaders.

“From an [employment law](#) perspective, any job cuts must be executed very carefully so that they don’t lead to knock-on legal issues for retained employees or for the relevant department.”

Planning

Commenting on the Chancellor’s announcement in the Budget that planning reforms will add £15.1bn to the UK economy by 2029/30, [Ben Standing](#), Partner specialising in [planning](#) at UK and Ireland law firm Browne Jacobson, said: “Putting the planning system front and centre of its economic growth mission is a wise call by the government, which is taking a refreshingly bold and speedy approach to clearing the road for future developments.

“But Westminster should be aware that none of these changes will offer a quick fix and reorganising the system at large isn’t going to solve the issues it wants to tackle on their own given there are other structural challenges, in particular around skills needs.

“A £600m fund to train up to 60,000 more construction workers across 10 new technical excellence colleges indicates recognition from the government about this. However, extra money must be complemented by a dedicated skills strategy that addresses the sticky issue of how to encourage young people to take up construction careers.

“Similarly, while legislative changes should make the planning system work smoother, we’re yet to hear from government how it intends to bring communities along this journey.

“At the moment, the discourse is around which areas carry the ‘burden’ of new housing but this points to a broader reputational challenge for development, which is in desperate need of a makeover to be regarded more positively by the public.

“To turn this perception around, there must be a concerted effort by central and local government, in partnership with the construction industry, to meaningfully engage communities hosting new public infrastructure – whether this is housing developments, renewable energy schemes or transport projects – and identify how local people can benefit.”

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