

RANDALL'S

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Spring Statement 2025: Speech & Documents

26 March 2025

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Chancellor's speech

Spring Statement 2025 speech as delivered by Chancellor Rachel Reeves.

The HMT text is below with the restoration in italics by Randall's of what has been redacted by HMT, but was captured at the point of delivery by our new ParliScribe system – [for the official version, use this link](#)

Mr Speaker, [political content redacted - *This Labour government was elected*]

To provide security for working people.

And to deliver a decade of national renewal.

That work began in July – and I am proud of what we have delivered in just nine months.

Restoring stability to our public finances...

... giving the Bank of England the foundation to cut interest rates...

... three times since the General Election.

Rebuilding our public services...

... with record investment in our NHS...

... bringing waiting lists down for 5 months in a row.

And increasing the National Living Wage...

... to give 3 million people a pay rise from next week.

Now our task is to secure Britain's future...

... in a world that is changing before our eyes.

The threat facing our continent was transformed when Putin invaded Ukraine.

It has since escalated further...

... and continues to evolve rapidly.

At the same time, the global economy has become more uncertain...

... bringing insecurity at home...

... as trading patterns become more unstable...

... and borrowing costs rise for many major economies.

Mr Speaker, the job of a responsible government is not simply to watch this change.

This moment demands an active government.

A government not stepping back, but stepping up.

A government on the side of working people...

... helping Britain to reach its potential.

We have the strengths to do just that...

... as one of the world's largest economies ...

... an ally to trading partners across the globe...

... and a hub for global innovation.

These strengths...

... and the progress we have made so far...

... mean we can act quickly and decisively in a more uncertain world...

... to secure Britain's future...

... and to deliver prosperity for working people.

Mr Speaker, as I set out at the Budget last year...

... I am today returning to the House to provide an update on our public finances...

... supported by a new forecast from the independent Office for Budget Responsibility...

... ahead of a full Spending Review in June.

I will then return to the House in the autumn to deliver a budget...

... in line with our commitment to deliver just one major fiscal event a year.

So let me turn now to the OBR's forecasts...

... and I want to thank Richard Hughes and his team for their dedicated work.

The increased global uncertainty has had two consequences.

First, on our public finances.

And second, on our economy.

I will take each in turn.

In the autumn, I set out new fiscal rules that would guide this government.

These fiscal rules are non-negotiable.

They are the embodiment of this government's unwavering commitment...

... to bring stability to our economy...

... and to ensure security for working people.

[political content redacted - *Because the British people have seen what happens when a government borrows beyond their means. The mini budget delivered by the party opposite resulted in higher bills, in higher rents, and higher mortgages. And, Mr Speaker, it was not the wealthy who suffered most when they crushed the economy. It was ordinary working people. And they can feel the effect two and a half years later.*]

But we must earn that trust every single day.

The two fiscal rules that I set out at the Budget were...

First, our "Stability Rule", which ensures that public spending is under control...

... balancing the current budget by 2029-30...

... so that day-to-day spending is met by tax receipts.

Second, our "Investment Rule" to drive growth in the economy...

... ensuring that net financial debt falls by the end of the forecast period...

... while enabling us to invest alongside business.

Turning first to the Stability Rule, the OBR's forecast shows that...

... before the steps that I will take in this statement...

... the current budget would have been in deficit by £4.1bn in 2029-30...

... having been in surplus by £9.9bn in the autumn...

... as the UK, alongside our international peers like France and Germany...

... has seen the cost of borrowing rise during this period of heightened uncertainty in global markets.

As a result of the steps that I am taking today...

... I can confirm that I have restored in full our headroom against the "stability rule"...

... moving from a deficit of £36.1bn in 2025-26 and £13.4bn in 2026-27...

... to a surplus of £6.0bn in 2027-28, £7.1bn in 2028-29 and a surplus of £9.9bn in 2029-30.

[redacted added political comment *That compares to the headroom left by the previous government of just £6.5 billion.*]

That means that we are continuing to meet the Stability Rule two years early...

... building resilience to shocks in this, a more uncertain world.

The OBR forecast that the "investment rule" is also met two years early...

... with net financial debt of 82.9% of GDP in 2025-26 and 83.5% in 2026-27...

... before falling from 83.4% in 2027-28, to 83.2% in 2028-29 and 82.7% in 2029-30...

... providing headroom of £15.1bn in the final year of the forecast...

... broadly unchanged from the autumn.

[political content redacted - *After the last government doubled the national debt National Debt. Debt interest After they doubled the national debt.*]

... debt interest payments now stands at £105.2bn this year...

... Mr Speaker, that is more than we allocate on Defence, the Home Office and Justice combined.

[political content redacted - *That is the legacy of the party opposite.*]

So the responsible choice is to reduce our levels of debt and borrowing in the years ahead...

... so that we can spend more on the priorities of working people. And that is exactly what this government will do.

Mr Speaker.

I said that our fiscal rules were non-negotiable.

And I meant it.

I will always deliver economic stability.

And I will always put working people first.

[political content redacted - *I said it at the election*]

I said it at the Budget.

And I say it again today.

Let me now set out the steps the government has taken.

At the Budget we protected working people...

... by keeping our promise not to raise their rates of National Insurance, income tax or VAT.

At the same time, we began to rebuild our public services...

[political content redacted - *After the party opposite left a £22 billion black hole in our finances*]

Ours were the right choices, the right choices for stability and the right choices for renewal...

... funded by the decisions that we took on tax.

As I promised in the autumn, this Statement does not contain any further tax increases.

But when working people are paying their taxes, while still struggling with the cost-of-living...

...it cannot be right that others are still evading what they rightly owe in tax.

In the Budget, I delivered the most ambitious package of measures that we have ever seen...

... to cut down on tax evasion...

... raising £6.5bn per year by the end of the forecast.

Today, I go further...

... continuing our investment in cutting-edge technology ...

... investing in the HMRC's capacity to crack down on tax avoidance...

... and setting out plans to increase the number of tax fraudsters charged every year by 20%.

These changes raise a further £1bn...

... taking the total revenue raised from reducing tax evasion under this [political content redacted - *Labour*] government to £7.5bn...

... figures verified by the Office for Budget Responsibility...

... and I want to thank my Honourable Friend the Exchequer Secretary for his continued work in this area.

Mr Speaker, last week my Right Honourable Friend the Secretary of State for Work and Pensions, set out this government's plans to reform the welfare system.

[political content redacted - *The Labour Party is the party of work*]

We believe that if you can work, you should work...

... but if you can't work, you should be properly supported.

This government inherited a broken system.

More than 1,000 people are qualifying for Personal Independence Payments.

And 1 in 8 young people are not in employment, education or training.

If we do nothing, we are writing off an entire generation.

That cannot be right and we will not stand it.

It is a waste of their potential and it is a waste of their futures and we will change it.

As my Right Honourable Friend said in her statement last week...

... the final costings would be subject to the OBR's assessment.

Today, the OBR have said...

... that they estimate the package will save £4.8bn in the welfare budget...

... reflecting their judgements on behavioural effects and wider factors.

This also reflects final adjustments to the overall package...

... consistent with the Secretary of State's statement last week...

... and the government's Pathways to Work Green Paper.

The Universal Credit Standard Allowance will increase from £92 per week in 2025-26 to £106 per week by 2029-30...

... while the Universal Credit Health element will be cut for new claimants by 50% and then frozen.

On top of this, we are investing £1bn to provide guaranteed, personalised employment support to help people back into work...

... and £400m to support the Department for Work and Pensions and our Job Centres to deliver these changes effectively and fairly...

... taking total savings after that for the package to £3.4bn.

Whilst spending on disability and sickness benefits will continue to rise, these plans

mean that welfare spending as a share of GDP will fall between 2026-27 and the end of the forecast period.

[political content redacted - *very different what we inherited from the party opposite*]

We are reforming our welfare system...

... making it more sustainable...

... protecting the most vulnerable...

... and supporting more people back into secure work lifting them out of poverty.

Mr Speaker, at the Budget, I fixed the foundations of our economy to deliver on the promise of change.

That work has already begun.

2 million extra appointments in our NHS.

Waiting lists down.

New breakfast clubs opening across England.

The largest settlements in real terms for Scotland, Wales and Northern Ireland in the history of devolution.

Asylum costs, falling.

Promises made, promises kept.

[political content redacted - *And every single one of them are opposed by the parties opposite*]

At the Budget...

... alongside providing an increase in funding for this year and next...

... I set the envelope for the Spending Review...

... which we will deliver in June...

led by my RHF the Chief Secretary to the Treasury

... to set departmental budgets until 2028-29 for day-to-day spending...

... and until 2029-30 for capital spending.

Today, I am reflecting two steps that we have taken in our spending plans.

First, because we are living in an uncertain world...

... as the Prime Minister has set out...

... we will increase defence spending to 2.5% of GDP, reducing overseas aid to 0.3% of Gross National Income.

This means we save £2.6bn in day-to-day spending in 2029-30...

... to fund our more capital-intensive defence commitments.

Second, in recent months, we have begun to fundamentally reform the British state...

... driving efficiency and productivity across government...

... to deliver tangible savings...

... and improve services across our country.

Earlier this month, the Prime Minister set out our plans to abolish the arms-length body NHS England...

... and ensure that money goes directly to improving the service for patients.

My Right Honourable Friend the Health Secretary is driving forward vital reforms to increase NHS productivity...

... bearing down on costly agency spend...

... to save money so that we can improve patient care.

And my Right Honourable Friend the Chancellor of the Duchy of Lancaster is taking forward work to significantly reduce the costs of running government...

... by 15%, worth £2bn, by the end of the decade.

This work shows that we can make our state leaner, and more agile...

... delivering more resources to the frontline...

... while ensuring we control day-to-day spending to meet our fiscal rules.

Today, I build on that work...

... by bringing forward £3.25bn of investment...

... to deliver the reforms that our public services need...

... through a new Transformation Fund.

That is money brought forward now...

... to bring down the costs of running government by the end of the forecast period...

... by making public services more efficient, more productive and more focused on the user.

I can confirm today the first allocations from this fund...

... including funding for Voluntary Exit Schemes to reduce the size of the Civil Service...

... pioneering AI tools to modernise the state...

... investment in technology for the Ministry of Justice to deliver probation services more effectively...

... and up-front investment so we can support more children in foster care...

... to give them the best possible start in life...

... and reduce cost pressures in the future.

Our work to make government leaner...

... more productive...

... and more efficient...

... will help deliver a further £3.5bn of day-to-day savings by 2029-30.

Overall, day-to-day spending will be reduced by £6.1bn by 2029-30...

... and it will now grow by an average of 1.2% a year above inflation...

... compared to 1.3% in the Autumn.

Mr Speaker, I can confirm to the House that day-to-day spending will increase in real terms, above inflation, in every single year of the forecast.

And in the Spending Review, apart from the reduction in overseas aid...

... day-to-day spending across government has been fully protected.

I can also confirm our approach to capital investment.

In the Autumn Budget I announced £100bn of additional capital spending...

... to crowd in investment from the private sector...

... to fix our crumbling infrastructure...

... and to create jobs in every corner of our country.

[political content redacted - *Today, I am not cutting capital spending as the party opposite did time and time again, because that choked off growth and it left our school roofs literally crumbling. That was the wrong choice It was the irresponsible choice. That was the Tory choice.*]

Today, I am instead increasing capital spending ...

... by an average of £2bn per year compared to the Autumn...

... to drive growth in our economy...

... and to deliver in full our vital commitments on defence.

This government will ensure that every pound we spend will deliver for the British people...

... by increasing productivity...

... driving growth in our economy...

... and improving our frontline public services.

Mr Speaker, let me turn now to the impact of increased uncertainty on our economy.

To deliver economic stability, we must work closely with the Bank of England...

... supporting the independent Monetary Policy Committee to meet their 2% inflation target.

There have been three interest rate cuts since the General Election and today's data showed that inflation fell in February.

... the OBR forecast that CPI inflation will average 3.2% this year...

... before falling rapidly to 2.1% in 2026 and meeting the 2% target from 2027 onwards...

... giving families and businesses the security that they need...

... and providing our economy with the stable platform it needs to grow.

Mr Speaker...

... earlier this month, the OECD downgraded this year's growth forecast for every G7 economy, including the UK.

And the OBR have today revised our growth forecast for 2025...

... from 2% in the autumn...

... to 1% today.

I am not satisfied with these numbers.

That is why we on this side of the house are serious about taking the action needed to grow our economy.

Backing the builders, not the blockers...

... with a third runway at Heathrow Airport...

... and the Planning and Infrastructure Bill.

Increasing investment...

... with reforms to our pension system...

... and a new National Wealth Fund.

And tearing down regulatory barriers...

... in every sector of our economy.

That is a serious plan for growth.

That is a serious plan to improve living standards.

That is a serious plan to renew our country.

Mr Speaker, a changing world presents challenges.

But it also presents new opportunities.

For new jobs.

... and new contracts...

... in our world-class defence industrial centres...

... from Belfast to Deeside, and from Plymouth to Rosyth.

In February, the Prime Minister set out our government's commitment to increase spending on defence to 2.5% of GDP from April 2027...

The biggest sustained increase in defence spending since the end of the Cold War

...and an ambition to spend 3% of GDP on defence in the next parliament.

That was the right decision in a more insecure world...

... putting an extra £6.4bn into defence spending by 2027.

But we have to move quickly in this changing world.

And that starts with investment.

So today I can confirm that I will provide an additional £2.2bn for the Ministry of Defence in the next financial year...

... a further downpayment on our plans to deliver 2.5% of GDP by 2027.

This additional 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 its benefits.

So I will set out the immediate steps that we are taking to boost Britain's defence industry...

... and to make the UK a defence industrial superpower.

We will spend a minimum of 10% of the Ministry of Defence's equipment budget on novel technologies ...

... including drones and AI enabled technology...

... driving forward advanced manufacturing production in places like Glasgow, in Derby and in Newport...

... creating demand for highly skilled engineers and scientists...

... and delivering new business opportunities for UK tech firms and start-ups.
We will establish a protected budget of £400m within the Ministry of Defence...
... a budget that will rise over time for UK Defence Innovation...
... with a clear mandate to bring innovative technology to the front line at speed.
We will reform our broken defence procurement system...
... making it quicker, more agile and more streamlined...
... and giving small businesses across the UK better access to Ministry of Defence contracts.
Something welcomed by the Federation of Small Businesses.
We will take forward our Plan for Barrow, a town at the heart of our nuclear security...
... working with my Honourable Friend the Member for Barrow and Furness...
... and providing £200m, supporting the creation of thousands of jobs there.
We will regenerate Portsmouth naval base, securing its future...
... as called for by my Honourable Friend the Member for Portsmouth South.
We will secure better homes for thousands of military families... the homes that they deserve [political content redacted - *denied to them by the previous governments*].
... homes for our military families in the constituencies of my Honourable Friends for Plymouth Moor View, Plymouth Sutton & Devonport, York Outer and in Aldershot.
That is the difference that this [political content redacted - *Labour*] government is making.
Finally, Mr Speaker, we will provide £2bn of increased capacity for UK Export Finance...
... to provide loans for overseas buyers of UK defence goods and services...
Because I want to do more with our defence budget so we can buy and make and sell things here in Britain.
... giving further opportunities for our world leading defence companies and those who work in them...
... to grow and create jobs here in Britain...
... as military spending rises right across Europe.
To oversee all of this vital work...
... my Right Honourable Friend the Defence Secretary and I will establish a new Defence Growth Board...
... to maximise the benefits from every pound of taxpayers' money that we spend.
And we will put defence at the heart of our modern industrial strategy...
... to drive innovation that can deliver huge benefits back into the British economy.
Mr Speaker, that is how we make our country a defence industrial superpower...
... so the skills of the future...
... the jobs of the future...

... and the opportunities of the future...

... can be found right here in the United Kingdom.

Mr Speaker, [political content redacted - *as the previous government learned to their detriment*] there are no shortcuts to economic growth.

It will take long-term decisions.

It will take hard yards.

It will take time for the reforms that we are introducing to be felt in the everyday economy.

It is right that the Office for Budget Responsibility consider the evidence...

... and look carefully at measures before recognising a growth impact in their forecast.

But, Mr Speaker, I can announce to the House...

... that the OBR have considered – and have scored – one of the central planks of our plan for growth.

In my first week as Chancellor, I announced that we were pursuing the most ambitious set of planning reforms in decades...

... to get Britain building again.

And in December - we published changes to the National Planning Policy Framework...

... driven forward tirelessly by my Right Honourable Friend the Deputy Prime Minister...

... reintroducing mandatory housing targets...

... and bringing “grey belt” land into scope.

The OBR have today concluded that these reforms will permanently increase the level of real GDP...

... by point 0.2% by 2029-30...

... an additional £6.8bn in our economy...

... and by point 0.4% of GDP within 10 years...

... an additional £15.1bn in our British economy.

Mr Speaker, that is the biggest positive growth impact that the OBR have ever reflected in their forecast, for a policy with no fiscal cost.

And taken together with our plans to increase capital spending that we set out in the Budget last year...

... this government’s policies will increase the level of real GDP by point 0.6% in the next ten years.

Mr Speaker, that is the difference that this [political content redacted - *Labour*] government is making.

Policies to grow our economy.

[political content redacted - *promises by a Labour government delivered by a Labour government opposed by the parties opposite*]

The OBR have concluded that our reforms will lead to housebuilding reaching a forty-year high...

... of 305,000 a year by the end of the forecast period.

And changes to the National Planning Policy Framework alone...

... will help build over 1.3 million homes in the UK over the next five years...

... taking us within touching distance...

... of delivering our manifesto promise to build 1.5 million homes in England in this parliament.

[political content redacted – *Homes promised by this Labour government, homes built by this Labour government, homes opposed by the parties opposite.*]

The impact on our economy goes further still.

[political content redacted - *as I said at the election that we could not simply tax and spend our way to prosperity*]

We need economic growth.

So I can today confirm...

... that the effect of our growth policies...

... including our planning reforms...

... means an additional £3.4 billion to support our public finances and our public services by 2029-30.

The proceeds of growth.

[political content redacted - *Promised by this Labour government, delivered by this Labour government, opposed by the parties opposite*]

Mr Speaker, earlier this week...

... we provided an additional £2bn of investment in social and affordable homes next year...

... delivering up to 18,000 new homes...

... and allowing local areas to bid for new developments across our country...

... including sites in Thanet, in Sunderland and in Swindon.

More security for families across our country.

[political content redacted - *Promised by this Labour government, delivered by this Labour government, opposed by the parties opposite*]

And to build these new homes...

... we need people with the right skills.

Earlier this week, my Right Honourable Friend the Education Secretary announced more than £600m...

... to train up 60,000 more construction workers...

... including with 10 new Technical Excellence colleges across every region of our country...

... giving working people the chance to fulfil their potential.

New opportunities for our young people.

[political content redacted - *Promised by this Labour government, delivered by this Labour government, opposed by the parties opposite*]

Mr Speaker, all this is just the start.

The Planning and Infrastructure Bill passed its second reading on Monday.

[political content redacted - *No thanks to the parties opposite*]

Once this Bill completes its passage...

... it will help deliver the homes and infrastructure our country badly needs.

[political content redacted – *And I say to the parties opposite, the British people will be watching*]

And today, I can confirm to the House...

... that the OBR have upgraded their growth forecast next year...

... and every single year thereafter...

... with GDP growth of 1.9% in 2026, 1.8% in 2027, 1.7% in 2028, and 1.8% in 2029.

Mr Speaker,

By the end of the forecast...

... our economy is larger compared to the OBR's forecast at the time of the Budget.

[political content redacted - *That is the difference that this Labour government is making*]

But Mr Speaker, this isn't just about lines on a graph.

It is about improving people's lives.

Working people are still feeling the pinch after a cost of living crisis [political content redacted - *caused by the party opposite*] that saw prices spiral.

So I am pleased that the OBR confirm today ...

... that Real Household Disposable Income...

... will now grow this year at almost twice the rate expected in the autumn.

[political content redacted - *compared to the forecast in the final budget delivered by the party opposite*]

... and after taking into account inflation...

... the OBR say today...

... that people will be on average over £500 a year better off under this Labour government.

That will mean more money in the pockets of working people. Higher living standards.

[political content redacted - *promised by this Labour government, delivered by this Labour government, opposed by the parties opposite*]

Mr Speaker, the world is changing.

We can see that...

... and we can feel it.

A changing world demands a government that is on the side of working people.

Acting in their interest.

Acting in the national interest.

Not retreating from challenges.

Not stepping back.

But a government with the courage to step up...

... to secure Britain's future...

... and to seize the opportunities that are out there before us.

I am impatient for change, the British people are impatient for change, [political content redacted – *after fourteen years of failure*].

And we are beginning to see change happen.

Our Plan for Change is working.

Defence spending is rising.

Waiting lists are falling.

Wages are up.

Interest rates are cut.

[political content redacted - *That is the difference that this Labour government is making*]

And today, Mr Speaker...

... the OBR confirm...

... that our plan to get Britain building...

... will drive growth in our economy...

... and put more money in people's pockets.

There are no quick fixes.

But we have taken the right choices.

[political content redacted - *Returning stability to our economy after years of mismanagement by the party opposite*]

Delivering security for our country and security for working people.

That is what drives this government.

That is what drives me as Chancellor.

And that is what drives the choices that I have set out today.

And I commend this statement to the House.

OBR - Chancellor restores headroom amid risky outlook

Against a more challenging and uncertain outlook than in autumn, we have halved our forecast for economic growth this year from 2 to 1 per cent and lowered the forecast path for the level of productivity. Before accounting for policy, higher debt interest costs and other forecast changes left the current budget in deficit by £4 billion in 2029-30. Policy changes, including welfare reforms and day-to-day departmental spending reductions, restore it to the £10 billion surplus the Chancellor had in October. This remains a small margin against the risk of further shocks to interest rates, productivity, or global trade.

[Economic and fiscal outlook – March 2025 - Office for Budget Responsibility](#)

The latest update of our forecasts was published on 26 March 2025 in the March 2025 Economic and fiscal outlook. Read the [Executive summary](#) for the key messages of our forecast or the [full report](#) on our website.

[Economic and fiscal outlook – March 2025](#) (PDF)

[Chapter 2](#) sets out our forecasts for the economy over a five-year horizon. We cover our latest forecast changes in light of recent developments and the effect of policies in the Spring Statement.

In [Chapter 3](#), details the policy measures announced since October 2024, provides an update on selected previous measures, and discusses policy risks and uncertainties.

[Chapters 4-6](#) sets out our forecasts for receipts and public spending over a five-year horizon. We also explain our loans and other financial transactions forecasts. All this, together with new policy decisions, builds the outlook for borrowing and debt.

In [Chapter 7](#), we assess the Government against its fiscal targets and assesses their likelihood of being met on current policy under our central forecast. We consider the uncertainty around our economic and fiscal forecasts and the risks to the Government meeting its targets. We also test the sensitivity of our fiscal forecasts in an alternative economic scenario.

[Annex A](#) contains detailed summary tables setting out our economic and fiscal forecasts.

Key documents

HMT - Chancellor delivers security and national renewal in a new era of global change

Chancellor vows to bring about “new era of security and national renewal” as she delivered a Spring Statement to kickstart economic growth, protect working people and keep Britain safe.

[Link to press release](#)

- People to be on average £500 a year better off by the end of this parliament compared to under the previous government, putting more money in people’s pockets.

- OBR forecast concludes government's landmark planning reforms will result in a £6.8 billion boost to the economy and housebuilding at its highest level in over 40 years by 2029-30.
- Growth at the heart of Plan for Change as £13 billion of additional capital spend allocated alongside £2.2 billion defence funding boost next year.

People will be on average £500 a year better off from 2029, relative to OBR's autumn forecast, helping to deliver the Plan for Change as the Chancellor today (Wednesday 26 March) announced a Spring Statement to grasp the opportunities in a changing world.

The OBR has also today concluded that the government's landmark planning reforms will result in UK housebuilding reaching its highest level in over 40 years, bringing the UK one step closer to its Plan for Change mission to build 1.5 million homes.

The economy will be 0.2% larger in 2029-30 because of the reforms – worth around £6.8 billion in today's money – growing to 0.4% over the next ten years. This represents the biggest positive growth effect it has ever forecasted for a policy that comes at zero-cost to taxpayers. The reforms will secure over 170,000 new homes for hard working families and leave borrowing £3.4 billion lower in 2029-30.

The Chancellor also set out how the government is protecting national security and maximising the growth potential of the UK defence sector by confirming a £2.2 billion increase in the defence budget in 2025-26 while ensuring UK defence is on the cutting-edge of technology and innovation.

But growth is still not where it should be, so at this Spring Statement, this government has gone further and faster to kickstart growth by training up to 60,000 young people to get Britain building again; increasing capital investment by £13 billion over this parliament; and fixing public services by tearing out waste from its roots.

Growth

Kickstarting economic growth is the number one mission of this government, putting more money in people's pockets. The government has already made considerable progress; supporting a third runway at Heathrow; revitalising the Oxford Cambridge Growth Corridor, launching the National Wealth Fund and making the right choices on public investment to drive growth across the UK.

The actions of this government across the Autumn Budget and Spring Statement, if sustained, lead to a 0.6% rise in the level of real GDP by 2034-35, signalling the government's growth plan is working.

The OBR concluded that the stability rule is met by £9.9 billion and the investment rule is met by £15.1 billion. Both rules are met two years early, meaning from 2027-28 the government is only borrowing for investment and net financial debt is falling.

The government is not satisfied with short-term growth figures, and is going further and fast today to improve this.

- To go further and faster to get Britain building, the Chancellor has today announced a further £13 billion of capital investment over the Parliament to go further on growth, on top of the £100 billion uplift announced at Autumn Budget. This will deliver the projects needed to catalyse private investment, boost growth and drive

forward the UK's modern industrial strategy - unlocking the potential of the Oxford Cambridge Growth Corridor which could add up to £78 billion to the UK economy by 2035.

- Taken together, this greater capital investment more than offsets the modest savings on day to day spending and means the total departmental spending will increase over the next five years, when compared with plans in the Autumn.
- Over this Parliament, the government is funding a £625 million package to boost skills in the construction sector, which is expected to provide up to 60,000 more skilled construction workers to support the government's plans to deliver 1.5 million homes in England over the parliament and progress vital infrastructure projects,
- As part of this, the government is providing further support to scale up existing construction skills pathway over this Parliament through £100 million for 35,000 additional training places in construction-focused Skills Bootcamps, supporting trainees, 'returners', and existing employees to succeed in the sector. Building on the £40 million investment in the new Growth and Skills Levy at Autumn Budget 2024, the government is also providing a further £40 million to support up to 10,000 more young people to access new construction Foundation Apprenticeships, which will provide a key entry route into a thriving industry.
- The government is ensuring there are enough skilled construction workers in the system, with £100 million to deliver 10 Technical Excellence Colleges specialised in construction across every region in England, and £165 million to increase funding for training providers delivering construction courses for 16-19-year-olds and adults.
- The government is committed to supporting employers to unlock further investment in training to deliver more skilled construction workers, and is providing £100 million, alongside a £32 million contribution from the Construction Industry Training Board to deliver up to 40,000 industry placements in construction each year.
- Supported by the construction skills package, the government confirmed this week that there will be a £2 billion injection of new grant funding to deliver up to 18,000 new social and affordable homes. The new funding will only support developments on sites that will deliver in this Parliament, getting spades in the ground quickly to build homes in places such as Manchester and Liverpool.

Defence

The world is changing before our eyes, reshaped by global instability, including Russian aggression in Ukraine. Europe is facing a once-in-a-generation moment for its collective security, with conflicts overseas undermining security and prosperity at home.

A month ago, the PM announced the biggest sustained increase in defence spending since the Cold War as a result of the changing global picture, now reaching 2.5% of GDP by April 2027, and with an ambition to reach 3% in the next Parliament subject to economic and fiscal conditions.

We are going further and faster to protect our national security and maximise the economic growth potential of the UK defence sector.

- Increasing the defence budget by £2.2 billion in 2025-26, taking additional spending on defence to over £5 billion since the Autumn Budget.

- This raises spending on defence to 2.36% next year and will be invested in fitting Royal Navy ships with Directed Energy Weapons five years earlier than planned, providing better homes for military families and modernising His Majesty's Naval Base Portsmouth.
- Setting a minimum 10 percent ringfence for equipment spending on emerging technologies like drones and autonomous systems, dual-use technology, and AI-powered capabilities, so that British troops have the tools they need to fight and win in modern warfare.
- Getting this new tech into the hands of our armed forces quicker by cutting away bureaucracy, with a new UK Defence Innovation unit within the Ministry of Defence spearheading efforts to identify promising technology and ensure these get to the frontline at speed, while also bolstering the UK tech sector and crowding in private investment.
- Creating bespoke procurement processes for different types of military equipment, learning lessons from our rapid support for Ukraine to drive faster timescale targets for operationalising new tanks, aircraft and other essential tools for modern warfare.
- This government is determined to transform the defence sector into an engine for growth by focusing this investment on where it boosts the productive capacity of the economy such as investment in innovation and novel technologies. As a result of the increase in defence spending to 2.5%, the government estimates this could lead to around 0.3% higher GDP in the long run, equivalent to around £11 billion of GDP in today's money.
- The government's investment in defence will also support its number one mission to deliver economic growth. UK citizens will be protected from threats at home whilst creating a stable environment in which businesses can thrive, and supporting highly skilled jobs and apprenticeships across the whole of the UK.

Reform

The government is determined to make the public sector more productive and to improve services for working people. But the changing world means we need to go further and faster to ensure we can deliver the public services that working people care most about.

The government has shown its commitment to taking the difficult decisions required to drive efficiencies and reform the state – including announcing that the world's largest quango, NHS England, will be brought back into the Department for Health and Social Care, reducing bureaucratic inefficiencies and duplication; and driving out wasteful government spend through cancelling thousands of government credit cards.

Getting more people into jobs is also central to the government's growth mission. This broken welfare system that is letting people down by asking them to prove what they can't do, rather than focusing on what they could do with the right support - trapping people due to fear of trying work, lack of support and poor financial incentives.

The social security system will always protect those who can never work, that is why this government is proposing an additional premium that will safeguard their incomes. And will end reassessments for people with the most severe, life-long conditions to give them dignity and security.

Helping more people into work is a central aim of these reforms and which is why the government is tackling incentives to be inactive by abolishing the WCA, rebalancing Universal Credit, and investing more into employment support.

We will always support those with long term health conditions through the Personal Independence Payment, which will remain an important non-means tested benefit for disabled people and people with long term health conditions. But these reforms will make the system more targeted and sustainable to ensure the safety net is there for those who need it most.

The OBR have now set out their final assessment of costings and confirmed this welfare package will reduce welfare spending by £4.8 billion in 2029-30.

The government will modernise the Civil Service into a more productive and agile organisation that can effectively deliver the Plan for Change, underpinned by a digital revolution, while cancelling thousands of government procurement cards. Today, the Chancellor has gone further.

- The Chancellor has confirmed 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 Fund will invest in vital public services and accelerate the modernisation of the state by taking the next step to reform the children's social care system through 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.
- The fund will also support the managing offenders in the community, by providing £8 million for new technology so probation officers can focus on reducing reoffending, rather than filling out forms.
- In addition, it will 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.
- To create an agile and productive state we are also providing £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.
- The Chancellor also announced a package of measures to close the tax gap, raising £1 billion per year by 2029-30. The UK tax gap was estimated to be around £40 billion in 2022-23.
- The Spring Statement earmarks around £80 million in new money for third party debt collectors to bring in £1.3 billion over the next five years - a return of around £16 for every pound spent for UK public services and investment projects. HMRC will also receive £4 million in new funding to pilot a new test and learn programme with the private sector to improve the tax collection agency's approach

to recouping older unpaid tax debt. Ministers will decide whether to proceed with a larger exercise later this year based on the results of this test.

- An additional 600 staff will also be recruited into HMRC's debt management teams. This means that for every £1 spent on these staff, over £13 of debt is expected to be recovered. The staff will work with the private sector to make collecting tax debt more efficient including through automating admin processes.
- The Spring Statement also announces £100 million in new funding for HMRC to recruit a further 500 compliance officers from April 2025. This will raise £241 million in unpaid tax over the next five years.
- Late payment penalties for VAT and Making Tax Digital for income tax Self Assessment will increase to incentivise taxpayers to pay on time. This will be from 2% to 3% at 15 days, 2% to 3% at 30 days, and 4% to 10% from day 31. This will take effect from April 2025.
- As announced in the autumn, Making Tax Digital for income tax Self Assessment will be extended to sole traders and landlords with income over £20,000. The Spring Statement confirms that this additional group will join Making Tax Digital from April 2028. This will build on the existing plan which will see sole traders and landlords with income above £50,000 joining from April 2026, and those with income above £30,000 joining from April 2027. Around 4 million businesses have an income below the £20,000 threshold.

Looking Forward

This Spring Statement builds on the Autumn Budget and the decisions taken since required to deliver stability to the British economy and kickstart economic growth.

The government will set out its plans for spending and key public sector reforms at the Spending Review which will conclude on 11 June 2025.

This will not be a business-as-usual Spending Review. The government has fundamentally reformed the process to make it zero-based, collaborative, and data-led, in order to ensure a laser-like focus on the biggest opportunities to rewire the state and deliver the Plan for Change.

At the Spending Review, the Budget in the autumn and across the Parliament, the government will continue to prioritise growing the economy to deliver change.

More information

- [The OBR concludes planning reforms will bring housebuilding to its highest level in 40 years.](#)
- Government calculations for the long-run impacts of higher defence spending are based on estimates from Antolin-Diaz and Surico (2025), forthcoming in the American Economic Review (AER), of the GDP impact of higher defence spending on GDP. Their estimates of the GDP multiplier stabilise after ten years at around 1.6, which is assumed to reflect an appropriate long-run multiplier for potential output, as any demand-side effects are likely to have dissipated at the ten-year horizon.
- Defence spending as a share of GDP is set to rise from 2.3% to 2.5%, an increase of 0.2 percentage points. Applying an elasticity of 1.6 to this change implies a long-run

increase in the level of potential output of approximately 0.3%. A long-run increase to the level of potential output of 0.3% is equivalent to around £11 billion of GDP in the long run, in today's prices.

Spring Statement 2025 document -the "Green Book"

[Spring Statement 2025 \(web\)](#)

[Spring Statement 2025 \(HTML\)](#)

[Impact on households: distributional analysis to accompany Spring Statement 2025](#)

[Spring Statement 2025: Policy Costings](#)

[Data Sources](#)

Annual Report on the UK Government's Contingent Liabilities 2025

[Annual Report on the UK Governments Contingent Liabilities 2025](#)

[Summary Annual Report on the UK Governments Contingent Liabilities](#)

Debt management report 2025-26

Information on the government's financing plans for 2025-26

[Debt Management Report 2025-26](#)

Financial transaction control framework

The government's approach to managing financial transactions under its fiscal framework.

[Financial Transaction Control Framework](#)

[Financial Transaction Checklist March 2025](#)

OBR concludes planning reforms will bring housebuilding to its highest level in 40 years

OBR forecast concludes housebuilding will be at its highest level in over 40 years a result of UK government's planning reforms by 2029/30 – bringing UK closer to Plan for Growth 1.5 million homes target .

[Press release](#)

Devolved tax and spending forecast – March 2025

[March 2025 Devolved tax and spending forecasts](#)

[March 2025 Devolved tax and spending forecasts – charts and tables](#)

Consultations

Consultation - Better use of new and improved third party data

This consultation seeks views on opportunities for improving the quality of data acquired under HMRC's bulk data gathering powers for tax administration.

[Better use of new and improved third-party data to make it easier to pay tax right first time](#)

Consultation - Research and Development tax relief advance clearances

The aim of the consultation is to explore options to reduce error and fraud, provide certainty to businesses and improve the customer experience. The government is seeking views on whether a system of advanced clearances would deliver these aims and the best way to design and operate such a system.

The government welcomes responses from businesses of all sizes, claiming or intending to claim Research and Development reliefs, interest groups, representative bodies, industry bodies and agents.

The government is further supporting stability for business investment by consulting on a [new process to give major projects increased certainty in advance about the tax that applies](#), and by announcing that businesses will be able to obtain certainty on the transfer pricing treatment of Cost Contribution Arrangements (CCAs) through the UK's existing Advance Pricing Agreement programme.

[R&D tax relief advance clearances](#)

Consultation - Behavioural penalties reform

The consultation explores options to simplify the ways in which penalties are calculated and applied and provide a stronger deterrent for those who deliberately avoid paying what they owe.

[Reform of behavioural penalties](#)

Consultation - Stamp Duty and Stamp Duty Reserve Tax exemption for PISCES transactions

This draft statutory instrument is published for technical consultation on Stamp Duty and Stamp Duty Reserve Tax exemption for PISCES share transactions.

[Draft statutory instrument](#)

Consultation - Enhancing HMRC's ability to tackle tax advisers facilitating non-compliance

This consultation explores options to enhance HMRC's powers and sanctions to take swifter and stronger action against professional tax advisers who facilitate non-compliance in their client's tax affairs.

[Enhancing HMRC's powers: tackling tax advisers facilitating non-compliance](#)

Consultation - Closing in on promoters of tax avoidance

The government is seeking views on a range of new measures to close in on promoters of tax avoidance. These include proposals that would give HMRC additional powers and stronger sanctions, allowing HMRC to more efficiently and effectively disrupt the business model promoters rely on. The government's intent is to make a step change in efforts to close in on the small number of remaining promoters of tax avoidance. This would contribute to closing the tax gap attributable to marketed tax avoidance.

[Closing in on promoters of marketed tax avoidance](#)

Consultation - Advance tax certainty for major projects consultation

At Autumn Budget 2024, the government announced in its Corporate Tax Roadmap that it would be consulting on a new process to provide increased tax certainty in advance for major projects.

The consultation seeks views on taxpayers' priorities and sets out thinking on how a new process could work to support investment decisions.

This consultation also separately announces the outcome of the review of the transfer pricing treatment of Cost Contribution Arrangements (CCAs). Businesses will be able to obtain certainty on the transfer pricing treatment of such arrangements through the UK's existing Advance Pricing Agreement programme.

[Advance tax certainty for major projects](#)

Consultation - Climate Change Levy: electrolytic hydrogen and energy context

At Spring Statement 2025, the government committed to removing Climate Change Levy (CCL) costs from electricity used in electrolysis to produce hydrogen. This will support the growth of low carbon electrolytic hydrogen production, which will play an important role in decarbonising the power system and hard to electrify industrial and transport sectors.

This consultation seeks views to determine the best legislative route to remove these CCL costs and ensure the commitment is delivered in a way that achieves government's objectives whilst avoiding unintended consequences.

[Consultation on Climate Change Levy: electrolytic hydrogen and energy context](#)

Other papers

Policy paper - Tax implications for companies and employees in relation to employees trading their shares on PISCES

This technical note provides details of the tax implications in relation to employees trading their shares on PISCES, a new type of stock market that will be introduced in 2025.

[Technical note: Tax implications for companies and employees in relation to employees trading their shares on PISCES](#)

Policy paper - Modernising the tax system through Making Tax Digital

This technical note provides further detail on measures relating to Making Tax Digital for Income Tax which were announced at Spring Statement 2025.

[Technical note: Modernising the tax system through Making Tax Digital](#)

For further information, please email team@randallsmonitoring.co.uk

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