

Spring Statement Summary 2025

Chancellor Rachel Reeves presented the Spring Statement 2025 to Parliament on 26 March 2025. The Spring Statement 2025 was a mid-year policy update that prioritised supply-side reforms, investment, and public-service transformation via a Transformation Fund, as well as planning/housing reforms, rather than short-term tax cuts, while ensuring fiscal rules were met and boosting defence and targeted welfare reforms. The following are the primary measures and changes announced in the Statement:

Overall purpose

The Statement frames policy around a “growth mission”: boost productivity and long-term growth while maintaining fiscal stability and protecting public services.

Economic & Fiscal Outlook

The OBR and Treasury report an improved growth outlook relative to last autumn, restored headroom against the Stability Rule, and an Investment Rule buffer of £15.1bn in the target year. Growth is forecast to be stronger from 2026 onward.

Defence & Security

A commitment to increase NATO-qualifying defence spending to 2.5% of GDP by 2027, with an immediate additional £2.2bn for the MOD next year (funded partly by ODA reductions).

Public-service Reform & Efficiencies

A £3.25bn Transformation Fund is launched to modernise public services (digital/AI/efficiency) and deliver savings over the medium term; wider state reforms aim to target welfare spending and improve productivity.

Housing & Planning (supply-side boost)

Planning reforms in the NPPF and other measures are expected to deliver 170,000 additional homes over the forecast period and add to GDP, with an additional

£2bn for social and affordable housing and a construction skills package to train ~60,000 workers.

Capital Investment & Growth

An extra £13bn (summed over the next five years in the Statement — the document describes increased capital plans and a further shift toward investment to underpin growth). Capital plans to be set at the Spending Review in June.

Tax Compliance & Fiscal Integrity

Measures to tighten tax compliance and reduce avoidance/over-claims will be taken, supporting additional revenue and protecting the tax base (part of the reform and savings package).

Welfare Reforms & Targeting

Reforms (e.g., Pathways to Work) intended to reduce welfare spending as a share of GDP over the medium term and save around £4.8bn by 2029–30, while protecting those unable to work.

Labour & Skills

Investment in skills and construction training to support delivery (notably the ~60,000 skilled construction workers package) to ensure capacity for housing and infrastructure ambitions.

Net effect & Judgment

The Statement emphasises “going further and faster” on security, reform and growth: policy mix aims to raise potential output and secure the public finances, while leaving major tax changes for other fiscal events.