

## **Spring Statement 2025: AIRTO welcomes HMG's continuing prioritisation of growth and commitments for innovation**

March 26, 2025

The Chancellor of the Exchequer, Rachel Reeves MP, [Spring Statement 2025](#) to Parliament on today, 26 March.

AIRTO – the Association of Innovation, Research & Technology Organisations – recently put forward [representation to His Majesty's Treasury for the second phase of the government's Spending Review](#) calling for growth to be enabled by applied research, development and innovation, highlighting the key policy interventions needed for a clear, consistent strategy to address immediate economic and societal challenges, and build a strong, energy-secure Net Zero economy. This representation built on [our input the government in September 2024 ahead of the Autumn Budget 2024](#), which was [welcomed by AIRTO](#).

AIRTO welcomes HMG's continuing prioritisation of growth made today and previously announced in the Autumn Budget 2024. In particular, we welcome specific commitments to:

- boosting Research and Development (R&D) and innovation via MoD next year including through the upcoming Strategic Defence Review and Defence Industrial Strategy.
- formation of UK Defence Innovation (UKDI), simplifying current MOD structures and approach for innovation to improve engagement for innovative companies and start-ups to secure investment through public procurement to grow, thereby unlocking more potential for the nation's defence capabilities.
- the Regulation Action Plan, published in March 2025, committing to cut the administrative costs of regulation on business by 25% by the end of the Parliament and shape a regulatory system that encourages new investment, innovation, and growth by tackling complexity, reduce uncertainty and challenging excessive risk aversion.
- consult on a revised system of advance clearances in the R&D tax relief system. Appropriate simplification and clarification of such tax relief to achieve more certainty for businesses would be welcome.

These commitments reflect the government's stated recognition of the critical role that innovation has to play in driving economic growth and addressing societal challenges.

In [AIRTO's most recent input for consideration during HMG's Spending Review made ahead of the Spring Statement](#), in addition to calling on government to make investments in R&D and innovation as a means of stimulating future growth, we called

for improvements to the UK's regulatory system and better utilisation of public procurement in the government's role as 'first customer' to drive growth and scale-up by optimisation of processes to enable fledgling businesses to win contracts. Business organisations such as CBI have also called for some of these improvements, and we welcome today's announcement as a positive step in this direction.

In addition, to welcoming the Chancellor's initiatives highlighted above, AIRTO looks forward to the launch of the new Industrial Strategy ([Invest 2035: the UK's modern industrial strategy](#)), having [responded to HMG on its Green Paper for the Industrial Strategy](#) in November 2024. Confidence from industry in the UK economy remains fragile so the manner of implementation of the new Industrial Strategy will be critical in stimulating industrial partnership for UK growth.

### **About AIRTO**

AIRTO is the Association of Innovation, Research and Technology Organisations. Its membership comprises approximately sixty of the principal organisations operating in the UK's innovation, research and technology (IRT) sector. The IRT sector has a combined turnover of £6.9Bn, employing over 57,000 scientific and technical staff (equivalent to the academic staffing of the Russell Group of universities) and, for comparison, it is significantly larger than the network of Fraunhofer Institutes in Germany both in size and scope of activities. The sector contributes £34Bn to UK GDP. AIRTO's members work at the interface between academia and industry, for both private and public sector clients in the UK and overseas. Members cover a very wide range of industries from for example, agriculture and food, pharma and bio, energy generation and distribution, manufacturing and the built environment. They may be industry specific or have cross-sectorial expertise. Members include Independence Research and Technology Organisations, Catapult Centres, Public Research Establishments, National Laboratories, university Technology Transfer Offices and privately held innovation organisations.