Growing the economy and growing the UK digital and tech ecosystem:

techUK submission to HM Treasury ahead of the Autumn Statement 2025

About techUK

techUK is a membership organisation launched in 2013 to champion the technology sector and prepare and empower the UK for what comes next, delivering a better future for people, society, the economy and the planet.

techUK is the UK's leading technology membership organisation, with more than 1,100 members (the majority of which are SMEs), employing 1.1 million people, spread across the UK. We are a network that enables our members to learn from each other and grow in a way which contributes to the country both socially and economically. By working collaboratively with the government and others, we provide expert guidance and insight for our members and stakeholders about how to prepare for the future, anticipate change and realise the positive potential of technology in a fast-moving world.

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Introduction

Economic growth is the priority of this government. Without it, our economy will stagnate and investment in the future - whether in foundational infrastructure or cutting-edge R&D – will fall, and living standards will suffer.

This Budget is an opportunity to avoid this, and to unlock the benefits of greater investment and higher living standards. Grasping this opportunity fundamentally requires the government to enact policies that ensure that the UK remains a highly competitive place for business to invest money, time and energy.

Alongside this, the government will be judged on its ability to deliver on the issues that matter to voters – improving and reforming public services and keeping the UK secure and resilient in a world of rising threats.

Investment and business involvement in achieving the government's ambitions across multiple policy fronts is more important than ever given the immense pressures on the public finances. This deepened partnership will ultimately only materialise if businesses feel confident in the UK as a marketplace, confident that the government is supporting them, and confident that what is said is what gets delivered, both now and in the long-term.

Recent investment announcements made as part of the UK-US Tech Prosperity Deal are positive signs of this, indicating that the government can still attract capital and present a competitive value case to investors. It has shown that the government is able to deliver growth-driving initiatives that will work to improve the UK's productivity. The government should continue this momentum and explore wider incentives and measures that will increase the overall competitiveness of the economy and ensure that similar investments continue to flow to the UK naturally. As part of this, the government must also prove that it can implement measures it has announced in the Industrial Strategy and supporting documents.

One of the most prominent features of the recent UK-US deal was the role of technology and innovation. The UK tech sector remains one of the UK's true modern economic success stories. Today, it is estimated that the digital economy represents around 13% of the total economy, is responsible for adding £286 billion in annual GVA, and employs over 2.9 million people. Continuing to support the growth of the UK tech sector should be at the heart of the budget and our submission reflects that.

Over the past year, techUK has called for measures to support the growth of the tech sector and the need to promote digitisation throughout the wider economy in order to remain an innovative, globally competitive economy. We have set out opportunities and a series of policy changes that could be seized to leverage technology for the benefit of people, society, economy and the planet, and deliver a tech ecosystem (and digital and tech sector) that continues to be world leading. This will not just lead to higher skilled and higher paid jobs across the economy through much-needed increases to productivity, but it will also support more resilient and efficient public services.

This submission builds on our submission to last year's Autumn Budget, where we were pleased to see the government adopt many of our recommendations. These included keeping R&D tax credits at their current rate, increasing support for high-growth businesses,

pledging to maintain full expensing and stable corporation tax rates and a clear emphasis on the importance of driving digital adoption. These are important tenets of stability that allow businesses to plan future investment through improving stability.

While techUK and members are conscious of the tight fiscal situation, it would be a step backwards if the government were to confuse business by accompanying their pro-investment policies and rhetoric with further anti-investment tax rises and capital allowance changes for business. This instability and unpredictability in policymaking would undermine confidence in the government's word and thus investment into the United Kingdom.

In short, it is now all about delivery. Now is the time for a Budget that goes beyond rhetoric and truly delivers on these priorities. This Budget presents a chance to create and reinforce a business environment that drives up business confidence and supports business growth – encapsulated by a vision that will deliver for a future facing and thriving digital economy.

Section One: The Business Landscape

For those looking to conduct business in the UK, the operating landscape of 2025 is an uneven one. The government is operating in a difficult environment where the cost of borrowing is rising and growth is slower than anticipated, meaning limited fiscal headroom.

Meanwhile, the Autumn 2024 Budget imposed substantial additional operating expenses on the business community, with increased employer National Insurance Contributions and higher Capital Gains Tax, representing just two examples of several increased cost burdens for our members, particularly for SMEs.

Alongside this, UK electricity prices also continue to be among the highest for developed economies and we know that UK businesses continue to hold back on investment due to high energy bills. techUK polling in January 2025 found energy costs (52%) and the current level of tax on businesses (42%) were key weaknesses for the UK business environment, increasing 11% and 12% respectively compared to last year.

A snap poll conducted immediately after the Autumn Budget 2024 reflected our members' views on the adverse impact of rising taxes on business spending and confidence. Of member responses, most responded at the lower end, giving the Budget a rating between 1 and 4 (where 10 indicates positively impacting your business and 1 indicates negatively impacting your business).

Combined, all of the above, together with additional costs coming down the line (including the potential for significant business rate changes in April 2026) hampers business' ability and appetite to invest in the UK, both by reducing the financial resources available to do so, and by eroding the confidence of those with the resource by casting doubt on the relative value of their returns. Concurrently, businesses are being incentivised to invest elsewhere and explore other options outside the UK, particularly EU competitors with lower employment costs for the same tech skills such as Portugal and Greece, reducing the number of high productivity tech jobs in the UK and causing the Treasury to miss the benefits in tax revenue.

Put simply, in a competitive global marketplace, investors want to ensure that they get the best value for money. We must ensure that enough of these opportunities can be found here, and to enact the right policies that create a business environment that actively incentivises companies to invest, even under challenging conditions.

techUK welcome many of the initiatives included within recent strategies and appreciate the government setting out its plans for the next 10 years. Many strategies as part of the government's growth agenda, including the Industrial Strategy, Digital and Technologies Sector Plan, Trade Strategy, make strong commitments to support the UK's future competitiveness.

However, we would caution that delivery and the communication of announcements have left much of the business community confused on what will support them going forward. The reannouncement of pots of money in multiple strategies has led time-poor businesses struggling to understand what is available to them. Similarly, we must ensure that in the attempt to attract new investment to the UK we do not overlook the historic contributions of our existing investment community, many of whom may feel unrewarded.

Communicating activity around new initiatives but also communicating what is being done to support existing businesses, should be a priority for improvement going forward. This can be done through providing regular updates on implementation, delivery against targets, and timelines, which would go some way towards improving transparency for businesses as to what exactly the government is doing for them, what it expects in return, and when it wants to see this by.

Our submission

As the Treasury considers its options within a fiscally constrained environment, techUK and our members suggest the Autumn Statement should focus on the following pillars:

- **Pillar One: Competitiveness**, ensuring that the UK remains a favoured destination to start, grow, and invest in a tech business.
- **Pillar Two: Public Sector**, ensuring that the UK government continues to deliver for businesses and citizens.
- **Pillar Three: Security and resilience**, ensuring that the UK remains a safe place to live and work in an increasingly complex and competitive global environment.

Under each pillar sits a headline target that we call on the government to see through, a series of recommendations intended to get us there, and suggestions of actions that the government could take immediately to demonstrate progress and bolster business confidence in the next 12 months.

As always, techUK stands ready to work in partnership with Government to reshape our economy and boost UK economic growth.

Section Two: Our Recommendations

Pillar One: Competitiveness

Headline Target:	The UK to remain one of the top three places in the world to create, invest in and scale-up a fast-growing technology business.
Beyond its existing strengths, this section of our submission focuses on the other parts of the ecosystem that, when done correctly, serve to increase the UK's desirability as an investment destination over other markets.	

The UK has the third most valuable technology ecosystem in the world and the most valuable in Europe, currently valued at approximately $1.2 trillion (£880 billion) – a ninefold increase over the past decade. This is a testament to the strength of the UK market, the ideas we generate, and the value we produce, but we cannot afford to be complacent.

techUK, and our members, welcomed the ambition and vision set out within the recent Digital and Technologies Sector Plan for the UK to be one of the top three places in the world to create, invest in and scale-up a fast-growing technology business.

To achieve this, the UK Government must shore up the sector, tackling headwinds such as high electricity prices that continue to bite, along with driving further investment by businesses into frontier technologies that will define the future digital economy. Doing this effectively will continue the positive momentum towards greater investment and providing a leading edge in the technologies that matter the most in the years to come.

Attracting investment to support growth

The growth of the UK relies on attracting and deploying private sector investment into the long-term health of the economy. To remain competitive, the UK must ensure that it is open for business, sending the right signals to investors and committing to working in partnership with the business community. We must also ensure that the business environment is one that encourages founders to stay, list, and invest here.

Competitiveness	**Attracting Investment**	
Objective	**Recommendation**	**Impact/Justification**
Signal UK strengths and ambitions and streamline the process for investors.	As part of the bolstered Office for Investment, look to create a specialised extension of an Office for Investment: Digital Technologies.	*A concierge service for international digital and tech firms seeking to establish and expand their presence in the UK. We would recommend a front-door policy.* *This would streamline the interface between investors and government and increase our ability to launch and execute major deals in the digital and*

		tech sector, including data centres.
Create better join-up to fully utilise Public Finance Institutions to catalyse private investment	Place the UK Strategic Public Investment Forum on a statutory footing.	*There is a need to catalyse private investment into high-growth businesses.* *This will firmly establish the roles and relationships of Public Finance Institutions to avoid overlap and confusion, catalysing further private investment through better co-ordination.*
Make share schemes work better to support access to talent for scale-ups	Undergo a modern revolution of the Enterprise Management Incentive (EMI) scheme to drive the tech prosperity, reassessing the financial and employee limits. This could begin with extending the limits of the EMI scheme. This could be doubled to allow companies with assets up £60 million and with fewer than 500 full-time employees.	*The EMI scheme allows scale-ups to target support towards talent on a discretionary basis. In turn, it gives them a longer holding period to allow the business to focus on scale and avoid considering exit.*
Ensure public markets are fit for purpose for innovative tech companies seeking to list.	Strengthen the IPO pipeline, improving liquidity and competitiveness (through initiatives such as PISCES). Continue to accelerate Mansion House reforms where 2030 is often cited as being too slow.	*The UK remains one of the most thriving innovation ecosystems, but to truly reap the benefits of this invention the UK must have a robust public capital market that caters to high-growth tech companies, supporting their talent, revenue and value creation, without which the UK risks falling behind.*
Assess how the UK's Trading Allowance supports growth	Raise the UK's Trading Allowance from its current level of £1,000 to at least £3,000 per annum as part of any wider package of pro-growth measures.	*Raising the threshold to £3,000 would send a strong signal that the UK is serious about fostering a modern entrepreneurial culture and 'making work pay'.* *Side hustles offer a crucial on-ramp to business creation, especially for underrepresented*

		groups, career returners, students, and those seeking to supplement income during periods of part-time work or economic transition.
Reform the Video Games Expenditure Credit (VGEC) to ensure the sector remains internationally competitive and continues to drive growth.	Alongside other trade bodies, we call for the introduction of a 'games growth rate' for projects with budgets ≤ £15m, and a tapered relief of 53% down to 34% for projects between £15m-£23.5m This would position the UK as having the most internationally competitive tax incentives for the video games industry, incentivising further investment in the UK while ensuring continued growth.	*Current VGEC underperforming: The UK's VGEC delivers an effective rate of just 14%, compared to the effective rates of France (20.2%), Canada (18.2–20%), Australia (18.4%), and Ireland (17.8%). The UK is already losing studios and investment to more competitive jurisdictions who are offering better incentives.* *Other countries provide a better package of support: Many of our competitors provide significant grant funding. Canada has grants of up to $1.5 million. Finland provides a grant of up to €500,000 for start-ups and the German Game Fund enables projects above €8 million to claim 25% of costs as a grant.*
Where to start?	*Provide a roadmap within 12 months as to how Government will implement the recommendations of the Harrington Review, including the bolstered role of the Office for Investment.*	

Driving digital infrastructure deployment with digital and AI adoption across the whole economy

Digital technology is central to the lives of every household and business. Without it, the UK's ambitions in areas such as AI, Compute and Quantum will fail. Continued investment in the networks of today and the future is essential to ensure the UK can stay ahead and remain competitive. But non-tech businesses need greater support to adopt technologies that will improve their competitiveness.

This requires Government and local authorities to deliver on its pro-growth agenda and minimise the deployment barriers of both new infrastructure and upgrades to existing systems. There were welcome initiatives within both the recent Infrastructure and Industrial Strategies, but there is a need to support businesses further to make informed choices on digital adoption, as high levels of adoption across the economy, among small businesses and supply chains not only increase our own efficiency and productivity but contribute to shaping the UK as a desirable investment environment.

Competitiveness	Driving Adoption	
Objective	**Recommendation**	**Impact/Justification**
Maintain Government's commitments on connectivity for the hard-to-reach areas of the UK.	Ensure that the funding for Project Gigabit and the Shared Rural Network is fully funded, accelerated where possible, and prioritised in Treasury allocations.	*These are the biggest levers to reach hard-to-serve rural areas. Certainty and speed in delivery give confidence to private investors to align their own capital. Whilst the spending review committed to both these projects, timelines for schemes such as Project Gigabit have slipped. Delays or rephasing erode operator confidence, making rural rollout less viable, providing a risk to the businesses involved. Momentum needs to be maintained as build in certain areas has slowed or stopped.*
Business Rates holidays and relief around specific new digital infrastructure.	Government must provide suitable financial support to ensure the UK remains a leader in digital infrastructure. For telecoms and connectivity, this includes: • Deploying a 10-year business rates holiday around new fibre and 5G standalone infrastructure upgrades. • Establishing Zero or De Minimis Rating for Small Cells and prevent backdating of business rates to apply to them to ensure confidence.	*A business rates holiday would support the slowing fibre rollout in specific hard to reach areas as well as help support the urgent need to build out 5G and 5G Standalone networks, to meet the government's 2030 ambition.* *Support here will help deliver on the overarching business case for providers in deployment. Previous iterations of this policy (which still exist in Scotland) in fibre rollout have helped underpin ongoing investment and rollout.* *This should be followed by low or zero rating of small cells to ensure their deployment is economically viable, without which 5G standalone will suffer.* *We further note that any additional operating cost introduced through business rates reform could impact the UK's attractiveness as a destination for data centre investment.*

Prioritising digital infrastructure and digital adoption within local authorities.	Funding support around Digital Champions/ coordinators at local authority level to help plan digital infrastructure between local authorities and providers, tackle barriers as well as promote adoption and support on skills development.	*Local authorities are under funding pressure generally and need support in these areas to prevent digital infrastructure and services falling down the priority list, as they can do, and delays ensue. These roles would help prioritise their development, avoid fragmented approaches and help drive up adoption that is fundamental to growth.*
Update the UK's tax incentives to drive connectivity, digital and AI adoption – this should be part of a digital adoption package.	Explore an explicit tax incentive to support adoption and reduce the costs of beneficial adoption, such as a rebate on NIC contributions for AI adoption or full fibre broadband take-up for SMEs as well as VAT exemptions for social and/or basic broadband tariffs.	*Financial barriers are a major obstacle for AI adoption, especially among SMEs.* *In addition to increasing uptake of productivity-enhancing AI across the economy, this measure would also support the UK as a leading hub for AI application development not just frontier development.*
Use regulatory levers to support digital and AI adoption.	Support the adoption of e-invoicing and introduced a phased approach to mandating, starting with B2B transactions for VAT-registered businesses. Phasing the roll-out in this way will provide long-term certainty to businesses over the government's direction of travel, whilst ensuring that small businesses that are not VAT registered have the time to build, deploy and adopt e-invoicing.	*e-invoicing is a vital tool for the UK Government's ambitions to boost productivity and can support in tackling late payments, which cost the UK economy £11bn each year.* *It is also a vital precursor to wider adoption, but certainty and stability are needed to unlock investment from the tech companies that will build the relevant functionality for compliance in the UK.*
Leverage the UK's world-leading universities as underutilised anchor institutions to support digital and AI adoption.	Better embed management training into the digital and AI adoption journey, convening businesses to engage in peer-learning and training. While continuing 'Help to Grow: Management', use trusted networks that already exist including Universities. We note	*The UK's universities remain world leading and have the assets – including the technical expertise, talent, business links and infrastructure to support management training for businesses on their digital and AI adoption journey.*

	that this should be done in partnership with business given their existing, and ongoing support. This could start with the cultural shift of TTOs (typically used to transfer knowledge and technology to industry) to be used for digital technology management training purposes.	*We further note the regional spread of Universities across the UK.*
Use existing infrastructure and rewire growth hubs for the purpose of 'digital and AI adoption / productivity hubs'.	Use existing funding and infrastructure to support digital and AI adoption across the economy. Do this by repurposing growth hubs into 'digital and AI adoption hubs or productivity hubs'. The focus should be on hyper local specialist support (similar to the successful model of the Made Smarter Adoption programme).	*techUK members consistently speak of the need for continued trusted face-to-face support to guide their adoption of digital technology – starting from the most basic and leading to the adoption of AI.* *Growth Hubs work closely with the private sector to provide SME support and based across regions of the UK. They are currently underused resources with some data showing only 9% of SMEs having ever used them.*
Move ahead on a Chief Technology Officer (CTO) As-A-Service tool to support SME digital and AI adoption.	This service should support with basic diagnostic tools and pointers to encourage SMEs to consider AI and digital products as they refine and develop their businesses. Use proven examples such as Singapore's SMEs Go Digital programme. Significant focus should be on simplicity, usability, and accessibility for SMEs. We would further note that this should be integrated into the Business Growth Service (BGS) and be suited for all stages of digital maturity and sectors.	*An effective CTO As-A-Service-like tool could support to advise SMEs on adoption. For instance, guiding SMEs on their digital maturity; financial tools available to support their stage of adoption; networks to provide trusted human support (universities / growth hubs).*
Press ahead on a reformed Growth & Skills Levy that is:	The Levy must support high-quality short courses, particularly in the IS-8 sectors	*The Industrial Strategy has confirmed that the reform of the Apprenticeship Levy into the*

• **Employer-led** • **Inclusive** • **Flexible & modular,** • **Quality-assured & accredited**	and technologies such as AI and semiconductors, that address immediate skills shortages in the eight growth sectors and complement longer-term apprenticeship routes. For longer courses, the Levy should also fund level 7 apprenticeships in the IS-8 sectors and key technologies outlined in sector plans such as the Digital and Technologies sector plan All courses funded through the Levy should demonstrate strong links to industry requirements, ideally through formal accreditation. Industry-led initiatives such as Tech Industry Gold delivered by TechSkills, shows how collaborative accreditation can enhance training quality and employability outcomes.	*Growth & Skills Levy will be rolled out from April 2026[3].* *This change aims to modernise the skills funding system to better reflect the dynamic needs of today's workforce. However, without careful implementation, the transition risks disrupting training access and stalling apprenticeship growth just when it's needed most.*
Incentivise businesses to move away from legacy systems.	Government should investigate a tax credit or other form of subsidy for businesses that are upgrading legacy IT systems as part of their Operational Expenses.	*Reliance on legacy systems is not just a financial drain on UK companies by locking them out of productivity-boosting technology adoption but provides a cyber resilience threat. There should be an incentive for companies to invest in the short term to gain the benefits of cutting-edge systems in the long term.*
Cohesively bring together the Government's AI adoption initiatives.	Any AI adoption package should be linked with related incentives and measures to support the AI sector - such as AI Growth Zones (AIGZ), the £7.5 million up-skilling initiative, Sovereign AI Research Resources and the sector-focused AI Champions programme.	*An explicit virtuous circle is likely to minimise duplication and maximise positive spillover effects, giving strong positive signals with investors and maximising uptake of tech in slow-to-adopt industries.*

Place AI assurance at the heart of any digital and AI adoption package.	AI assurance encompasses the practices, processes, and frameworks designed to ensure AI systems behave as intended, operate safely, and align with organisational values, ethical principles and regulatory requirements. Any digital and AI adoption package should point to, or provide specific guidance, on AI assurance across sectors (IS-8).	*AI assurance enables businesses to assess, validate, and demonstrate the reliability of AI systems, building confidence and trust in AI systems to support adoption.* *Sector specific guidance on AI assurance could prove helpful to businesses considering adoption that lack the resource, capacity or expertise to navigate the complexities of opportunities and risks by signposting key interventions at every stage of the process.*
Diversify AI models and ensure access to the open source spectrum	Government should review current access in the UK to, and development and deployment of, UK AI models available to market and researchers with particular reference to open source and its potential to support economic growth. We recommend that this research be undertaken as part of a wider focus on available support for the spectrum of model approaches and how each can be used to effectively drive the UK's advantages in AI innovation.	*Both open and closed AI models offer distinct advantages to developers, and rather than a binary choice users would benefit from leveraging both models for their strengths.* *Open source technology offers several benefits as part of a diverse AI technology ecosystem. It is estimated that 20% of all UK AI R&D is conducted in open source AI as of 2024, with a total value of £694 million on today's levels.* *Government should actively investigate what it can do to incentivise diversification of AI development across the full spectrum of models, especially open source, to ensure the UK is a leading international developer of AI.*
Where to start?	*Government should set out or commission a map of the adoption support currently on offer and how these initiatives will complement each other to minimise duplication and maximise positive spillover effects.*	

Drive business investment in R&D to support cutting edge-innovation

R&D is vital to Britain's most innovative sectors, including many digital and technology firms, and many start-ups bringing new products to market. HMRC estimate that every £1 spent on R&D tax relief generates between £2.40 - £2.70 in returns. Incentivising greater R&D spend is therefore critical if we are to continue to drive innovation and increase growth.

Competitiveness	**Increasing R&D**	
Objective	**Recommendation**	**Impact/Justification**
Spur business investment in R&D.	Widen the use of advanced clearances in R&D reliefs. Areas the government could consider include: • Expanding the eligibility criteria for advanced assurances to cover a greater range of R&D intensive firms. • Deepening the scheme to ensure it provides further help to SMEs and scale-ups looking to apply for the tax credit.	*Advance clearances, including greater certainty for reliefs at a pre-claim clearance process, can provide greater certainty for businesses, which is especially beneficial for time-poor SMEs.* *The current criteria for advances assurances are too stringent, with just 80 advanced claims made in 2023/24 out of an estimated 11,500 firms eligible for relief. To spur greater R&D spending and provide greater certainty over a project's eligibility for relief, we would support a widening of these criteria, for example taking into account sustained R&D intensity.* *Whilst we acknowledge a wider scheme would require greater resource from HMRC, it is hoped that the savings made through lowering the number of fraudulent and erroneous claims would justify this additional resource.*
Spur business investment in R&D.	Provide updated guidance on the inclusion of 'continuous iteration' in R&D relief measures. We recommend updated guidance that addresses this and would encourage HMRC to explore in more detail how the relief system could reflect the nature of digital innovation more appropriately.	*Much innovation in the digital and software industries does not come from the invention of entirely new products, but in continual improvement and incremental enhancements. Given this, it is hard, for example, to state definitively whether the start and end point of a project fits within the eligibility requirements for R&D relief.*

Support collaborative and mission-oriented R&D programmes that are industry-led	For the delivery of R&I programmes through the R&D Missions Accelerator Programme. • Create certainty for industry and move at pace to confirm these. • Maintain flexibility to use the Budget on areas that will drive forward the missions. • Through-out the lifetime of programme delivery, ensure there are clear and consistent industry feed-in points to unlock private co-investment.	*The programme aligns research and innovation with the UK Government's National Missions as outlined in then Plan for Change. strategic goals including health, security, climate and productivity. It is expected unlock an additional £1.5 billion in private co-investment.* *A delay on delivery could hinder the progress on key strategic missions.*
Understand the UK innovation economy in greater depth	Government should commit to measuring the outcome of tax credits through discussions with business about what they have enabled and by looking to gather more quantitative data from participants around the estimated economic benefits of tax credits and other subsidy schemes	*Government needs to better understand how money is spent and the benefits of doing so. This information can then inform future policy making, while also ensuring businesses who receive government support remain in communication with them.*
Where to start?	*Assess how the targeted tax relief could better drive business investment in R&D.*	

Accelerating commercialisation

The UK has historically thrived as a hub for development, innovation, and invention. Where it has typically fallen short, however, is in ensuring that these cutting-edge products and technologies are brought to market quickly.

For the UK to remain a globally competitive marketplace and a desirable investment destination, the pipeline from lab to marketplace must be accelerate through a combination sustainable funding, greater incentives, and regulatory reform.

Competitiveness	**Accelerate Commercialisation**	
Objective	**Recommendation**	**Impact/Justification**
Promote responsible innovation and better utilise the Regulatory Innovation Office.	We propose that the RIO's work is complemented by mapping the existing regulatory landscape to identify where additional sandboxes and pilots may be needed and strengthening	*This would ensure RIO effectively supports tech scale-ups and regulators to test new products and services in controlled environments, building on the UK's global reputation for regulatory innovation.*

	coordination between existing initiatives.	*The UK's experience with regulatory sandboxes offers a strong foundation, which should be built upon to widen access and expand the number of projects each sandbox can accommodate.*
Enable university institutions to translate research into societal and economic benefits.	Uplift the Higher Education Innovation Funding (HEIF) to drive regional productivity and growth.	*Current caps on HEIF funding are limiting its potential. An uplift in the total HEIF pot could unlock billions in economic impact.* *A 2025 Research England commissioned review found that without HEIF, 38% of knowledge exchange (KE) activities would not occur and that every £1 invested in HEIF generates £14.80 in returns for the UK.*
Support universities' role in accelerating the UK's pipeline of innovative tech start-ups and scale-ups.	Do this by scrapping the proposed levy on Higher Education Institution income from international student fees. This would ease the burden of acute financial pressures already facing English universities. The proposed levy on international students' fees would act as an effective tax on one of the UK's most successful export sectors, with an estimated total cost of £621 million according to HEPI.	*At a time when higher education faces acute financial pressures, with nearly half of English universities expected to be in deficit next year, this will have a significant impact. Institutions are reliant on these fees to cross-subsidise their research and domestic teaching, and visa restrictions have already impacted international student enrolments.* *Universities are cutting back on teaching and research, and this could worsen these trends, or they may seek to pass on costs to students which would undermine UK competitiveness. Some are at genuine risk of insolvency.*
Shore up access to the top tech talent in the UK.	While the UK has a robust visa system, this must keep pace with the talent needs of the tech sector, supporting growth rather than increasing cost and	*Britain's tech sector is the largest in Europe and is now worth over $1.2 trillion. The UK tech sector's ability to attract and retain talent relies on businesses being able to be*

	complexity, i.e., adding to the administrative burden. Take stock of this by: • Reassessing costs of the visa system to be in line with international competitors. • Reviewing the Immigration Skills Charge (ISC). • For the **Scale-Up Visa**, we propose reducing the cost, where currently costs are over £880 for the application fee alone. This compares to approximately £80 in Estonia.	*agile and dynamic to plan for the future.* *techUK members are committed to building a strong domestic talent pipeline, but for the UK to remain world leading in fields such as AI and quantum the UK must remain open and attractive to international innovators, investors and the talent that supports that ambition.*
Where to start?	*Government should provide further details on the Office for Technology Transfer's role in accelerating commercialisation, as committed to in the Industrial Strategy, and set out a workplan for the next 12 months.*	

A regulatory system that supports growth

While the UK has one of the strongest reputations for being a well-regulated market - the regulatory environment in the UK for companies working across the digital economy has become more complex in recent years. The challenge, as ever, is to continue to get the balance right. For instance, techUK were pleased to see the Life Sciences Sector Plan as a government initiative that explicitly committed to improving the regulatory landscape for medical technologies. This marked a step in the right direction and recognises the economic benefit that can come from medical technologies. techUK calls for the UK to build strengths both as a well-regulated and highly innovative economy.

On behalf of our members, we urge the government to rethink the Employment Rights Bill to protect jobs and growth. techUK and its members support the government's ambition to make work pay and to end unfair employment practices. However, some of the proposed changes in the Employment Rights Bill, especially when combined with strict penalties, risk unintentionally penalising employers despite their best intentions.

Competitiveness	**Pro-Growth Regulation**	
Objective	**Recommendation**	**Impact/Justification**
Provide greater clarity over upcoming regulatory initiatives for the digital sector.	Improve information flows between industry and regulators by establishing a regulatory initiatives grid for the digital sector.	*Considering the success of the Regulatory Initiatives Grid (RIG) for the financial services industry, we recommend establishing a RIG for the digital sector.* *The Grid would map out regulators' key milestones over the next 24 months, identifying potential overlaps and their potential business impacts.*
Regulators should make their growth commitments explicit.	Regulators should clearly articulate and publish their commitments to supporting economic growth with tangible metrics.	*We acknowledge where regulators have already communicated how their work supports the growth mission.* *However, there are instances where the alignment between regulators' growth commitments and responses to Government could be more precise.*
Utilise the Regulatory Innovation Office to promote innovation.	RIO's work should be complemented by mapping the existing regulatory landscape to identifying where additional sandboxes and test beds may be	*With a stated ambition to "reduce the burden of red tape on innovation and help kickstart economic growth" the Regulatory Innovation Office (RIO) is expected to support*

	needed, strengthening coordination between existing initiatives. The RIO should also help improve accountability and promote innovation in regulation across all sectors of the UK.	*innovation and market dynamism.* *Continuing to map the existing regulatory landscape would ensure RIO effectively supports tech scale-ups and regulators to test new products and services in controlled environments, building on the UK's global reputation for regulatory innovation.*
Retain a1-day waiting period for Statutory Sick Pay (SSP).	Set payment of SSP in the range of 60-80% of earnings for those earning below Lower Earnings Limit (LEL) or the £116.75 flat rate to strike the right balance between supporting employees and encouraging returns to work. Retain a 1-day waiting period for SSP. The government could also consider setting it at a reduced rate for the first three days. This will help to mitigate fraudulent abuse of SSP compromising employment budgets.	*techUK and its members support the government's ambition to make work pay and to end unfair employment practices. We would note that many tech businesses take a proactive approach to health and wellbeing and do significantly more than is legally required of them.*
Make sure the new electronics rules do not make tech products more expensive for consumers.	Any regulatory change for manufactured items should be reviewed by the level of costs it is imposing for tech products which are essential. This will support digital adoption and device reuse.	*With Defra preparing a new circular economy strategy and expensively diverging on EU product policy, tech products cost more for consumers and businesses.*
Address admin burdens and support HMRC to tackle tax evasion.	Ensure the UK's digital platform reporting requirements are proportionate, protecting the vast majority of casual sellers from unnecessary administrative burdens while supporting HMRC in tacking tax evasion. The government should remove the "number of transactions" threshold for reporting and focus solely on	*The current dual threshold system unnecessarily burdens casual sellers and platforms. An individual selling low-value, second-hand items can easily exceed 30 transactions without generating significant income, triggering unnecessary reporting and creating unwarranted anxiety for non-commercial sellers. By eliminating the transaction count threshold, HMRC can*

	the total value of transactions. This would mean platforms would only be required to report on sellers who have earned over the €2,000 (approximately £1,700) threshold in a calendar year, regardless of how many individual sales they made.	*better target its efforts on sellers genuinely earning a profit, while reducing administrative costs and fostering a more user-friendly environment for the circular economy.*
Where to start?	*Outline specific action on how the 25% reduction in regulatory burden will be measured and met.*	

Pillar Two: Public Sector

Headline Target:	Use the catalyst of digitalisation to bring UK public service satisfaction levels to the highest in the G7 by 2035.
This section of our submission provides recommendations on how to press ahead with the transformation of the UK public sector towards a 'digital-first' approach to services delivery and a focus on improving user outcomes through technology.	

Over the past decade, the UK's public services have been asked to deliver more with less. Since the COVID-19 pandemic, this has only intensified, with services expected to absorb surges in demand, workforce pressures, and rising expectations from users and patients for digital, joined-up experiences. If the government wants to see measurably better outcomes and higher satisfaction from public services with current fiscal restraints, it must treat innovative technology as a catalyst for public sector reform for improving services. This doesn't just mean digitising existing processes, but digitalising by using the power of digital to remake processes to fully utilise the potential of digital. That means redesigning services around user journeys, unlocking data to target resources where they deliver the biggest outcome gains, modernising the public sector's digital foundations

Despite the dedication of staff, outcomes and user satisfaction are uneven: access to primary care and dentistry remains patchy, hospital backlogs and GP waiting lists, while decreasing, have proved stubborn to shift, and citizens still encounter fragmented, paper-era processes across central and local government.

Against this backdrop, successive governments have repeatedly signalled that technology deployment and improved data flows are not just "nice-to-haves" but rather core levers for productivity, resilience and better service experiences. That trajectory was emphasised in the Central Digital and Data Office's roadmap, *Transforming for a Digital Future (2022–25)*, which commits departments to modern, user-centred services; common platforms; interoperable data; and the skills and governance to make change stick.

The new government has reinforced this direction of travel. The *Fit for the Future: 10-Year Health Plan for England* (July 2025) re-commits to three big shifts towards community-anchored care, digital-first services, and prevention, with specific ambitions for an enhanced NHS App, greater patient control, and neighbourhood care models that rely on real-time data and interoperable records.

Beyond the NHS, fiscal policy now explicitly links departmental settlements to productivity improvements enabled by digital transformation. The 2024 Budget and subsequent statements set efficiency targets for departments and highlight technology adoption (including AI and automation) as a principal route to closing the gap between rising demand and constrained resources.

If the government wants to see measurably better outcomes and higher satisfaction from public services, it must treat innovative technology not as isolated pilots but as the operating system of reform. That means three things.

First, redesign services around user journeys, powered by modular, reusable platforms. Citizens should not have to re-explain their circumstances to multiple agencies or navigate opaque eligibility rules. The CDDO roadmap provides shared componentry (identity, payments, notifications), common data standards, and transparent performance dashboards, making seamless service delivery the default and resulting in faster resolution, fewer errors, and higher trust.

Second, unlock data to target resources where they deliver the biggest outcome gains. In health and care, *Data Saves Lives* sets the policy scaffolding for ethically governed data linkage and population-health analytics; the NHS plans translate that into delivery through integrated care systems, community diagnostics, and an app-centric model that lets patients manage referrals, medications and records. When data flows, clinicians can intervene earlier, managers can tune capacity to demand, and users experience joined-up care.

Third, modernise the public sector's digital foundations—replacing legacy systems, migrating to secure cloud, and equipping staff with modern tools. Productivity improvements rarely emerge from thin air; they are the cumulative dividend of resilient infrastructure and skilled people. Recent government announcements and partnerships aimed at tackling legacy technology and building digital skills across the civil service recognise this reality and should be assessed rigorously for impact on service quality, not just cost.

Taken together, these strands amount to a coherent theory of change. Technology is not a silver bullet for funding challenges or workforce shortages—but it is the only feasible route to scale personalised, preventive, responsive services within realistic budgets given ongoing fiscal pressures.

Through our work and engagements with our members, we propose targeted investments in proven digital platforms and data capabilities that directly move the dial on access, timeliness, safety and user satisfaction, while creating the transparent metrics that allow ministers, Parliament and the public to see what works. By aligning with the Industrial Strategy's productivity ethos, delivering on the CDDO roadmap's service standards, and realising the NHS's long-term digital commitments, the UK can convert a decade of strategy into a decade of delivery.

Improving Public Services

Technology has a crucial role to play in modernising UK public services and delivering better outcomes for users through greater efficiency, accessibility, and value for money. Digital tools and digitalisation can streamline processes, reduce bureaucracy, and free up staff to focus on higher-value tasks. Improved data sharing and automation can lead to faster, more accurate decision-making, while online platforms give citizens easier access to essential services. By embracing innovation, the UK can deliver more responsive, personalised, and inclusive public services that better meet the needs of communities and ensure value for taxpayers.

Public Sector	**Improving Public Services**	
Objective	**Recommendation**	**Impact/Justification**

Embed AI in public service delivery.	Support the embedding AI in every clinician's workflow by 2030.	*Deploy some of the £10 billion earmarked for NHS digital and technology specifically for a pilots to explore how AI can support clinicians.*
Embedding AI in public service delivery.	Set aside funding to pilot AI Helpers in job centres to assist jobseekers with applications.	*We would welcome a targeted and challenge-based approach to public sector AI deployment, and support the proposed AI Helpers programme, which we would like to see backed with funding.*
Ensure a 'digital first' means a 'connectivity first' approach across the public sector.	Enshrining this principle both within NISTA's pipeline and its emerging Spatial Development Strategies. More broadly developing this approach across government departments and wider public sector planning.	*Government has recognised the need for a 'digital' first approach across infrastructure and that retrofitting digital services results in higher costs and poor returns on the public purse.*
Instil a 'tech first' approach to solving problems in the public sector.	Include specific challenge-based pilots in the public sector as part of the 'AI Exemplars' programme.	*Establishing positive use cases for AI in the public sector will cement the UK's position as a leader in the development and deployment of apps.* *The recently-announced AI Exemplars programme includes a number of existing pilots for AI, but could be expanded to include an explicit challenge focus.*
Mobilise the public sector to support digital inclusion.	Ensure that device reuse and other digital inclusion measures are included as part of the social value options available to contractors, including support to promote reuse of government devices and a fund that can be paid into to promote Government-backed digital inclusion projects	*Those vulnerable people who will benefit the most from the productivity and service-quality improvements of digitised public services are also the most likely to be excluded.* *techUK and our members care deeply about ending the digital divide. The Government must meet our ambition to do so by removing barriers to public sector device reuse and further promoting digital inclusion as a full social value option*

Where to start?	*Government should expand the AI Exemplars programme to include a specific focus on solving public sector challenges.*

Local Public Services

Much of the delivery of public services happens at a local level. Here, there is a clear role for technology in delivering better outcomes and more targeted support for citizens where they live.

Public Sector	**Local Public Services**	
Objective	**Recommendation**	**Impact/Justification**
Support local innovation.	Actively engage SMEs and local innovators in the design and delivery of local public services, including through more procurement spending in areas such as health and care.	*Enabling the co-create of agile, community driven solutions can stimulate local digital economies and spur new innovations and allow successful ideas to be piloted at a wider scale.*
Local government reorganisation.	Continue funding for LGA's support programme for local government reorganisation.	*Local government reorganisation provides a vital 'reset' opportunity for councils to reconsider their digitisation efforts, combat legacy IT and ensure interoperable services, and help local authorities to determine the data they hold and any vulnerabilities, improving the outlook for future procurement.*
Where to start?	*Local government organisations should be encouraged to include the need to support local innovation in their procurement plans.*	

Embedding tech and innovation in delivery and procurement

Embedding technology and innovation into service delivery - especially in procurement - is vital for improving service outcomes, overall efficiency, and value for money in the UK public sector. Smart procurement systems can streamline bidding and contracting, reduce delays, and ensure fairer, more competitive processes, all while supporting innovation across the wider economy. Data-driven tools enable better supplier insights, risk management, and accountability, while breaking contracts into smaller component parts opens up opportunities for small and innovative businesses to participate.

By harnessing tech in procurement, public services can secure higher-quality solutions, foster innovation across supply chains, and ultimately deliver better outcomes for citizens.

Public Sector	**Embedding Innovation**	
Objective	**Recommendation**	**Impact/Justification**

Delivering better value for money.	Break projects down into smaller, modular components that support rapid adaptation and continuous improvement.	*Breaking projects into smaller component parts and utilising phased delivery models improve accessibility for SMEs and fosters a more diverse supplier base.*
Delivering better value for money.	Monitor and evaluate projects against outcomes, rather than measuring VfM on capital investment or upfront costs.	*Too much focus in public procurement processes is on upfront cost rather than overall savings over time or even total impact. Projects should be evaluated against outcomes over time rather than simply on upfront costs.*
A pro-innovation procurement system.	Adopt gain-sharing models where appropriate that reward innovation and enable shared success between government and suppliers.	*Such a model would help us to attract larger investors looking for a clear route to an ROI, and enables the government to embark upon larger projects with greater certainty and confidence from the investment community.*
A pro-innovation procurement system.	Embed clear innovation requirements within procurements, and wider strategic goals, to align digital transformation with long-term objectives.	*Setting clear targets for the procurement system in a way that allows innovation to thrive, ensuring an 'innovation first' approach to procurement that proactively seeks out new solutions to old challenges.*
Supporting SMEs in procurement.	Ensure the Procurement Act and initiatives such as UK Defence Innovation are fully implemented and increase procurement from SMEs, and investigate further ways SMEs can be involved in procurement, such as through consortia.	*Ensuring SMEs can access procurement allows the growth of innovative tech businesses as suppliers to UK Government.* *This will also improve diversity of supply, an important strategic goal as well as an economic goal*
Ensure industry voices are heard.	Explore industry-led solutions to address market failures, leveraging	*UK industry has a vast range and depth of knowledge and expertise in digital transformation projects.*

	supplier expertise and innovation to solve systemic challenges.	*Used correctly, this knowledge is a key asset for equivalent public sector challenges, and government should takes steps to enable the sharing of this expertise and the role of industry in solving systemic problems.*
Where to start?	*Government should set out a pro-innovation approach to procurement.*	

Improve the collection and sharing public sector data

How government collects and stores information is a vital part of the policymaking process, but one that has often been overlooked. techUK has long called for a reform to outdated SIC codes, which do not adequately reflect the nature of the digital economy.

Public Sector	**Improving Public Sector Data**	
Objective	**Recommendation**	**Impact/Justification**
Enable better policymaking.	Government should commission a review of SIC codes. We note that there is existing ongoing work to capture the true digital economy, including the 'RTIC' model.	*Without adequate data, policymaking cannot be reliably grounded in evidence and the impact of interventions on the economy cannot be reliably measured.* *SIC codes are an outdated system grounded in the pre-digital age. They do not adequately reflect the nature of the digital sector or the activity of techUK members.*
Establish the National Data Library.	Government should set out a roadmap for the delivery of the National Data Library. To start with, and to support the work of the NDL, this could involve establishing a cross-sector open data forum. Alongside common standards and APIs across government departments.	*From the earliest concept, it has been clear that the National Data Library (NDL) will require close collaboration with industry. The sooner the government sets out what it hopes to achieve through the NDL, the sooner the private sector will be able to offer guidance and support on the architecture, access and deployment of the NDL.*
Where to start?	*Government should set out timelines to remove and update outdated SIC codes, which do not adequately reflect the digital sector.*	

Pillar Three: Security and Resilience

Headline Target:	For the UK to spend the equivalent of 1% of GDP on digital and cyber resilience annually by 2035.
It is vital for the economy to digitise at pace and adopt new technologies, but without a sufficient focus on digital and cyber resilience, we will be left increasingly vulnerable to threats from hostile actors.	

Time and time again throughout history, governments have turned to technology to give the UK the advantage over its adversaries and protect its people and communities. Every time, the spirit of innovation, determination, and collaboration between industry and government has met the challenge of the moment.

Now, as the UK continues to face an uncertain geopolitical environment, government needs to work to best utilise technology in that spirit of innovation, determination and collaboration to keep Britain safe, resilient and strong. Our recommendations below show how public investment in UK resilience to incentivise the private sector, as well as building the public infrastructure and relationships for keeping the UK safe, can all increase the UK's resilience.

Ensuring the safety of its people is the most fundamental task of any government. Just as tech is fundamental to the growth of the UK economy and to the efficient operation of its public services, DefTech, the increased deployment of technology in more conventional weaponry, and the adaptation of tactics and operations in response to advancing technological capabilities are critical ingredients for UK defence against threats both external and domestic.

Similarly, ensuring that the national infrastructure that provides the foundation for our economy and society remains secure is an essential part of our national security. Tech has a fundamental role to play in this drive for wider economic and societal security through increasing current levels of cyber and infrastructure resilience.

So far in 2025, the Government has shown that it is grasping both the severity of the international situation and what it needs to do to support the UK's national security. The commitment to spend 5% of UK GDP on national security, the thinking displayed in the Resilience Strategy and the Strategic Defence Review, and the establishment of the UK Defence Innovation organisation are recognitions of tech's importance for the UK's national security and a commitment to understanding the problems facing the UK's national security-involved tech sector.

The Government's Trade Strategy has also grappled well with the problems facing the tech sector and promises to make our trade system stronger and more resilient.

This tone has also been felt by techUK members in discussion with Government, who sense a real understanding of the barriers to the greater deployment of tech for national security purposes.

However, these strategies need implementing to take effect. Furthermore, not implementing these strategies and wasting this opportunity will serve to severely undermine business

confidence and leave the UK less secure in the future. The buy-in has been secured, but what is needed now is action to put thinking into practice.

Our recommendations below outline how the Government can continue this, deploying technology to make the UK more resilient and removing barriers to the further use of tech to bolster our national security. Failure to do so will leave us forced to rely solely on the tools of yesterday for the conflicts and threats we continue to face today and tomorrow.

Digital resilience

To ensure the UK remains a safe place to live and work, it is vital that we immediately embark upon a programme of work to increase our digital resilience. These are the systems that underpin the modern economy and modern society, and there have already been attacks on offshore infrastructure, such as on subsea cables.

Security and Resilience	**Digital Resilience**	
Objective	**Recommendation**	**Impact/Justification**
Support the resilience of the UK Quantum Sector.	Ensure the 10 years of financial support for the NQCC includes funding to implement the recommendations of techUK's *Preparing for Quantum Resilience* report. This includes supporting post-quantum cryptography migration to futureproof research infrastructure.	*Quantum technologies offer a formidable opportunity to unlock innovation in the UK and internationally. We must ensure though they are deployed securely and do not pose a cyber threat to the rest of the UK. Ensuring a Quantum Resilience Taskforce is formed and has the funding to produce guidance and work with businesses is essential.*
Support in the delivery of secure and resilient digital networks.	The ongoing commitment in funding around Project Gigabit and the Shared Rural Network is vital to ensure remote and hard to reach areas can use digital services on the most secure and resilient networks.	*Ensuring all aspects of the digital economy is underpinned by the most resilient and secure infrastructure is vital to the future of the entire UK economy.* *Ensuring everyone can access necessary connectivity will help keep people safe and allow them to engage with the online world.*
Ensure the UK's telecoms regulatory and policy framework is aligned and strikes the right balance between resilience and security as well as growth and innovation.	Telecoms operators and their supply chain fully understand the need to build and maintain high quality networks that meet strong security standards. Requirements need to be effective and proportionate, set within a regulatory regime that aligns with the UK's growth mission. For example, ensuring there is alignment and proportionality between the upcoming Cyber Security and Resilience Bill and the existing.	*Our telecoms infrastructure is essential for our way of life and for our economy. Building networks that are secure and resilient that comply with a sensible risk-based approach to security is vital. Policy needs to ensure operators can still innovate and provide competitive services, without being tied up with misaligned regulations that bring excessive costs and bureaucracy. Concerns are rising that the regulatory burden for the industry is too*

	Telecommunications Security Act requirements is important for the sector to operate effectively.	*high and warding off international investment.*
Encourage ongoing promotion in the diversification of the telecoms supply chain.	Build further resilience into the UK telecoms supply by positively delivering on commitments for vendor diversification and adoption of open principles across the telecoms ecosystem.	*Government has previously acknowledged the need to promote diversification in this space to support resilience and help strengthen the UK supply chain. This would particularly support UK SMEs and help strengthen additional ambitions in other sectors that will depend on connectivity to progress.*
Increase digital infrastructure resilience.	Work to ensure there is a reduction in the cost of energy for key sectors of the UK economy, for example by bringing both telecoms and data centres into the Energy Intensive Industries Scheme (EIIS) to reduce energy costs and allow emergency measures in case of interruption of energy supply	*Both telecoms and data centres are essential for modern life in the UK. If data centres shut down, huge amounts of data may be impossible to access, potentially putting lives in danger. Similarly, telecoms networks underpin everything from emergency services to economic activity, and any disruption due to energy instability could have serious national consequences. Both sectors require guaranteed energy supplies and cost-effective energy support to remain resilient against fluctuations in supply and to ensure continuity of service.*
Protect undersea cables.	Invest £100 million in undersea cable maintenance boats, many of which are nearing their end of their service life.	*The UK's undersea cables are the foundations of our digital economy. If we are to protect and maintain them effectively, the government should purchase new boats to do so, as many of our existing boats are reaching the end of their operations. Equally the necessary training and skills pipeline needs to be developed and maintained to ensure the UK builds a resilient workforce in this area.*

Where to start?	*Reduce energy prices for digital infrastructure by ensuring data centres and telecoms are included in the British Industrial Competitiveness Scheme*	

Cyber resilience

The UK's cyber security sector was named as a key sector in the Industrial Strategy for growth, and have a combined revenue of £13.2 Billion this year according to government statistics. A chain is only as strong as its weakest link. Businesses across the UK must be given greater incentives to play their part in the UK's national cyber resilience, with barriers reduced to them doing so. Businesses must also be given the guidance to ensure that, when breaches happen, they can play their full part in containing any attacks.

Security and Resilience	**Cyber Resilience**	
Objective	**Recommendation**	**Impact/Justification**
Ensure there is enough support for Cyber as a growth sector as part of the Industrial Strategy.	Commit to fully implementing the Cyber Growth Action Plan and maintaining fully funded support to incentivise and increase Cyber adoption across the UK economy, including to support the Cyber sector as part of the UK's Industrial Strategy by offering a grant or tax credit to cover 25% of a business' cyber security investment, rising to 50% for SMEs.	*Trying to save money on cyber resilience is a false economy. There must be a concerted and funded effort to ensure that private sector firms see the benefits of improving their cyber resilience and to grow the UK cyber sector as part of the Industrial Strategy. Without this, there will still be gaps in the UK's cyber resilience.*
Maintain current Government progress on cyber security.	At the very least, there should be continued support for existing National Cyber Security Centre, public sector cyber resilience promotion, and other Government cyber support schemes, protecting them from inflation.	*The UK's cyber security budget should, at the very least, be protected against inflation to maintain current progress in building UK cyber resilience. This includes building public sector cyber resilience.*
Firmly establish cyber as an essential part of national security.	Include cyber resilience spending in the 5% of GDP target for national security. This should also lead to increased public sector cyber resilience spending, to ensure to upgrade vulnerabilities in the public sector, as well as greater emphasis in procurement of cyber resilience.	*Ensuring that the UK is cyber resilient should be considered part of the drive to boost national security, especially to support the Government's own efforts at digitalisation and to prevent immensely costly breaches, in money and trust, of citizens' data before they happen.*

Where to start?	Include cyber resilience spending in the 5% of GDP target for national security

Futureproof the economy by investing in frontier technology

Security and Resilience	**Futureproofing**	
Objective	**Recommendation**	**Impact/Justification**
Bolster the UK's expertise in chip design and unique, innovative manufacturing to protect our sovereignty in AI.	Building on the UK's existing leadership in chip design and unique, innovative manufacturing. Establish a Design Competence Centre to maximise chip designers' ability to innovate in design.	*Between 2006 - 2020, estimated costs of designing advanced semiconductor chips increased more than 18-fold.* *Design centres seek to pool resources and provide a facility for research, knowledge transfer and collaboration between different organisations. This would help firms, especially SMEs, spread the risk when innovating.* *Connect networks of expertise on advanced materials, e.g., compound semiconductors, advanced packaging and thin-film materials through National Semiconductor Centre.*
Bolster the UK's expertise in chip design to protect our sovereignty in AI.	Government should recognise chip design as a skills gap in a sector of significance for sovereignty. We suggest a dedicated and significant increase in the investment to broaden and diversify the pool of future chip designers and increase the number of electrical engineering, software engineering and computer science graduates.	*Over 39% of the UK's semiconductor workforce is expected to have retired by 2040, and it is currently not being replaced at a significant rate. Furthermore, UK companies are increasingly forced to turn abroad to fill these needs, with 29% of our existing semiconductor workforce originating from abroad.* *Many other countries recognise semiconductors as a crucial foundational industry, and the UK should follow suit in order to maintain sovereign leadership at the start of the AI supply chain. Alongside these investments, the government should raise awareness among young people about the strength of the UK's*

		leadership in chip design, highlighting it as a future career option.
Secure the chips of the future.	Renew the ChipStart pilot scheme and expand its scope.	*The original Chipstart programme, launched in October 2023 as a two-year pilot with £1.3m, has resulted in the startups raising almost £20m of investment from private sector investors and grants.* *The ChipStart programme received 27 applications in its first wave, accepting eleven in total. There are several beneficial ways this could be expanded.* *The ChipStart UK programme should transition from a pilot scheme to a continuous scheme, providing advanced notice for startups to plan ahead. Furthermore, the time frame of the ChipStart accelerator should be extended, from 9 months to a 12-month rolling programme, allowing a longer runway for startups to prepare for commercialisation and expansion.*
Ensure the UK is actively horizon scanning future technologies.	Review pilot infrastructure across emerging technologies to understand where strategic investments could make an outsized impact to onshoring value chains.	*Support the development of advanced designs with emerging technologies through targeted funding.* *Government should identify overlapping strengths, such as quantum and semiconductor designs, or semiconductors for future connectivity technology, where the UK could cement its leadership through moderate strategic investments.*
Ensure the UK is actively horizon scanning future technologies.	Ensure that the upcoming Mobile Market Review aligns with the UK Industrial Strategy by investigating	*The UK's Industrial Strategy identified Advanced Connectivity Technologies as a key technology area for the UK.*

	future telecoms technology, as well as Government providing the means the accelerate investment in these technologies	*This ambition must be supported with investment in the telco tech of tomorrow, otherwise the UK risks being left behind in the push towards 6G and other future technologies.*
Ensure the UK is actively horizon scanning future technologies.	Ensure that a regulatory framework for cryptoassets emerges according to the timeline outlined in the FCA's Crypto Roadmap, setting appropriate requirements for firms and obligations for supervisors. Second, embed blockchain technology more broadly into the defence posture of the United Kingdom so that all manner of threats that use fiat and crypto alike to finance and support kinetic and non-kinetic threats can be perceived and disrupted.	*A regulated market for cryptoassets governed by a regulator with appropriate powers provides clarity for good actors. It helps close potential vulnerabilities to bad actors looking to exploit the UK via cryptoassets.* *Beyond this, the UK should encourage the continued adoption of blockchain analytics that have already been used worldwide and at home to disrupt threats from nation states, serious organised crime, and ransomware groups seeking to misuse cryptoassets.*
Where to start?	*Government should commission a review of pilot infrastructure across emerging technologies to inform future investment decisions.*	

Environment and energy

There is a need for wider resilience in our energy production and in our relationship with the environment, both of which the UK is reliant upon to sustain our national life. Tech has a key role to play in making both our energy system and environmental impact more sustainable.

Security and Resilience	**Environment and Energy**	
Objective	**Recommendation**	**Impact/Justification**
Make the National Grid more energy resilient.	Invest in digital twins for energy networks.	*Digital twins allow potential changes in power generation for the National Grid to be modelled and tested while aiding in balancing an increasingly heterogenous Grid.*
Give GB Energy the tech it needs to boost resilience.	Part of the £36 million for smart data in the IS should be given to GB Energy to utilise Smart Data sets in the energy sector, which	*Smart Data allows for far more accurate management of the Grid and for the development of new opportunities for efficiency to protect the environment.*

	should be available through the National Data Library.	
Where to start?	*Secure existing funding that has been committed to measures to protect the UK's environment.*	

Trade and exports

techUK welcomed the Government's Trade Strategy as 'a critical evolution in how Britain understands and promotes its economy globally.' However, more can be done in this field to ensure that UK trade is as resilient as possible.

Security and Resilience	**Trade**	
Objective	**Recommendation**	**Impact/Justification**
Ensure domestic capacity and capability matches ambition.	Financially commit to professionalise the Civil Service and invest in in-house expertise across DBT, DSIT, the FCDO, and the Catapult Network and ensure collaboration between them on tech trade through a Cross-Departmental International Technology Task Force. This should include a professionalisation of the Cyber Export taskforce to support cyber exports.	*This is essential to ensuring effective, responsive trade policy. Meanwhile, the current siloed approach - where trade, data, and cybersecurity policies are developed in isolation - risks undermining the UK's broader strategic objectives*
Where to start?	*Commit to the introduction of in-house trade expertise in Government*	

Defence

DefTech, or technology-enabled defence, is changing the way the defence enterprise provides national security and prosperity, underpinning all defence capability. Whilst this is well understood, the ability of the UK Defence enterprise (Government and Industry) to grasp the increasing complexity, scale and cadence associated with integrated DefTech capability is demonstrably suboptimal, all while geo-political events are highlighting the need to rapidly improve all aspects of the UK's DefTech environment to ensure we have the sovereign ability to protect and defend the UK.

Security and Resilience	**Defence**	
Objective	**Recommendation**	**Impact/Justification**
Ensure the UK is maximising the utility of DefTech.	Provide the funding to implement the techUK Defence Board's DefTech Manifesto as part of the	*Ensuring the UK can make full use of DefTech to protect itself from threats requires changing the way it engages with*

	Defence Sector Plan as part of the £2 Billion for defence R&D by 2026/7	*industry. techUK's DefTech Manifesto outlines concrete measures that can be taken to do this.*
Ensure the funding ringfenced for national security goes toward building our defences and resilience.	Government must clarify what spending will count towards the 5% of GDP target for national security spending	*This will prevent any 'gaming' of the system and ensure all money that is spent goes towards directly supporting defence and national security, including through cyber resilience, and towards addressing legacy and obsolescence where it exists within the network, and tackling the core-enabler challenges that prevent the MOD from achieving its ambitions.*
Where to start?	*Clarify the 5% of GDP target and what it will precisely include.*	