

Chancellor's economic growth speech: Comments from Browne Jacobson lawyers

29 January 2025

Chancellor Rachel Reeves has unveiled a series of measures to grow the UK economy in a landmark speech today (29 January).

Her plans include backing a Heathrow Airport expansion and the so-called "Oxford-Cambridge growth corridor", along with other key initiatives to boost housing, infrastructure and green energy delivery.

Lawyers from Browne Jacobson respond to some of the key announcements.

Support for AI and life sciences

Charlotte Harpin, Partner in the health and life sciences team at Browne Jacobson, said: "Ambitious moves to position the UK as a global leader in AI and life sciences will always be welcomed and, if the government's plans to breathe new life into the Oxford-Cambridge arc are executed effectively, this can help to unlock economic growth while moving us to move from a curative to preventative healthcare system characterised by early interventions.

"However, there's no escaping the fact that while Silicon Valley has set the global standard for technology over the past two decades, the advent of DeepSeek in China shows there is increased competition in the tech space.

"The rampant success of this small company at a comparatively small development cost may well be a catalyst for firms in Europe and the US to re-evaluate their business models and pricing structures. This indicates why it's important the UK government keeps up with the immense speed at which AI can move if it is to fully grasp the opportunities it presents.

"A successful AI strategy must also be underpinned by an enabling visa system that brings the most talented people working in AI and life sciences to the UK. As data centres and other systems associated with AI are huge energy users, careful consideration is also needed of how we marry up the accelerated rollout of emerging technologies with the UK's commitment to reducing carbon emissions by providing dedicated green energy infrastructure.

"From a legal perspective, investment in AI and life sciences must be complemented by a regulatory ecosystem that enables safe innovation and the secure exchange of personal data across borders in order to inform joint research projects and clinical trials for AI to learn effectively."

Green energy support and investment

Zoe Stollard, Partner specialising in energy projects at Browne Jacobson, said: "We wholeheartedly agree that net zero is the 'industrial opportunity of the 21st century' and are therefore pleased the government is making positive moves to 'refresh' the UK's carbon reduction plan by removing barriers.

"This should be a much-needed enabler for more home-grown green power, notably offshore wind. The announcement of two new national wealth fund investments – £65m to support Connected Curb in extending its electrical charging network and a £28m equity investment in Cornish Metals, which provides raw materials for solar panels, wind turbines and electric vehicles – meets a priority need and should help to accelerate private sector investment in these sectors.

“Another key piece in the UK green energy jigsaw that still requires full attention relates to grid connections. The Industry and Regulators Committee earlier this month published a call for evidence as part of its review of the regulatory, planning and funding barriers to delivering energy infrastructure.

“This is a step in the right direction but the government must move quickly in order to get the renewable energy projects off the ground that are needed to power up other key parts of the economy mentioned in the Chancellor’s growth speech. A push to create a globally recognised AI and life sciences cluster around the Oxford-Cambridge arc, for example, will require a concentration of energy-intensive data centres.

“We also await more details on the UK’s small modular reactor (SMR) programme, which has a crucial role to play in both our net zero and economic growth ambitions by providing flexible green power to meet the energy demands of new and existing commercial and housing infrastructure.”

Financing public infrastructure

Craig Elder, Partner in the government and infrastructure team at Browne Jacobson, said: “It was interesting to hear the Chancellor setting out the government’s willingness to work with the private sector to deliver new public infrastructure projects such as the Lower Thames Crossing and improved port connectivity.

“Public-private partnerships will be a crucial driver in renewing a broad range of infrastructure, from roads and rail to hospitals and schools, given the limited scope of public funds.

“This means the government must identify an effective replacement for the private finance initiative (PFI) model, which delivered more than 700 construction contracts between its introduction in 1992 and abolition in 2018.

“This represented the largest sustained period of public sector infrastructure investment in recent decades, spanning transport, education, health, leisure, prisons, street lighting and environmental management, with many PFI projects delivering excellent infrastructure and associated services without the state picking up the initial tab.

“However, any new model must learn from PFI’s flaws, which included perceived poor long-term value for taxpayers and windfalls for investors that refinanced debt at lower rates following the riskier construction phase.

“In the Autumn Budget red book, the government stated an inclination towards mobilising private investment by developing a social impact investment vehicle, and we expect it to stick to the timetable it has set by providing an update in the spring.

“There are some enticing alternative models to PFI for it to consider – most notably, the Future Governance Forum’s infrastructure investment partnerships model, which places greater emphasis on community benefits in any project, cultivating a long-term collaboration and giving local areas more control over their infrastructure.”

Key contacts



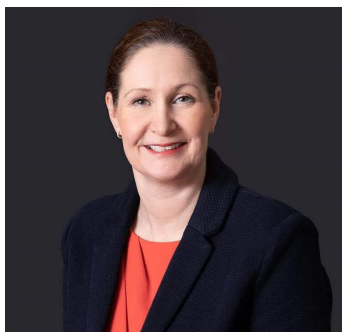
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