

# Spending Review 2025: Browne Jacobson lawyers respond to Chancellor's announcement

11 June 2025

The Chancellor, Rachel Reeves, delivered the [Spending Review](#) today (11 June), outlining spending plans for government departments.

This comprehensive review sets the tone for economic priorities and public sector spending, aiming to address key issues such as economic recovery, public services funding and infrastructure development.

The review sets departmental budgets for day-to-day spending until 202829, and until 202930 for capital investment.

Browne Jacobson's public and private sector experts analyse the key issues.

## Transformative opportunity for social housing

[Gabor Taller](#), partner and co-head of social housing, said: "A new £39bn 10-year Affordable Homes Programme is being described as 'transformative' and a 'watershed moment' by the housing sector, providing a potentially once-in-a-generation opportunity to boost the provision of social housing in England.

"Coupled with the 10-year rent settlement, a pledge to consult on how social rent convergence can be implemented and giving housing associations equal access to building safety funding, this package of measures provides housing associations – and their partners – with the certainty they have been severely lacking in recent years.

"Details are still to come on aspects such as the types of homes to be prioritised, the ratio between social rented and shared ownership, the role of modern methods of construction and the involvement of SME developers – while there's also plenty of work to do in practically closing construction skills gaps despite separate funding pledges.

"The government's manifesto said it would deliver the biggest increase in supply of social and affordable homes in a generation – and these announcements signal a transition from policy to practice."

[Paul Ray](#), partner in banking, added: "The Spending Review reinforces that government intervention is crucial to solve our housing crisis and correct the UK's dislocated housing market.

"There were reports that the Chancellor would set up, via Homes England, a UK 'housing bank' as a public financial institution model.

"This would have been innovative, enabling Homes England to raise private finance and then provide lower-cost finance to the housing industry.

"While this wasn't announced, the Chancellor has confirmed Homes England is the key body that will deliver funding into the sector with the 10-year £39bn injection into the new Affordable Homes Programme and an additional £10bn for funding and investment.

"Homes England performs an important role in partnering with commercial lenders to attract private finance into the residential development sector and the importance of that role has been confirmed by the Spending Review announcement."

## Enhanced homelessness support

[Victoria Searle](#), principal associate in the government team, said: "The additional support for local authorities aimed at addressing the causes of homelessness is welcomed.

"The £950m of capital investment between 2026-27 and 2029-30 will allow local authorities to reduce their use of costly nightly-let accommodation, and to invest in good-quality temporary accommodation in order to provide it directly to those who need it.

"This, coupled with the £39bn investment in a new Affordable Housing Programme, will support local authorities to move more families from unsuitable bed and breakfast, and hostel accommodation into more settled longer-term housing.

"The £100m for homeless prevention should also enable greater early intervention, reducing demand for homelessness services and improving outcomes for families.

"However, with councils facing an average £76m funding gap in their homelessness budgets, according to [analysis by the Local Government Association](#), the government must take urgent action to support local authorities with meeting their homelessness duties this year and next.

"One quick win would be lifting the cap on housing benefit subsidies for temporary accommodation. This would immediately ease the current funding pressures, while local authorities invest their new grant monies to acquire new good quality temporary accommodation, putting their finances on a more sustainable footing.

"In the longer term, allowing local authority pension funds to acquire temporary accommodation and then lease it back to the authority on preferential terms could be a game-changer."

## Education budget challenges

[Nick MacKenzie](#), Head of Education, said: "While an increase in the education budget is always welcomed, closer scrutiny of the numbers will be needed before we fully understand how much difference this will make.

"When looking for clues as to the government's priority of education in its wider programme, its prioritisation of other departments means the increase in the education budget doesn't make the top five departmental spending increases in percentage terms.

"A 0.4% per annum increase in the core schools budget over the spending review period is exceptionally tight, particularly when we consider existing and growing pressures in areas such as special educational and disability needs (SEND).

"This won't release schools and trusts from their financial shackles, with confidence deteriorating among school leaders in their organisational resilience. In our summer 2025 [School Leaders Survey](#), 85% of respondents felt more negative about their financial situation compared to a year ago – a rise from 73% when asked this in spring 2024.

"With two-thirds (64%) of school leaders not confident in their organisation's financial security over the next three years, further intervention is realistically needed to improve the state of school finances and organisational resilience.

"Affirmation of the government's commitment to improving the school estates via a £2.4bn fund for the School Rebuilding Programme over the next four years was an important step.

"The last Audit Commission report on the condition of school buildings found the condition of the overall school estate is declining, with about 700,000 pupils learning in a school that needs major rebuilding or refurbishment.

"With the annual maintenance budget only increasing in line with inflation, it is hard to see how the decline will be reversed. There's clearly much more work needed to repair the crumbling school estate – with the RAAC crisis of two years ago only the tip of an iceberg.

"Commitment to a fully-costed SEND strategy will also be welcomed and attentions now turn to the autumn, when we can expect a white paper to set out the government's plans for tackling a major challenge for schools and local authorities. Nine in 10 (89%) school leaders tell us they are dissatisfied with SEND funding and 83% believe SEND policy isn't fit for purpose."

## Slight increase for defence spending

Commenting on defence and security, [Tom Saunderson](#), corporate partner, said: "Raising defence spending to 2.6% of GDP by April 2027 is a clear signal of intent – but it's only the start. In order to meet the aspirations of the Strategic Defence Review and build a truly resilient defence industrial base, government must go further: unlock private capital, follow through on procurement reform, and create the conditions for long term investment."

## NHS app holds key to embracing digital health age

Gerard Hanratty, Head of Health and Life Sciences, said: “Commitments to preventative healthcare initiatives via the mental health support rollout in schools and improving the NHS app are encouraging noises from the Chancellor.

“However, if the government truly wants to unlock the latent potential of digital healthcare, it must be prepared to completely rethink our approach to sharing personal health data.

“Healthcare can learn a lot from the banking industry’s transformation from analogue to digital, which has been underpinned by consumer acceptance – and enthusiasm – for sharing sensitive data that provides intelligent insights and enables better decision-making.

“The ability to share personal health data with healthcare providers and other relevant bodies could hold the key to the macro shift from a predominantly curative healthcare system to a preventative model.

“It could drive operational efficiencies to free up clinician and staff time, improve care by giving providers a more holistic picture of a patient’s health and support population-wide initiatives such as incentivisation for leading a healthier lifestyle. Cross-border data sharing could also enable collaborative research projects on diseases such as cancer.

“The NHS app has the ability to do all this right now – but to achieve this, the healthcare industry must move to greater engagement and use of new digital systems.”

## UK as a key nuclear energy player

Commenting on the nuclear energy announcements, Zoe Stollard, partner at Browne Jacobson and chair of the Nuclear Professional Services Group, said:

“The Chancellor is setting the stage for the UK to become a top player in the global nuclear field. This spectrum of projects will not only help nuclear businesses grow and reach new markets, but also responds to the surge in energy demands from data centres, driven by the energy demands of AI tech.

“The government can future-proof development plans by giving communities more influence to shape development and ensure it meets local needs. Incentivising residents with cheaper electricity and investment opportunities, for example. Meaningful engagement with communities from the outset, via a public-private partnership, will identify and resolve potential issues early – and make it better for business.”

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