

Chancellor's growth plan sets key principles for UK-EU alignment

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The Chancellor has set out how the government will build a stronger and more secure economy in an uncertain world.

- Reeves sets out the next phase of the government's growth plan to build a stronger, more secure economy in an uncertain world
- Government pursues three biggest opportunities for growth: a closer UK-EU relationship, a step change in AI and unlocking growth in every UK region and nation
- UK-EU alignment guided by National Interest Principles so it boosts growth, cuts business costs and strengthens resilience
- Step change on AI and regional growth - Growth Labs will accelerate safe AI adoption, City Investment Funds will back northern development, and Autumn Budget will set the direction for further fiscal devolution

"Securonomics", delivering stability, investment and reform through an active and strategic state, is the right economic plan in a more unstable world prone to shocks, the Chancellor said in her Mais lecture.

She set out how the government will pursue the three biggest opportunities for economic growth in Britain: a closer and more stable economic relationship with the EU, a step change in AI and frontier technology, and unlocking growth in every region and nation of the UK.

At the heart of pursuing a closer and more stable economic relationship with the EU will be the new National Interest Principles to guide decisions on aligning with the UK's biggest and closest market.

The Chancellor said the principles will bring discipline and clarity to choices that can cut the cost of doing business, reduce friction at the border, and give firms the certainty they need to invest and grow.

Working with the EU, alignment would be pursued where it is clearly in the mutual interest — supporting higher growth and better jobs, strengthening economic security and resilience, and providing a stable basis for a closer partnership that recognises the deep and longstanding connections between our economies.

The Chancellor also confirmed she will travel to Spain this week for economic talks as part of the government's drive to deepen partnerships with allies and open up new opportunities for UK businesses.

EU relationship

The Chancellor set out how we would work with the EU to construct a new economic partnership to deliver greater economic resilience for both sides, a defence industrial base better able to support us in repelling common threats and new opportunities for both sides to export into one another's markets.

- **National Interest Principles:** the UK will work closely with the EU and consider aligning with rules where it boosts long-term growth and benefits consumers, supports investment and better jobs, preserves or enhances UK security and resilience, and provides stable, forward-looking certainty for business. This will not mean a return to free movement.
- **Shared burden-reduction ambition:** the EU is targeting a reduction in administrative burdens of at least 25% for all businesses and 35% for SMEs, including cutting recurring administrative costs by €37.5 billion by the end of its mandate; the UK has committed to cutting the administrative burden of regulation by 25% by the end of the Parliament – or £6 billion savings per year for businesses. The government is exploring how the UK and EU can work together more effectively on this shared ambition.
- **Business Engagement Programme:** The government will do more to engage businesses on EU regulatory issues including upcoming EU regulation.

Unlocking growth in every region

The Chancellor set out how we will move away from a model where growth is concentrated in a few places to one that unlocks growth in every part of Britain. We are backing Britain's cities, and ensuring towns don't lose out by connecting them into those city-regions through better transport, housing and skills. We are prioritising investment in the Industrial Strategy's growth driving sectors where places already have strengths, and devolving more power and long-term funding to local leaders who know their areas best.

- **City Investment Funds:** £2.3 billion of new grant, loan, and patient capital funding to be deployed by mayors in the largest city regions, focused in the North and Midlands — backing Local Growth Plans, and speeding up city-centre regeneration and new homes by mixing different types of capital to tackle viability gaps and attract private investment.
- **Oxford-Cambridge Growth Corridor:** funding doubled to £800 million to remove barriers to development — speeding up land assembly and enabling infrastructure, and consulting on a Development Corporation for Greater Oxford to drive growth alongside existing proposals for one in Greater Cambridge.
- **Land and value for taxpayers:** government will use new compulsory purchase powers to get stalled sites moving, secure fair land deals where landowners hold to unreasonable expectations, and reinvest the uplift in value into new homes, infrastructure and regeneration.
- **Roadmap for fiscal devolution:** the Treasury will work with mayors and businesses to develop a roadmap for future fiscal devolution at Autumn Budget, setting out plans to give regional leaders control of how they allocate a share of some national taxes that for too long have been allocated by central government, looking at income tax alongside other taxes.
- **IS-8 cluster partnerships programme:** backing five areas in the north, including through £150 million clusters investment from the British Business Bank, supercharging growth driving sectors where they already excel – such as financial services in West Yorkshire and life sciences and digital in Liverpool – to grow cutting-edge firms and good local jobs.
- **Team Derby:** £10 million to back Team Derby — a partnership led by the Mayor of the East Midlands bringing together local, regional and central government, industry and academia — to accelerate growth in Derby by building on the region's key strengths.

Backing AI and innovation

The Chancellor set out action to back the technologies that will define the next era of growth, and to speed up adoption across the economy – with the goal of making the UK the fastest adopter of AI in the G7.

- Growth Labs: new cross-economy “sandboxing” powers to test innovations in live markets with targeted, time-limited regulatory changes and close supervision. This could allow accelerated access to new life-saving treatments by enabling controlled testing of innovative medicines.
- Sovereign AI Unit: £500 million unit launching 16 April to help the best UK AI firms scale up and stay in the UK — with direct investment, hands-on support and access to the compute they need.
- Quantum: up to £2 billion over the next decade to turn UK quantum science into deployable technology — including over £1 billion in the next four years and up to £1 billion to buy commercial-scale quantum computing capability in the UK beyond 2030.
- AI Adoption Summit: first summit in June during London Tech Week, bringing together CEOs and Industrial Strategy AI champions to accelerate adoption.
- AI Economics Institute: Setting up a new AI Economics Institute to work with the Future of Work Unit to understand the impact of AI on jobs and productivity. This will sit alongside further work to ensure workers are properly empowered through the AI revolution.

This government is delivering on its promise to work with business to drive innovation and growth across the UK.

Today we are building on that with a focused programme of engagement - from our AI Adoption Business Summit and targeted engagement through DBT's EU Files Forum to our work with businesses of all sizes to co-design the Northern Growth Strategy. This partnership with industry will support practical action on adoption, trade frictions and investment nationwide.

More information

- New funding (£2.3 billion for the City Investment Funds and £100 million loans package for Cambridge) will be accounted for scored at the Autumn Budget 2026. Other announcements in the speech are funded within the Spending Review period from existing departmental budgets, with further funding to be allocated at future Spending Reviews.
- To ensure that government is achieving its objective of providing our mayors with the long-term certainty that they need to invest in the foundations of growth in a way that is practical and responsible, the development of the roadmap on future fiscal devolution will be guided by four key principles: empowerment, accountability, sustainability and fairness. More detail will be set out publicly in the Northern Growth Strategy document.

<https://www.gov.uk/government/news/chancellors-growth-plan-sets-key-principles-for-uk-eu-alignment>