Slide 1

Tech and AI in the Autumn Budget

In his first Budget as Chancellor, John Healey emphasised the Government's role in AI, with several announcements carrying implications for the technology sector.

Slide 2

AI at the centre

AI remains firmly at the centre of the Government's economic ambitions, and infrastructure is one of the main areas of focus.

The Data Centre Covenant offers developers of 'strategic' data centres faster connection to the electricity grid if they meet five requirements, including paying their fair share of energy costs and investing locally. The Government estimates the UK will need 6GW of AI data centre capacity by 2030, against around 1.6GW of all data centre capacity in Great Britain in 2024, so there is still a long way to go.

Slide 3

Civil service and AI

The Chancellor announced £35m to set up a new GovAI unit, giving civil servants access to the latest AI tools. GovAI will also manage a new £50m Civil Service AI transformation fund to automate processes and streamline workflows. The fund is paid for by reinvesting part of the savings from cutting departmental admin budgets by 20% in real terms by 2029-30.

Questions remain about how much GovAI and the new fund will do to address the longstanding workforce challenges in the civil service, and whether the savings the Government aims to achieve can rely so heavily on AI.

Slide 4

Where the money is going

£700m

This includes Sovereign AI funding rising by £140m, with £60m for the Sovereign AI Fund and £80m for R&D procurement.

£500m

Over half a billion pounds for AI safety and security, with the National AI Biosecurity Initiative receiving £165m and the AI Security Institute receiving £120m.

£23m

Funding for the AI Economics Institute to study AI's impact on jobs and productivity, alongside £30m for local AI partnerships and apprenticeships.

Slide 5

What’s Next?

This is an important Budget in signalling the central role of AI in supporting the Governments economic ambitions. However, there are still questions to be answered regarding regulation, the workforce, and adoption. While industry has largely welcomed the announcements, it remains to be seen how quickly the funding and the detail will follow.

Policy Connect will continue to work on these topics through the APGDET, and if you would like to discuss any of this, please get in touch with Lavanya Rangarajan at lavanya.rangarajan@policyconnect.org.uk.