# UK government pledges £1 billion AI boost and reforms to fuel tech scale-up surge



Last week, London Tech Week energized the UK’s technology sector, drawing over 30,000 attendees to Olympia, as well as coinciding with the announcement of the Spending Review, which outlines government departmental budgets over the next three years. The UK continues to be a prime location for tech innovation and investment, maintaining its position as Europe’s leading nation in tech valuation. According to Tech Nation’s recent report, the UK's tech sector is now valued at $1.2 trillion, a figure also supported by an independent analysis that highlights a 20% valuation increase in 2024 and attributes this to a doubling of employment in UK-based start-ups since 2020. This remarkable growth underscores the resilience and global prominence of the UK’s innovation economy.

One of the standout moments from London Tech Week was Nvidia CEO Jensen Huang’s recognition of the UK's strong AI research talent and private investment, while also drawing attention to its insufficient digital infrastructure. In response, Prime Minister Sir Keir Starmer announced a £1 billion government investment aimed at increasing the UK’s AI compute power by twentyfold, marking a critical step toward becoming a global AI leader. This funding seeks to build on the UK AI Research Resource launched last year and expand AI adoption across public sectors, including training all civil servants. Nvidia matched this momentum by unveiling plans for a new AI Technology Centre in Bristol and establishing the UK Sovereign AI Industry Forum alongside major firms such as BAE Systems and BT. Nonetheless, the UK's AI investments remain dwarfed by those of the US and China, and strategies are underway to narrow this gap, including a 2030 goal of supporting government compute capacity equivalent to 100,000 Nvidia GPUs.

In parallel with these tech-specific initiatives, the government has initiated wider structural moves to enhance the environment for high-growth companies. Chancellor Jeremy Hunt has expressed optimism about the UK’s potential to foster a $1 trillion tech giant—akin to Microsoft or Google—through regulatory reforms designed to facilitate access to growth capital and encourage firms to remain UK-based. This ambition involves easing listing rules and promoting dual-class share structures to protect homegrown firms from becoming acquisition targets abroad, a concern underscored by the historical sales of prominent UK tech firms like Arm and DeepMind. Hunt’s vision aims to create conditions that enable tech giants not only to be built but to thrive sustainably on UK soil.

Additionally, the government is taking multiple steps to unlock finance for tech scale-ups. The Mansion House Accord committed large pension providers to release up to £50 billion into the UK economy, with an emphasis on private British businesses. Complementing this, the British Growth Partnership recently gained regulatory approval from the Financial Conduct Authority (FCA) to encourage pension fund investment into the fastest-growing UK companies. Another regulatory milestone is the introduction of the Private Intermittent Securities and Capital Exchange System (PISCES), a new share trading platform for private companies, set to operate within an FCA sandbox until 2030. PISCES aims to enhance liquidity options for scaling businesses, though careful consideration is needed regarding wider retail investor participation.

The Spending Review further supports tech innovation with notable budget increases, including a commitment to raise the R&D budget by above inflation rates to £22.6 billion annually by 2029-30—approaching 3% of GDP. Of this, £2 billion is earmarked for the AI Opportunities Action Plan, focusing on enhancing sovereign AI capabilities and computing infrastructure. The review also allocates £410 million for the Local Innovation Partnerships Fund, empowering regional leaders to influence R&D investments and reflecting a strategic shift towards place-based innovation policies. Complementing this, the establishment of a supercomputer in Edinburgh and the said scale-up of AI compute infrastructure have been welcomed by major industry voices as addressing critical bottlenecks identified by tech scale-ups.

Skills development is another pillar of the government’s strategy, highlighted by a national drive to provide AI-focused training to 7.5 million UK workers by 2030, supported by £187 million for education programmes aimed at young people. The challenge remains in clearly defining what constitutes 'AI skills' effectively. Meanwhile, efforts to digitise and modernise planning processes—involving the deployment of AI tools such as Google DeepMind’s Gemini model in local councils—aim to ease longstanding barriers that have hindered data centre development and tech sector expansion.

Despite these advances and a positive backdrop for tech scale-ups—illustrated by reports such as Sage’s, which show UK scale-ups achieving an average annual revenue increase of 43%, more than double the OECD benchmark—significant challenges persist. High energy costs, talent acquisition difficulties, and inequalities in procurement processes continue to pose obstacles to growth. Industry leaders call for a focused, coherent government approach in the forthcoming Tech Sector Plan, which has the opportunity to solidify and expand support specifically for scaling companies and emerging technologies. The emphasis will be on signalling intent through strategic but cost-effective measures, recognising the outsized impact high-growth businesses have on the UK economy and ensuring they remain competitive globally.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.wired-gov.net/wg/news.nsf/articles/A+policy+stocktake+tech+scaleups+23062025112500?open), [[2]](https://fintechmagazine.com/articles/how-much-is-the-uks-tech-innovation-economy-worth)
* Paragraph 2 – [[1]](https://www.wired-gov.net/wg/news.nsf/articles/A+policy+stocktake+tech+scaleups+23062025112500?open), [[3]](https://www.ft.com/content/cc04adfb-81b2-477f-b85c-ce042e8f83a8), [[5]](https://www.cityam.com/london-tech-week-nvidias-jensen-huang-and-keir-starmer-unveil-ai-push/), [[6]](https://www.finance-monthly.com/2025/06/why-is-nvidias-ceo-pouring-billions-into-the-uks-ai-scene/)
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* Paragraph 5 – [[1]](https://www.wired-gov.net/wg/news.nsf/articles/A+policy+stocktake+tech+scaleups+23062025112500?open)
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2. <https://fintechmagazine.com/articles/how-much-is-the-uks-tech-innovation-economy-worth> - An analysis by HSBC Innovation Banking UK and Dealroom reveals that the UK's tech sector reached a combined enterprise value of US$1.2 trillion in 2024, marking a 20% increase from the previous year. This growth is attributed to the expansion of UK-based start-ups, which now employ over 1.8 million people globally, doubling the employment figures from 2020. The valuation also highlights the dominance of the UK in Europe's tech landscape, surpassing the combined values of France and Germany. The report underscores the resilience and potential of the UK's innovation economy. ([fintechmagazine.com](https://fintechmagazine.com/articles/how-much-is-the-uks-tech-innovation-economy-worth?utm_source=openai))
3. <https://www.ft.com/content/cc04adfb-81b2-477f-b85c-ce042e8f83a8> - At London Tech Week, Nvidia CEO Jensen Huang highlighted the UK's lack of sufficient digital infrastructure despite its strong AI research talent and significant private investment, ranking third globally behind the US and China. In response, UK Prime Minister Sir Keir Starmer announced a £1 billion investment to expand the nation’s AI computing capabilities, aiming to increase compute power twentyfold and transition the country into an AI leader. The funding will bolster the UK AI Research Resource launched in 2023 and support wider adoption of AI, including training for all civil servants. Nvidia also announced several UK initiatives, including a new AI Technology Centre in Bristol and the formation of the UK Sovereign AI Industry Forum in collaboration with firms like BAE Systems and BT. Additionally, AI cloud companies Nscale and Nebius will launch facilities using thousands of Nvidia’s chips. Despite this momentum, UK AI investments remain significantly lower than those of the US and China. Plans are in motion to close this gap, including a long-term goal of expanding government computing capacity to match 100,000 Nvidia GPUs by 2030. ([ft.com](https://www.ft.com/content/cc04adfb-81b2-477f-b85c-ce042e8f83a8?utm_source=openai))
4. <https://www.ft.com/content/3dd37db0-8311-41d8-a028-9280e12e47e1> - Chancellor Jeremy Hunt is optimistic about the UK's potential to create a $1 trillion tech giant, similar to Microsoft or Google. Emphasizing the need for regulatory reforms to facilitate start-ups' access to growth funds and retain investment capital, Hunt aims to position the UK as the next Silicon Valley. Despite concerns about foreign takeovers and the departure of prominent UK-listed companies to the US, Hunt is confident that the UK can nurture homegrown tech giants through changes in listing rules and encouraging dual-class share structures. He highlights the importance of creating an environment where successful tech companies can thrive and remain independent in the UK, as exemplified by historical sales of companies like Arm and DeepMind. Hunt's vision will form part of his upcoming pitch to technology executives, with the broader goal of ensuring that the UK capital markets support the growth and global dominance of UK-born tech giants. ([ft.com](https://www.ft.com/content/3dd37db0-8311-41d8-a028-9280e12e47e1?utm_source=openai))
5. <https://www.cityam.com/london-tech-week-nvidias-jensen-huang-and-keir-starmer-unveil-ai-push/> - At London Tech Week, Nvidia CEO Jensen Huang highlighted the UK's strong AI research talent and significant private investment, ranking third globally behind the US and China. However, he noted the UK's lack of sufficient digital infrastructure to capitalise on this potential. In response, UK Prime Minister Sir Keir Starmer announced a £1 billion investment to expand the nation’s AI computing capabilities, aiming to increase compute power twentyfold and transition the country into an AI leader. The funding will bolster the UK AI Research Resource launched in 2023 and support wider adoption of AI, including training for all civil servants. Nvidia also announced several UK initiatives, including a new AI Technology Centre in Bristol and the formation of the UK Sovereign AI Industry Forum in collaboration with firms like BAE Systems and BT. Additionally, AI cloud companies Nscale and Nebius will launch facilities using thousands of Nvidia’s chips. Despite this momentum, UK AI investments remain significantly lower than those of the US and China. Plans are in motion to close this gap, including a long-term goal of expanding government computing capacity to match 100,000 Nvidia GPUs by 2030. ([cityam.com](https://www.cityam.com/london-tech-week-nvidias-jensen-huang-and-keir-starmer-unveil-ai-push/?utm_source=openai))
6. <https://www.finance-monthly.com/2025/06/why-is-nvidias-ceo-pouring-billions-into-the-uks-ai-scene/> - Nvidia's CEO, Jensen Huang, has highlighted the UK's strong AI research talent and significant private investment, ranking third globally behind the US and China. However, he noted the UK's lack of sufficient digital infrastructure to capitalise on this potential. In response, UK Prime Minister Sir Keir Starmer announced a £1 billion investment to expand the nation’s AI computing capabilities, aiming to increase compute power twentyfold and transition the country into an AI leader. The funding will bolster the UK AI Research Resource launched in 2023 and support wider adoption of AI, including training for all civil servants. Nvidia also announced several UK initiatives, including a new AI Technology Centre in Bristol and the formation of the UK Sovereign AI Industry Forum in collaboration with firms like BAE Systems and BT. Additionally, AI cloud companies Nscale and Nebius will launch facilities using thousands of Nvidia’s chips. Despite this momentum, UK AI investments remain significantly lower than those of the US and China. Plans are in motion to close this gap, including a long-term goal of expanding government computing capacity to match 100,000 Nvidia GPUs by 2030. ([finance-monthly.com](https://www.finance-monthly.com/2025/06/why-is-nvidias-ceo-pouring-billions-into-the-uks-ai-scene/?utm_source=openai))