National Audit Office

Department for Business and Trade 2024-25

December 2025

Contents

Summary

C&AG introduction

In 2025, we set out our new five-year strategy. In delivering our statutory responsibilities, we aim to maximise our contribution to two outcomes – more productive and resilient public services and better financial management and reporting in government.

Our overviews summarise the key information and insights from our examinations of departments and from their annual report and accounts, and explore departments' progress against these crucial outcomes, highlighting positive examples and opportunities to improve.

If you would like more information about our work, or to arrange a briefing with me or one of my teams, please contact our Parliamentary Relations team at parliament@nao.org.uk.

Objectives	
Priority outcomes	The Department for Business and Trade (DBT) is a department for economic growth. It has three priority outcomes: Make the UK the best place in the world to do business, Make the UK the best-connected economy and the best place to do business from, and Deliver great services for business.
Financial management and reporting	
Total spending 2024-25	DBT spent £2.15 billion (including financing), £541 million less than in 2023-24. The largest expenditure was £999 million for grants and subsidies.
Financial risks	DBT's overall financial risks are the financial sustainability of the Post Office, DBT's large grant management portfolio, the volume of investments and the British Business Bank's (BBB's) expanded role, and support for British Steel's Scunthorpe site.
The Post Office	DBT provides financial support to the Post Office, including payment to postmasters affected by the Horizon IT scandal. As of 31 October 2025, approximately £1.3 billion has been paid to over 9,500 claimants across four Post Office Horizon schemes.
Financial statement risks	DBT's key financial statement risks are the valuation of Post Office liabilities, investment assets and financial guarantee liabilities. There is also the risk of fraud in COVID-19 legacy schemes – £79.5 million (7%) of Future Fund loans of financial support during the pandemic are now categorised as suspected fraud. BBB is taking steps to mitigate this risk.
Productivity	
Spending Review 2025 and DBT's efficiency plans	The Spending Review 2025 announced a cut to DBT's administration and day-to-day budget by £63 million by 2029-30. DBT is planning to meet this target through redesigning processes, digital improvement, and reducing headcount across the department.
Support for business	DBT aims to be the front door for businesses, and its July 2025 strategy sets out a long-term direction for government support for smaller firms. BBB's financial capacity has increased to £25.6 billion to help it support innovation, smaller businesses, and priority industry sectors.
Industrial Strategy	The Industrial Strategy, launched in June 2025 and co-led by DBT and HM Treasury, designates eight growth-driving sectors that present the greatest opportunity for output and productivity growth over the long term. The government intends to channel support to these sectors and has produced a sector plan for each.
Risk and resilience	
DBT's risk profile	In addition to its financial risks, DBT's principal risks include vulnerability to cyber threats, critical import shortages, economic challenges, acute economic shocks, and geopolitical impacts on trade.
Managing economic shocks	In some circumstances, the government needs to intervene in the economy. In 2025, DBT led the government's intervention in British Steel's Scunthorpe steelworks site to prevent the irreversible closure of two blast furnaces.
International trade, investment and exports	In June 2025, DBT published the UK's Trade Strategy, which set an intention to be pragmatic in its approach to trade to survive turbulence in a changing world. Our reports show that DBT must ensure benefits from trade deals are realised by businesses and consumers.
Employment rights	The 2024 Plan to Make Work Pay is DBT's wide-ranging plan to ensure workers' rights are protected and are fit for delivering economic growth.

The Department for Business and Trade (DBT) is a department for economic growth. It supports businesses to invest, grow and export, and create jobs and opportunities.

Priorities

As part of the 2025 Spending Review, DBT set out three new overarching strategic priorities (see **Figure 1**), which replace its Outcome Delivery Plan priorities for 2024-25. It is responsible for the Industrial Strategy, Trade Strategy, Plan for Small Business and Make Work Pay (a government initiative on labour market reform).

Staffing

DBT employed an average of 7,471 full-time equivalent (FTE) people over the year in 2024-25, compared to 7,186 during 2023-24. This total includes 1,346 FTE locally engaged staff and 190 FTE UK-based staff in DBT's overseas network.

Working with others

DBT needs to work with others across government. It co-owns the Industrial Strategy with HM Treasury, and shares responsibility for economic sectors with other departments. It works closely with other departments, for example to influence skills policy to ensure skills meet employers' needs.

DBT merger

DBT was formed in February 2023, when the Department for International Trade was merged with the business-focused parts of the former Department for Business, Energy & Industrial Strategy.

Figure 1

Department for Business and Trade's (DBT's) priority outcomes in 2024-25

DBT has reported progress against its five strategic priorities (consolidated to three in June 2025) to help it meet its aim to support business to invest, grow and create opportunities

Priority	Examples of progress reported in 2024-25
Make the UK the best place in the world to do business	• Published the Industrial Strategy and eight sector plans. • Launched the Regulation for Growth Programme to reduce the administrative costs faced by businesses. • Secured over £10 billion in investment commitments and almost 1,000 jobs through a Regional Investment Summit in October 2025.
Make the UK the best-connected economy and the best place to do business from	• Published the Trade Strategy. • Signed the UK-India Free Trade Agreement in July 2025, the biggest bilateral trade deal since leaving the EU. • Implemented tariff reductions for businesses affected by US tariffs by signing the UK-US Economic Prosperity Deal.
Deliver great services for business	• Revamped and launched the Office for Investment in June 2025, to align with the Industrial Strategy growth areas. • Announced a new £4 billion British Business Bank Industrial Strategy Growth Capital initiative. • Launched the Digital Business Growth Service, an online tool to provide information and advice to businesses.

Note

1 DBT's previous priorities for the Outcome Delivery Plan 2024-25 were published in its Annual Report and Accounts (page 8). They were: "Redraw our rules to ensure businesses thrive, markets are competitive, and consumers are protected; Secure investment from UK and international businesses; Advise, support, and promote British businesses to grow and export; Open new markets for businesses by removing barriers and striking trade deals; and Promote free trade, economic security and resilient supply chains."

Source: National Audit Office analysis of Department for Business and Trade Annual Report and Accounts 2024 to 2025, HC 1278, 15 September 2025

How DBT is structured

DBT is led by the Secretary of State for Business and Trade and supported by the Permanent Secretary and a team of ministers. DBT delivers its priority outcomes through its core department and its 19 partner organisations (see page 8). The core department is split into eight groups, each led by a Director General.

Figure 2
The Department for Business and Trade's (DBT's) structure, 2024-25

DBT's core department is made up of eight groups

Business Group Leads and influences policy, and runs programmes to support businesses to invest, export and grow. It is particularly focused on the eight priority sectors in the Industrial Strategy. It leads on DBT's overall business engagement and response to economic shocks. It supports DBT's delivery of redress schemes on the Post Office and its contribution to public inquiries.	**Competition, Markets and Regulatory Reform** Aims to create the conditions for businesses to grow in a way that benefits all, including workers and consumers, through policy, delivery and regulation.
Corporate Services Provides enabling and professional functional expertise to support the organisation to deliver against its strategic priorities including: Business Services and Security; Commercial, Communications and Marketing; Data and Technology; Digital; Finance; Grant Delivery; Human Resources; and Project Delivery and Change.	**Domestic and International Markets and Export** Leads DBT's support for small businesses, exports and place-based growth (both in the UK and overseas), in support of the government's growth mission.
Economic Security and Trade Relations Responsible for removing market access barriers, promoting the rules-based international trading system, and operating the UK's trading system.	**Office for Investment** Leads on investment strategy, promoting the UK to investors and businesses around the world, and attracting investment into the UK. It was responsible for planning and delivering the UK's presence at the 2025 Osaka Expo on behalf of the government.
Strategy and Growth Responsible for planning, analysis, and facilitation of work to support businesses to invest and grow, primarily through the Industrial Strategy. The group supports ministers' day-to-day work, including in Parliament, and provides a range of capabilities and technical expertise.	**Trade Group** Aims to boost productivity and growth through economic relationships across Europe, Asia-Pacific, South Asia, and the Middle East & Pakistan. It does this by negotiating and implementing trade agreements, leading multilateral engagements, increasing market access for UK exporters and investors, and developing regional strategies including on economic security. This group also leads on devolution for DBT.

Note
1 Rules-based international trading system refers to the political, legal and economic rules governing international trade.

Source: National Audit Office analysis of Department for Business and Trade Annual Report and Accounts 2024 to 2025, HC 1278, 15 September 2025

Where DBT spends its money

The department's financial activities can be broadly categorised as support for business and economic growth, Post Office support, management of legacy COVID-19 finance schemes, and running costs of the department.

Total expenditure

In 2024-25, DBT spent a total of £2.15 billion (including financing) in net expenditure.[1] This includes the cost of DBT's workforce.

In budgetary terms, the department's outturn was £2.51 billion against a budget of £5.94 billion.[2] The £3.43 billion underspend was due to a combination of contingency funding that was not utilised (e.g. the Post Office Working Capital Facility), outturn being lower than forecast (e.g. measurement of financial guarantee liabilities where outturn is uncertain), and uncertainty in calculating the estimates of future compensation liabilities (e.g. provisions for Post Office redress schemes).[3]

Spending by the top three groups

The **Business Group** expenditure includes grant expenditure of £686 million (£726 million in 2023-24) primarily in relation to subsidies provided to Post Office Limited and grants for the Aerospace Technology Institute and Advanced Propulsion Centre.

In the **Competition, Markets and Regulatory Reform Group**, £491 million was spent by the Insolvency Service on the Redundancy Payment Service (down from £505 million in 2023-24). Redundancy payments are made to employees whose employers have failed to make payments or who were insolvent. Income in this group primarily comes from fees and charges collected by Companies House (£202 million, an increase from £80 million in 2023-24 because of increased fees), the Insolvency Service (£103 million) and the Financial Reporting Council (£69 million).

The **Domestic and International Markets and Exports Group's** expenditure includes the change in value of financial guarantee liabilities. These liabilities arise where the government provides guarantees on loans issued by commercial lenders. Other income in this group comes from investment income from the British Business Bank (£121 million), fees from financial guarantees and interest from funding loans.

1 Departmental expenditure includes the core department and entities within the departmental boundary, which are consolidated into the departmental accounts. It does not include expenditure for entities outside the departmental boundary. See Department for Business and Trade Annual Report and Accounts 2024 to 2025, Note 21 on pages 246-249.

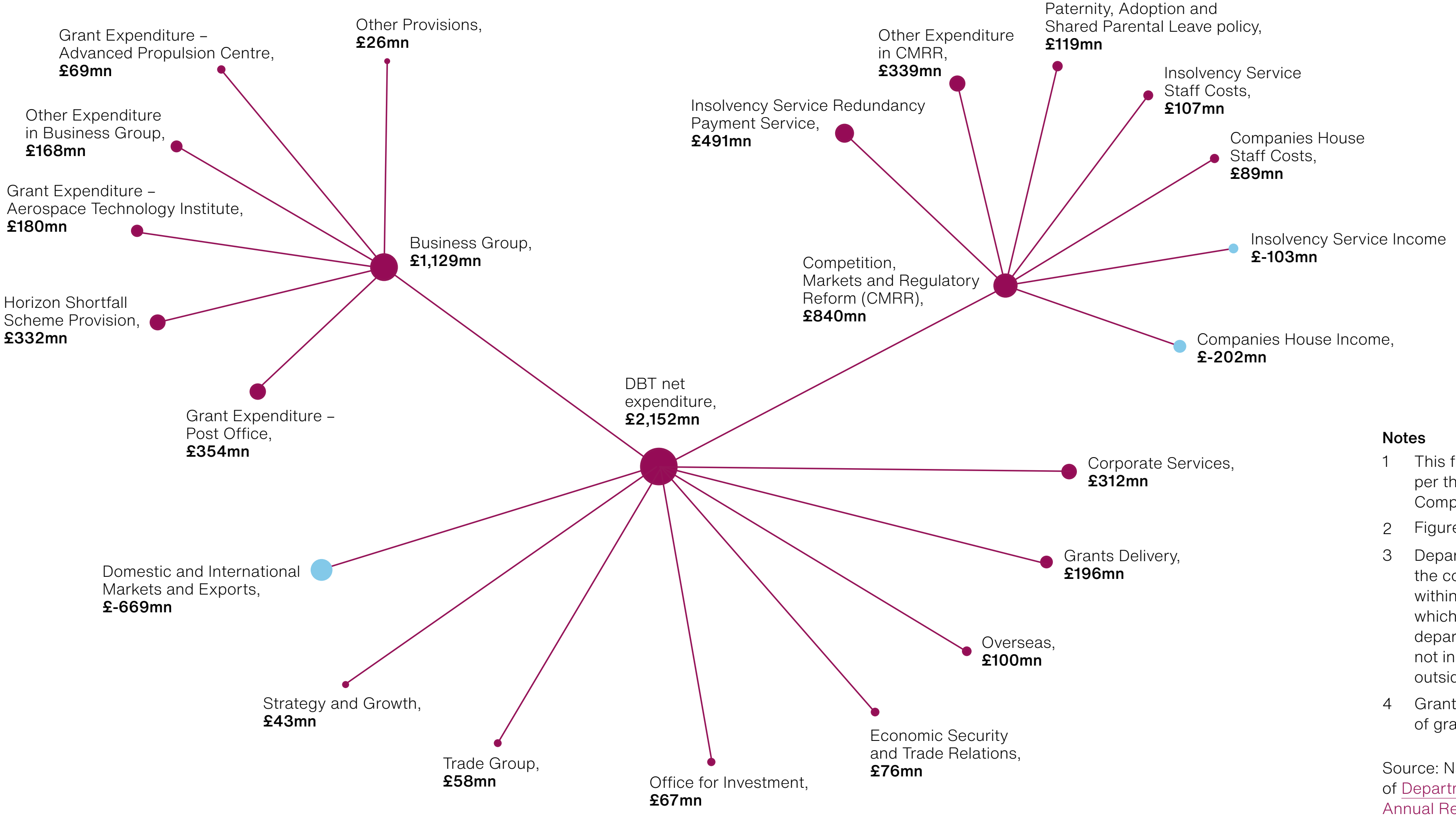
2 Outturn is based upon budgetary rules and includes transactions such as net additions to financial assets. These transactions are not included within net expenditure for accounting purposes. As such, they do not appear within the department's Statement of Comprehensive Net Expenditure, which is prepared under IFRS accounting rules.

3 For more detail on the variance of DBT's outturn to budget, see Department for Business and Trade Annual Report and Accounts 2024 to 2025, pages 37-38.

Figure 3

Department for Business and Trade's (DBT's) areas of spending for 2024-25

In 2024-25, DBT's net expenditure was £2.2 billion, £1.1 billion of which was spent by its Business Group



Notes

1 This figure shows net expenditure per the Department's Statement of Comprehensive Net Expenditure.

2 Figures are in cash terms.

3 Departmental expenditure includes the core department and entities within the departmental boundary, which are consolidated into the departmental accounts. It does not include expenditure for entities outside the departmental boundary.

4 Grants delivery includes payment of grants.

Source: National Audit Office analysis of Department for Business and Trade Annual Report and Accounts 2024-25, HC 1278, 15 September 2025

DBT's partner organisations

DBT works with 19 agencies and public bodies to deliver its objectives. DBT's governance and involvement varies with each organisation. DBT establishes policy for executive agencies and sets strategic frameworks for non-ministerial departments who set their own policies.

Figure 4

Department for Business and Trade's (DBT's) partner organisations and their operational expenditure for 2024-25

DBT works with 19 partner organisations; the operating expenditure for these organisations ranges from £113,000 to £648 million

Organisation	Type	Operating expenditure (£000)	Staff (FTE)	Geographical range	Year
Advisory, Conciliation and Arbitration Service Group (ACAS)[1]	Executive non-departmental public body (NDPB)	64,093	1,004	Great Britain	2024-25
British Business Bank plc[1]	Other public body	132,341	671	UK	2024-25
British Hallmarking Council	Executive NDPB	113	1	UK	2024
Companies House[1]	Executive agency	197,898	1,535	UK	2024-25
Competition and Markets Authority	Non-ministerial department	125,045	1,130.2	UK	2024-25
Competition Appeal Tribunal[1]	Tribunal	1,136	22	UK	2023-24
Competition Service[1]	Executive NDPB				
Financial Reporting Council[1]	Executive NDPB	67,777	477	UK	2024-25
Groceries Code Adjudicator	Statutory office holder	1,252	9.2	UK	2024-25
Office of the Regulator of Community Interest Companies	Statutory office holder	380	1	UK	2024-25
Office of the Small Business Commissioner	Executive NDPB	748	7	UK	2023-24
Post Office Limited	Public corporation	1,790,000	3,719	UK	2023-24
Pubs Code Adjudicator	Statutory office holder	1,860	8.25	England & Wales	2023-24
Regulatory Policy Committee	Advisory NDPB	1,307	8	UK	2023-24
The Insolvency Service[1]	Executive agency	648,085	1,817	UK	2024-25
Trade Remedies Authority[1]	Executive NDPB	15,650	142	UK	2024-25

Notes

1 These eight partner organisations are consolidated into the DBT group accounts, along with BIS (Postal Services Act 2011) Company Limited.

2 Staff numbers show the average number of full-time equivalent (FTE) people employed during the year from 1 April to 31 March.

3 Year refers to the financial or calendar year for which the most up-to-date information is available. Most accounts are prepared by financial year (April to March), with the exception of the British Hallmarking Council, which prepares accounts by calendar year (January to December).

4 ACAS Group figures include expenditure and staff relating to the Central Arbitration Committee and Certification Officer.

5 The Regulator of Community Interest Companies (CIC) works part time and is supported by nine members of staff from Companies House.

6 The Regulatory Policy Committee's information is from its annual corporate report, which contains non-audited figures on operating expenditure and staff numbers. There are eight committee members supported by 15 secretariat staff from DBT.

7 The Low Pay Commission costs are included in those of the core department and have not been presented separately in this table.

8 A non-departmental public body (NDPB) is a body that has a role in the processes of national government. It is not a government department but operates at arm's length from ministers. A non-ministerial department (NMD) is a government department in its own right, but does not have its own minister. A public corporation is a body that is classified as a market body, controlled by central or local government or other public corporation, and has substantial independence from its parent department(s). Executive agencies are clearly designated units of a central government department, administratively distinct, but remaining legally part of it. Statutory office holders are appointed to a position by an organisation but do not have a contract or receive regular payment.

Source: National Audit Office analysis of partner organisations' annual reports and accounts and information on gov.uk

Financial management and reporting – Financial risks

Financial risks are uncertainties that can affect a department's stability and performance. DBT's financial risks include the long-term viability and sustainability of the Post Office, DBT's grant management portfolio, the British Business Bank's expanded role, and payments to British Steel.

Grant management

In 2022-23, the then Department for Business, Energy & Industrial Strategy was the largest distributor of grants of all departments. After the merger in 2023, DBT established a cross-departmental change programme to professionalise the design and delivery of its grant schemes, as it did not have standardised processes or systems.

DBT established a Grant Delivery Directorate (GDD) to oversee all grant schemes and provide a centre of excellence for delivery. Management and payment of some grants (£196 million grant expenditure out of £999 million grant and subsidy expenditure in 2024-25) is centralised in the GDD, and there is opportunity for greater centralisation. DBT recognises that the scale of the change process to professionalise grants design and delivery, together with legacy schemes and capability gaps, could leave it exposed to risk of fraud/irregular payments.

DBT expects this risk to reduce over 2025-26, from improved oversight of the grants portfolio by the Grant Delivery Board, standardised processes, and a new end-to-end grants management system.

For financial statement risks including COVID-19 scheme grants, see page 11.

British Business Bank

The British Business Bank (BBB) aims to improve access to finance and support for smaller businesses, which is key to DBT's objective to drive economic growth. BBB is wholly owned by DBT but is operationally independent.

In 2024-25, BBB was restructured into two core businesses to make it more flexible:

- Banking: providing start-up loans and government guarantees; and
- Investment: attracting private investment into new and emerging markets and helping innovation.

As at the end of March 2024, BBB's core programmes had provided £17.4 billion to almost 64,000 smaller businesses. The 2025 Spending Review increased BBB's total financial capacity by £9.6 billion to £25.6 billion.[4] This uplift should enable a two-thirds increase in investments to around £2.5 billion each year.

BBB's Industrial Strategy Growth Capital initiative aims to channel £4 billion to the Industrial Strategy's eight priority sectors. BBB predicts that this will stimulate another £12 billion of private capital, securing around £16 billion to invest in smaller businesses and innovation across the eight sectors over the next four years.

These are large increases in the volume of BBB's investments, which are predominantly in unlisted funds (comprising debt products such as bonds) and unlisted equities. These are not traded on public exchanges and are therefore more difficult to value. This presents financial statement risks in addition to the overall financial risk of BBB's expanded role. With a new structure and executive committee, it must now show that it can deliver access to finance to smaller businesses and, in turn, support a thriving small business sector in the UK.

For other financial risks, see the Post Office (page 10) and British Steel (page 18).

4 The £9.6 billion uplift is comprised of £6.6 billion of new capital and an additional £3 billion guarantee capacity as part of BBB's ENABLE Guarantee programme.

Financial management and reporting – The Post Office

DBT provides financial support to the Post Office, including payment to postmasters affected by the Horizon IT scandal. As of 31 October 2025, approximately £1.3 billion has been paid to over 9,500 claimants across four Post Office Horizon schemes. Delivering the redress schemes, and Post Office stability and viability, are principal risks for DBT.

Compensation

There are four main Horizon compensation schemes: Horizon Shortfall Scheme (HSS), Group Litigation Order Scheme (GLO), Overturned Convictions Scheme (OC), and Horizon Convictions Redress Scheme (HCRS). From 3 June 2025, DBT took on responsibility for management of OC. HSS is administered by the Post Office, but DBT administers the appeals process.

DBT expects to fund all future redress payments associated with HCRS, OC, HSS, Suspension Remuneration Review and Post Office Process Review schemes. It must address concerns about its estimates of the volume and value of claims and contact all those eligible for compensation.

Stability and viability of the Post Office

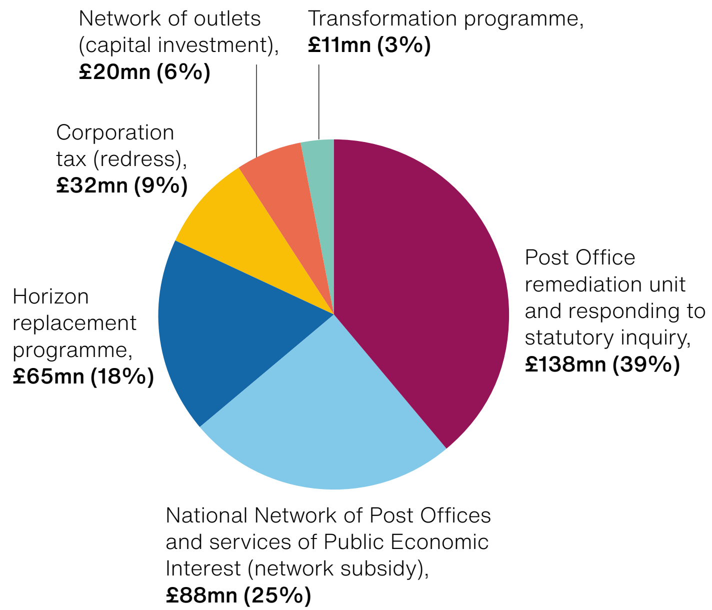
In November 2024, the Post Office published a five-year Transformation Plan, 'New Deal for Postmasters', to improve its long-term financial stability and culture, including better remuneration for postmasters. In July 2025, DBT published a Green Paper, seeking views on the future of the Post Office. As part of the Spending Review 2025 process, £500 million has been committed over the next five years to modernise and stabilise the Post Office including replacement of the legacy Horizon computer system. It will need to keep in view both short- and longer-term changes, to ensure the organisation can meet changing customer needs and has suitable governance arrangements that address feedback from the consultation.

Our report Investigation into the operation of government compensation schemes (expected Spring 2026) will consider the performance of the Horizon scheme, as the Horizon IT scandal is one of four injustices that the state has acknowledged responsibility for, or for failing to prevent. It will build on our 2024 report Government compensation schemes, which identified lessons from the design and operation of several compensation schemes.

Figure 5

Department for Business and Trade's (DBT's) expenditure on Post Office by category of spending, 2024-25

In 2024-25, DBT spent £354 million on a range of support to the Post Office



Note

1 During 2024-25 the department paid subsidies totalling £354 million to the Post Office, compared to £260 million in 2023-24.

Source: National Audit Office analysis of Department for Business and Trade Annual Report and Accounts 2024-25, HC 1278, 15 September 2025

Financial management and reporting – Financial statement risks

Financial statement risks are risks associated with the preparation and presentation of financial statements, which can affect the accuracy and reliability of a department's financial statements, potentially leading to material misstatements.[5]

DBT's key financial statement risks are the valuation of: Post Office liabilities, investment assets such as the Future Fund, and financial guarantee liabilities. The valuation of investment assets is complex, subject to significant estimation uncertainty, and has the potential to fluctuate significantly over time. Another risk for DBT is the risk of fraud in the COVID-19 legacy schemes it administers. To support businesses during the COVID-19 pandemic, the government quickly set up several schemes, prioritising speed of payment.

The C&AG's opinion (see DBT's Annual Report and Accounts 2024 to 2025, pages 144–147).

The Comptroller and Auditor General (C&AG) modified his opinion of DBT's 2024-25 accounts in respect of uncertainty about estimates of compensation for the Horizon Shortfall Scheme (see page 10) and suspected levels of fraud in the Future Fund. This means that the C&AG determined that there was insufficient evidence available to support the department's estimate of the value of the Horizon Shortfall Scheme. He could not therefore conclude whether the department's estimate gave a true and fair representation of the expected value of the scheme.

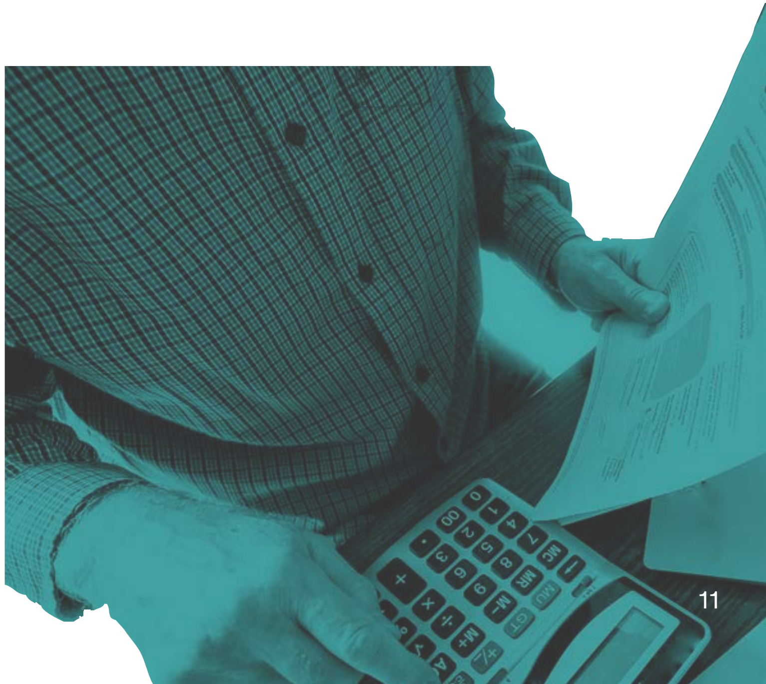
Future Fund

The Future Fund is a convertible loan scheme that lent £1.137 billion in financial support to 1,190 businesses during the COVID-19 pandemic. The scheme closed to new applicants in 2021.[6] It invested in UK start-ups, micro companies and large multinationals across many business sectors. Investment was made through convertible loans, which are then converted to equity shares. Loan terms were three years from the date of issue, with an extension of two years available, subject to criteria. As at 31 March 2025, the portfolio comprises £11 million in loans, all of which have been extended, and £599 million held in shares. Instances of suspected fraud in the scheme have increased from four at the end of the financial year 2023-24, to 18 as at 31 March 2025. To date, 3.9% of investments (47) have been categorised as suspected fraud, amounting to 7% of the total loan value at inception of the scheme, at £79.5 million. DBT continues to monitor companies for signs of any further irregularities.

The COVID-19 Bounce Back Loan Scheme (BBLS) was open between May 2020 and March 2021. The loan guarantee scheme supported easier access to loans and gave government backing to private sector lenders. It issued loans worth £46.5 billion using a simplified application process based on self-certification.

While the majority of loans are either fully repaid or on track, the estimated total loss due to fraud and error in the BBLS is estimated to be 6.4% of the volume of loans. DBT stated that it has focused on detecting fraud and error through its data and analytics programme.

Our July 2025 report Using data analytics to tackle fraud and error found that some public bodies have achieved significant returns on their investment in data analytics to tackle fraud and error. To date, however, savings have been relatively modest compared to its overall potential and the value of taxpayer money lost to fraud and error.



5 Material misstatements are those errors that are of sufficient size to influence the decisions of users of the accounts.

6 A form of finance provided to businesses that gives the investor the option of converting the debt into equity at a future date. The number of companies within the portfolio has since increased from 1,190 to 1,193.

Productivity – Spending Review 2025 and DBT's efficiency plans

Following the Spending Review 2025, DBT's day-to-day (resource) spending is expected to decline by an average of 1.8% a year in real terms between 2025-26 and 2028-29, and its investment (capital) spending will increase from £1.5 billion to £2.0 billion for 2028-29 (see table below).

£bn (current prices – plans)	2025-26	2026-27	2027-28	2028-29
Resource Department Expenditure Limit (RDEL)[7]	1.8	1.9	1.8	1.8
Capital Department Expenditure Limit (CDEL)[8]	1.5	1.8	2.0	2.0
Total DEL	**3.3**	**3.7**	**3.8**	**3.8**

DBT's administration budget, which is part of its resource spending and goes mainly towards staff and associated costs, will be reduced by 15% (£63 million) for 2029-30.

Efficiency plans

To achieve target reductions from £1.789 billion baseline RDEL in 2025-26, DBT plans to deliver £75 million in efficiency gains (4.2%) through the first phase of its transformation plan by 2028-29. The key elements of DBT's plan include the following:

- **Organisational design:** DBT is reviewing its operating model to align with the new Industrial Strategy priority sectors. This includes restructuring within its Business Group, Office for Investment and overseas network.
- **Digital improvements:** DBT is considering where it can use technology to deliver a streamlined offer of support. This will help ensure a better experience for businesses looking to get help, and reduce the complexity and cost of support.
- **Corporate functions:** DBT plans to reduce the size and cost of its estate, and introduce efficiencies in its HR, finance, and other corporate functions.

Our September 2025 good practice guide Government exits and redundancies sets out a framework for assessing how exit and redundancy processes in government are conducted. There are four top-level questions to consider when conducting an employee exit scheme: strategic purpose, scheme design, delivery and governance.

Our July 2024 report Making public money work harder highlighted the risk of prioritising short-term requirements over longer-term value for money, particularly if organisations attempt to identify efficiency savings without a full understanding of the additional costs this could create elsewhere. Departments need to understand and set out their objectives and risk appetite, allocating funding in line with this.

7 Resource DEL refers to the portion of a government department's budget allocated for day-to-day running costs and operational expense.

8 Capital DEL is spent on investments that add to the public sector's fixed assets and public buildings.

Productivity – Support for businesses

DBT aims to support businesses to invest, grow and export. It pursues this through providing direct support to businesses and strengthening the domestic business environment.

Direct support for businesses: small businesses

At the start of 2025, there were 5.64 million small businesses in the UK, responsible for over 13.1 million jobs, and with a combined turnover of £1.9 trillion.[9] Recognising their importance to jobs and the economy, the government supports small businesses in a range of ways, such as financial interventions delivered through the British Business Bank (BBB) and support to export through UK Export Finance. For more information on BBB, see page 9.

On 31 July 2025, DBT published Backing Your Business: Our Plan For Small And Medium Sized Businesses. This sets out a long-term direction for the government's support for smaller firms and commits to:

- making it easier for businesses to grow and expand into new markets;
- making it simpler and fairer to run a business;
- making it easier to access finance;
- investing in high streets and providing tailored support; and
- investing in business skills for the future.

DBT aims to provide a single front door for businesses to quickly and easily access support. In December 2024, DBT announced it was launching the Digital Business Growth Service, a tool that aims to bring support under a single banner, providing small businesses with information and reducing their administrative burden. DBT now needs to monitor the strategy to evaluate the impact of this support on small businesses.

Strengthening the domestic business environment

Companies House and the Insolvency Service play key roles in creating better conditions for businesses in the UK.

Companies House incorporates and dissolves limited companies, registers company information and makes this available to the public. The Economic Crime and Corporate Transparency Act 2023 gave Companies House the power to remove false and misleading information from over 100,000 companies, with nearly 83,000 companies facing removal from the register between 4 March 2024 and 4 March 2025. This helps to reduce the negative impact of financial crime to investors, businesses, and taxpayers.

The Insolvency Service (INSS) supports individuals and companies facing financial distress and helps lenders/creditors maximise their returns. It has made use of digital technology to increase productivity, such as electronic signatures, making it quicker and easier to process paperwork. In 2025, INSS had higher demands placed upon it by new cases moving across from the National Investigation Service, changing regulation and increasingly sophisticated financial crimes.

Regulating for growth

Regulators can contribute to economic growth by providing a stable environment for investment, minimising costs to businesses, and enabling innovation. Ten of DBT's partner organisations have a regulatory function, and the core department leads on regulatory reform policy across government. It needs to work closely with HM Treasury (HMT), which leads on growth policy.

Over the last 20 years, there have been several cross-government initiatives designed to reduce the cost of regulation to support economic growth, such as the Growth Duty and HMT's Action Plan. Our study Regulating for growth (expected Winter 2025-26) examines whether the government and regulators are aligned in their growth ambitions, and how effective recent initiatives have been at encouraging regulators to actively consider their contribution to growth.

9 38,435 businesses were classified as medium sized (50 to 249 employees), and 8,335 were classified as large (250 or more employees).

Productivity – Industrial Strategy

In June 2025, the government published a 10-year plan – the UK's Modern Industrial Strategy 2025 – an integral part of its growth mission and one of DBT's priorities.

The Strategy sets out the government's aim to drive economic growth and productivity. The Strategy is explicitly channelling support to eight sectors of the economy identified as holding the greatest growth potential (termed the IS-8 – see **Figure 6** on pages 15 and 16) and the cutting edge 'frontier' industries within these sectors.

The government assesses that the eight sectors represent 32% of the economy and, if they maintain their current trajectory, will add an extra £152 billion in 'Gross Value Added' (GVA – a measure of economic output) to the economy annually and create 1.1 million new jobs by 2035.

Foundational industries

The Strategy describes foundational industries that provide critical inputs for the IS-8, strengthen the UK's economic security and resilience, and provide the foundations for economic growth. These industries are:

- electricity networks;
- ports;
- construction;
- steel;
- critical minerals;
- composites;
- materials; and
- chemicals.

Productivity

The new Industrial Strategy contains a range of sector-specific and pan-sector interventions to boost productivity. Major announcements include:

- a new British Industrial Competitiveness Scheme to reduce electricity costs by up to 25% for over 7,000 electricity-intensive businesses from 2027;
- more support for the most energy-intensive industries (such as steel and ceramics) by increasing the discount on electricity network charges from 60% to 90% through the British Industry Supercharger from 2026;
- a new £4 billion British Business Bank Industrial Strategy Growth Capital initiative invested across the IS-8; and
- an additional £1.2 billion per year for training opportunities in high-growth sectors by 2028-29.

Sector Plans

The government has published a Sector Plan for each of the Strategy's growth-driving sectors. See Figure 6 for further details on these sectors, their lead departments and high-level objectives.

Implementation

DBT co-owns the Strategy with HM Treasury, and other government departments will have responsibilities for particular sectors and interventions.

DBT has made the Industrial Strategy Unit into a permanent delivery unit to coordinate implementation and policy development, working closely with HM Treasury, and sector and policy teams in other departments. An external Industrial Strategy Advisory Council, with leaders from industry, academia, and trade unions, has been established to advise and monitor the Strategy's implementation, and the government has committed to place it on a statutory footing. DBT has also published the first Industrial Strategy quarterly update: July to September 2025, which sets out information on delivery and performance.

Our March 2025 report Supporting the UK's priority industry sectors, published ahead of the Industrial Strategy, noted DBT's progress in developing its support for industry. We concluded, however, that to maximise the impact of its new Strategy and contribute to the government's growth mission, DBT would need to clarify its role within government and address identified weaknesses. These include highlighting trade-offs and better use of evidence to design interventions, oversight of all support for businesses, the maturity of its relationships and influence with other departments, and its monitoring and evaluation capabilities.

Continued
Productivity – Industrial Strategy

Figure 6
Industrial Strategy sectors and interventions

The Department for Business and Trade (DBT) must work closely with other departments to deliver sector interventions to meet their targets

Sector Plan	Frontier industries	Lead department	High-level target	Example interventions
Advanced Manufacturing – Sector Plan	Aerospace, advanced materials, agri-tech, automotive, batteries, space	DBT	Double annual business investment in the sector from £21 billion to £39 billion in 2035.	Reduce electricity costs through the British Industry Supercharger and a new British Industrial Competitiveness Scheme.
Creative Industries – Sector Plan	Advertising and marketing, film and TV, video games, music, performing and visual arts	DBT and the Department for Culture, Media & Sport (DCMS)	Increase annual business investment in the sector from £17 billion to £31 billion by 2035.	A new £150 million Creative Places Growth Fund devolved to six mayoral strategic authorities to deliver tailored investment readiness support.
Clean Energy Industries – Sector Plan	Wind (onshore, offshore and floating offshore), fusion energy, nuclear fission, hydrogen, carbon capture usage and storage (including greenhouse gas removals), heat pumps	DBT and the Department for Energy Security & Net Zero (DESNZ)	At least double current investment levels across frontier clean energy industries to over £30 billion per year by 2035. Grow exports, create good quality jobs, drive high domestic commercialisation of evolving technology, and secure more resilient and robust supply chains.	Deliver targeted funding to support jobs, innovation, and growth including through a £1 billion Clean Energy Supply Chain Fund, £14.2 billion of funding for Sizewell C in this spending review period and over £2.5 billion for Small Modular Reactors.
Digital and Technologies – Sector Plan	Artificial intelligence, engineering biology, advanced connectivity technologies, quantum technologies, semiconductors, cyber security	DBT and the Department for Science, Innovation & Technology (DSIT)	Make the UK one of the top three global destinations to start, scale and invest in high-growth tech businesses by 2035; secure the UK's first trillion-dollar tech company; exceed all but the US and China in commercial research and development (R&D) investment in the sector.	Expanding the government's AI Research Resource by 2030 and establishing a new Sovereign AI Unit.

Figure 6 *continued*

Industrial Strategy sectors and interventions

Sector Plan	Frontier industries	Lead department	High-level target	Example interventions
Financial Services – Growth and Competitiveness Strategy	Financial technology (fintech), insurance and reinsurance markets, sustainable finance, capital markets and retail investment, asset management and wholesale service	HM Treasury	Build the UK's position as an international financial services hub by 2035, particularly through increasing the contribution of financial services exports to UK Gross Value Added by 2035.	Enable the creation of new pension 'megafunds' with the scale to invest in assets with high growth potential. A bespoke Financial Services 'concierge service' will be created to help international firms navigate UK regulation.
Defence Industrial Strategy: Making Defence an Engine for Growth	Drones and autonomous systems, combat air, directed energy weapons, complex weapons, maritime capabilities	Ministry of Defence (MoD)	Make the UK Europe's top Defence exporter by 2035; halve the venture capital investment gap with the US; dramatically cut contracting times across all areas of defence procurement.	Accelerate the adoption of novel and dual-use technologies by spending at least 10% of MoD's equipment budget on acquiring new technologies such as drones and AI enabled technologies.
Life Sciences – Sector Plan	Pharmaceuticals, medical technologies (medtech)	DBT, Department of Health & Social Care (DHSC) and DSIT. Office for Life Sciences (OLS) covers all departments.	Achieve more investment in commercial R&D, scale-up finance and foreign direct investment than any other European economy by 2030 and other country globally (barring the US and China) by 2035; become one of the top three fastest places in Europe for patient access to medicines and medtech.	Realise a Health Data Research Service with up to £600 million investment from the government and cut trial approval times to under 150 days.
Professional and Business Services – Sector Plan	Accountancy audit and tax, management consultancy, legal services	DBT	Double annual business investment in the sector from £35 billion to £65 billion in 2035.	Boost tech adoption for small and medium enterprises (SMEs) by expanding the Made Smarter programme in England to provide expert guidance, skills and workforce development, and match-funded grants.

Notes

1 Sector Plans as at December 2025.

2 These eight sectors are termed the IS-8 and are identified in the Industrial Strategy as holding the greatest growth potential. Frontier industries are subgroups within the IS-8.

3 Sizewell C is a nuclear power station to be built on the Suffolk coast. The government confirmed a final investment decision for the project on 22 July 2025.

4 OLS is a cross-government unit that champions research, innovation and the use of technology to transform health and grow the economy across the UK. On 22 July 2025, the government announced that OLS will report directly into the Business Secretary in addition to the Health Secretary and Technology Secretary, giving it more formalised links into DBT to support the Industrial Strategy.

Source: National Audit Office analysis of The UK's Modern Industrial Strategy 2025 policy papers, Sector Plans and documents

Risk and resilience – DBT's risk profile

DBT needs to manage risks to its work from both domestic and international challenges. Risks are monitored and reviewed regularly by the Performance and Risk Committee and reported to the Executive Committee. These risks are reflected in its Annual Report and Accounts 2024-25 (see pages 29–35).

Figure 7

The Department of Business and Trade's (DBT's) principal risks, as set out in its 2024-25 Annual Report and Accounts

DBT has responsibility for managing risks in many challenging policy areas affected by both domestic and global events

Risks reported in DBT's Annual Report and Accounts 2024-25	Risk rating March 2024	Risk rating March 2025	Risk rating In-year change (2024-25)
Risks continuing from 2023-24			
1 **Vulnerability to cyber threats:** Risk that a cyber-attack on DBT (directly or indirectly through an attack on critical suppliers) prevents the Department from operating or impacts its operational, regulatory or legislative duties e.g. preventing proper operation of the UK border for passage of goods	High	High	Stable
2 **Critical import shortage (supply chain shock):** Risk of a significant supply chain shock, with the result that supplies critical to the economy are unavailable	High	High	Stable
3 **Post Office redress delivery:** Risk of failure to deliver redress sufficiently swiftly, or is not perceived to be fair	High	High	Stable
4 **Economic challenges:** DBT cannot convene and drive a cross-government Industrial Strategy and growth narrative to have an impact that is commensurate with the scale of the challenge, government ambition and business expectations	High	High	Stable
5 **Acute economic shocks:** Risk that DBT lacks capacity and capability to respond effectively	High	Medium	Decreasing
6 **Grant management and fraud:** Scale of cross-departmental change programme required to professionalise business grants scheme design and delivery (together with risks posed by existing/legacy schemes and departmental capability gaps) leaves DBT exposed during the transformation process, including to fraud/irregular payments	High	High	Stable
Risks identified in 2024-25			
1 **Geopolitical impacts on trade:** Risk that the UK is unable to protect its economic interests in a dynamic world where key geopolitical actors are locked in competition		High	Stable
2 **Post Office stability and viability:** Risk of a failure to put the Post Office on a secure financial footing, leading to a significant deterioration in Post Office's financial position, meaning the company is ever more dependent on financial support from government		High	Stable
3 **People priorities and resilience:** Risk that the department is not able to effectively support and retain its people to deliver against its ambitious commitments		Medium	Stable
4 **Climate and environment driven economic transformations:** The physical effects of climate change and environmental damage, combined with UK and global climate and environment policy, are driving structural economic change, creating both opportunities and risks to growth		Medium	Decreasing

Notes

1 Risk ratings assess the severity of risk – a combination of impact and probability, also considering in-year improvements and trajectory of the risk. Risks are rated high, medium or low. 'In-year change' relates to whether the rating for a risk increased, decreased or was stable during 2024-25.

2 Newly identified risk pertaining to 'geopolitical impacts on trade' is a re-articulation of a risk from the Annual Report and Accounts 2023-24, which was previously described as 'fragmentation of rules-based systems' and was rated 'high'. DBT notes it has now been re-articulated to reflect wider global geopolitical changes and impact on trade.

3 Newly identified risk pertaining to 'climate- and environment-driven economic transformations' is a new risk – in 2023-24, DBT described a similar risk as 'net-zero response' and noted it was closed and replaced with this new wording.

Source: National Audit Office analysis of Department for Business and Trade Annual Report and Accounts 2023-24, HC 391, 30 January 2025, and Department for Business and Trade Annual Report and Accounts 2024-25, HC 1278, 15 September 2025

Risk and resilience – Managing economic shocks

The government's position is that, in general, private sector companies should be allowed to fail as part of the efficient working of the economy. In some circumstances, however, it will decide it needs to intervene. DBT's economic shocks team provides support to sector teams and collaborates across Whitehall to assess, prepare for and respond to economic shocks resulting from companies in distress.

Interventions in the steel sector

The UK steel industry has long been under pressure from international competition, excess capacity in the global market, high domestic energy costs and (more recently) net zero policies and recent US tariffs.

In September 2024, the government provided £500 million in grant funding to Tata Steel for a transformation programme to convert its blast furnaces to electric arc at its Port Talbot site in South Wales. While there have been redundancies and a negative impact on the local economy, DBT expects this will reduce the UK's carbon emissions.

In March 2025, Jingye Group – the Chinese owner of British Steel Ltd – said the company's Scunthorpe plant was losing around £700,000 a day, and launched a consultation on the closure of blast furnaces and other steelmaking assets. In April, following failed negotiations, Parliament passed emergency legislation (the Steel Industry (Special Measures) Act 2025) allowing the government to intervene to ensure the safe ongoing operation of the blast furnaces. British Steel remains under the ownership of Jingye, but DBT has provided £274 million for working capital as at 19 November 2025, to allow steel production to continue. DBT's accounts for 2025-26 will reflect the funding it has provided to British Steel.

In August 2025, the UK's third-largest steelworks, Speciality Steels UK (part of the Liberty Steel group), was declared insolvent by the High Court. At the time of writing, DBT is providing funding to the Official Receiver – an officer of the Court – to conduct a sales process in line with its statutory duties and recommended liquidation strategy for the affected sites.

Steel strategy

In February 2025, the government launched a consultation on its forthcoming steel strategy. It pledged £2.5 billion of support to the UK steel industry through the National Wealth Fund and other routes, in addition to £500 million for an electric arc furnace in Port Talbot.

Wider support for steel

Successive governments have supported the UK steel sector through various mechanisms. These include:

- guidance on procuring steel, updated in 2025 to encourage use of domestic steel and consideration of national security in steel procurement in public sector contracts;
- the British Industry Supercharger to bring energy costs down for key energy-intensive industries, such as steel;
- trade and tariff negotiations including with the UK's largest steel importers in the EU and US; and
- steel safeguards to protect the steel industry from surges in cheap imports.

Investigation into government's intervention in British Steel's Scunthorpe site (expected Spring 2026): Our investigation will set out the rationale for the government's intervention; the intervention and current operations; and the costs, risks and wider implications of the intervention.

Our good practice guide and accompanying lessons learned report Monitoring and responding to companies in distress (October 2023) set out the lessons learned from interventions – and questions officials should consider – when responding to a company in distress, to maximise resilience and reduce risk to the taxpayer. It considers key lessons that departments should learn from when appraising options, managing interventions and evaluating and embedding learning, such as drawing on expertise, identifying vulnerabilities and building resilience.

Risk and resilience – International trade

DBT recognises key risks to the UK's trade landscape, such as geopolitical events and import shortages. In June 2025, it published The UK's Trade Strategy, which set an intention to be pragmatic in its approach to trade to survive turbulence in a changing world. The Strategy was designed to align with the Industrial Strategy and focus on sectors with potential for high growth.

Resilience

The Trade Strategy defines secure and resilient trade as the "safe and reliable movement of goods, services and capital across borders which is able to be maintained through/withstand and respond to difficulties and disruptions." Recognising the need to boost resilience against instability caused by conflict, climate change and international financial contagion, the Strategy outlines measures to:

- upgrade the trade defence toolkit and changes to the Trade Remedies Act, to better respond to trade-distorting practices such as 'dumping';
- monitor and respond to turbulence in global sectors and supply chains; and
- launch a review of the government's approach to responsible business conduct.

The Trade Strategy outlines interventions to boost productivity, including a new 'Ricardo Fund', supporting regulators to remove trade barriers for UK businesses, costing £2.3 million in the first 12 months; and expanding the capacity of UK Export Finance by £20 billion to £80 billion.

Scrutiny

DBT commits in its Trade Strategy to increase transparency, doubling the time Parliament has to scrutinise new comprehensive trade agreements from 10 to 20 days, more regular attendance from Chief Negotiators at select committees, and offering a debate on any new trade deal during the scrutiny window.

Digital trade

International trade that is digitally ordered and/or delivered features heavily in DBT's Trade Strategy. It highlights that the number of digital trade barriers doubled between 2009 and 2019, and DBT is working with international partners to address these. Efforts include specific Digital Trade Agreements (DTAs), such as the UK-Singapore Digital Economic Agreement and UK-Ukraine DTA. DBT has further initiated dialogues on new bilateral DTAs with Brazil, Thailand, Kenya, Malaysia and others.

How trade agreements support businesses

Trade agreements support businesses by creating more favourable conditions for international trade. Preference utilisation rates (PURs) measure the extent to which UK businesses make use of the benefits available via free trade agreements. A PUR shows the value of goods that have used the preferential tariffs offered under a free trade agreement, where eligible:

- for goods imported into the UK in 2024, the PUR was 87.8% (down 0.3 percentage points from 2023), and
- for goods exported from Great Britain to the EU in 2024, the PUR was 83.2% (up 2.3 percentage points from 2023).

These utilisation rates show that a high proportion were making use of zero or reduced tariffs. DBT is performing additional data analysis through surveys and data matching to understand the benefits for businesses.

Risk and resilience – International trade

Our 2021 report Progress with trade negotiations found that while the then Department for International Trade (one of DBT's predecessor departments) had made progress on building capability and negotiating with partners, it had not brought together its trade strategy in one place. We noted that this would help clarify how international trade will support the UK's domestic and wider policy objectives and provide greater clarity to the public and stakeholders.

Regarding scrutiny, we noted that Parliamentary committees responsible for the formal scrutiny of trade agreements were concerned that their input was limited. We also highlighted that in pursuing multiple new deals, there is a risk that the government will not allocate enough resource for implementing the deals already secured. This includes new activity supporting businesses to make use of the trade agreements, and monitoring progress towards achieving the potential benefits.

Trade Strategy implementation

The UK has signed 40 trade agreements with 74 countries and territories, plus the EU. These agreements are in force for 72 of these countries and territories. Agreements that have changed status in 2024 and 2025 are shown in **Figure 8** on page 21. DBT continues to negotiate other agreements, and the Trade Strategy is one way to coordinate these efforts and give them strategic cohesion. Trade agreements are an important part of boosting resilience against risk and uncertainty in the global landscape; for example, protecting businesses and consumers from the impact of rapid changes in tariffs and quotas.

Overseas network

DBT relies on a network of some 1,500 staff to support on exports, investment and implementation of free trade agreements. The network has nine regions, with a Trade Commissioner responsible for delivering a Regional Trade Plan in each. Trade Commissioners are usually appointed by DBT's Secretary of State, and they cover over 100 countries. There are 28 Trade Envoys in the overseas network, covering 74 markets globally; their activities are managed by DBT – they report directly to the Secretary of State for Business and Trade. The overseas network will be important in implementing the Trade Strategy.

Risk and resilience – International trade

Figure 8

Trade agreements and their status, 2024 to 2025

DBT has concluded three and paused two out of the nine agreements it was negotiating in 2024 and 2025

Agreement	Stage	Date of consultation, negotiation, pause, or signature
UK-Canada Free Trade Agreement	Paused	January 2024
UK-Comprehensive and Progressive Agreement for Trans-Pacific Partnership	Concluded	December 2024
UK-Gulf Cooperation Council Free Trade Agreement	Negotiating	June 2025
UK-India Comprehensive Economic and Trade Agreement	Concluded	July 2025
UK-Israel Free Trade Agreement	Paused	May 2025
UK-South Korea Free Trade Agreement	Negotiating	June 2025
UK-Switzerland Free Trade Agreement	Negotiating	March 2025
UK-Turkey Free Trade Agreement	Negotiating	March 2024
UK-US Economic Prosperity Deal	Concluded	May 2025

Notes

1 Stages and dates correct as of December 2025. Date of consultation, negotiation, pause, or signature is when the agreement reached that stage.

2 Trade agreements that have concluded mean negotiations have finished and the details have been agreed upon and formally approved.

3 The UK-EU Trade and Cooperation Agreement is managed by Cabinet Office.

Source: National Audit Office analysis of the UK's trade agreements, last updated September 2025, The UK's trade agreements – GOV.UK

Risk and resilience – Investment and exports

One of DBT's priorities for 2024-25 is to secure investment from UK and international businesses, and promote British businesses to grow and export. It must implement its trade strategy against an uncertain international landscape and take steps to ensure that UK exports and investment are resilient in the context of global volatility.

Exports

In 2024-25, DBT supported businesses to deliver over 2,700 'Export Wins' with a combined value of almost £24 billion, a 34% decrease in the total value of wins compared to 2023-24.[10] It has taken steps to boost exports; for example, by restructuring the Board of Trade, which includes 10 advisors representing UK businesses, who will provide advice to the government on how to improve exports.

UK Export Finance

UK Export Finance (UKEF) is the UK's export credit agency and a government department that is strategically and operationally aligned with DBT. In 2024-25, UKEF reported that it provided over £14.5 billion of support to 667 exporters, supported an estimated 70,000 jobs, and contributed up to £5.4 billion to the economy.

In April 2025, UKEF received government backing to provide an additional £20 billion in business finance as part of efforts to mitigate the impact of new tariffs and associated economic uncertainty. The Trade Strategy notes that UKEF is critical to securing foreign orders and finance. UKEF is exploring ways to be more productive, improving its digital offer and reducing red tape for businesses.

Inward investment

In line with declining world trends, DBT reported that there was a decrease in the number of Foreign Direct Investment (FDI) projects in the UK, down 12% from 1,555 in 2023-24 to 1,375 in 2024-25. Of these, 836 were supported by DBT. The proportion of FDI projects supported by DBT has decreased from 74% in 2020-21 to 61% in 2024-25. This has resulted in a 3% decrease in the number of new jobs created linked to FDI projects, from 71,478 in 2023-24 to 69,355 in 2024-25.

While there has been a decrease in the number of FDI projects supported by DBT, it reports that the value of those supported has increased by 5% from £5.8 billion in 2023-24 to £6 billion Gross Value Added in 2024-25.

The Office for Investment

The Office for Investment (OfI) is a joint unit of HM Treasury, DBT, and Number 10 and is led by the Minister for Investment. Its aim is to attract and secure investment that supports growth, jobs and productivity. In June 2025, OfI was revamped to ensure it was better aligned with the Industrial Strategy IS-8 priority sectors.

Our March 2025 lessons learned report contains key findings on using private finance for infrastructure. The report considers changes the government has made to its framework for infrastructure investment, including designating five public financial institutions, including UKEF, to deliver large-scale financial investment transactions. The report highlights lessons that are relevant to DBT on creating the conditions for supporting investor confidence, decision-making at policy and project levels, and adopting a commercial strategy for successful outcomes.

Our reports on Supporting investment into the UK (January 2023) and Support for exports (July 2020) looked at the then Department for International Trade (DIT), its efforts to attract investors, and its implementation of the government's export strategy. On exports, it wasn't clear whether DIT was focusing on areas of greatest opportunity for UK businesses. We recommended that DIT carry out a systematic review of where to prioritise its resources. On investment, we found that DIT was taking steps to increase the value it adds, but that it needed to join up across government and local bodies to present a coherent offer to investors. These findings remain relevant for DBT as it implements its Trade Strategy.

10 The department records export deals, contracts, sales, or agreements where there has been support provided by its export promotion operations as an Export Win.

Risk and resilience – Employment rights

DBT aims to help businesses create jobs and opportunities across the UK by reforming employment rights and supporting skills. It works closely with the Department for Work & Pensions (DWP) and the Department for Education (DfE) on ensuring the skills system is able to support business needs and deliver growth. DBT's Plan to Make Work Pay is a package of reforms designed to better protect employees' rights in the workplace. This is also aimed at boosting productivity of workers, increasing resilience and protecting them, and employers, from risks.

Changes to employment rights

The Plan to Make Work Pay sets out how the government aims to create economic growth, raise living standards and create employment opportunities. It aims to do so by helping more people stay in work and supporting worker productivity. DBT needs to work closely with DfE, Skills England and other departments to deliver it.

The first publication in July 2025 – Implementing the Employment Rights Bill – sets out how the government is preparing for the implementation of the Bill, which was introduced to Parliament on 10 October 2024, to tackle low pay, poor working conditions and poor job security. The Bill is expected to reform employment law in a range of areas, including new rights to guaranteed hours, flexible working and bereavement leave, and new duties on employers to prevent sexual harassment at work.

The next steps of the Plan include working with trade unions and businesses, committing to wider reforms of the labour market through further consultations and reviews, and making changes through other, non-legal routes.

Supporting skills

Workers require a range of skills to be productive, and the skills system involves government, employers, training providers, mayoral strategic authorities, local bodies and individuals. The Industrial Strategy recognises that there are significant skills shortages across priority sectors and foundation industries, presenting a barrier to economic growth. This is particularly true for the gap between current skills and those needed for the future – such as AI adoption, digital literacy and preparedness for green jobs.

Our March 2025 report Supporting the UK's priority industry sectors contained a thematic analysis of DBT's 'sector views' – documents that contained high-level overviews of economic sectors and how the department aimed to pursue economic growth. This analysis highlighted skills as the most frequently cited barrier to growth faced by businesses (61% of sector views, followed by international competition (48%) and research and development (33%)).

The Industrial Strategy reflects a need for interventions to improve skills in the creative industries, defence and digital sectors in particular, and commits to £1.2 billion of additional investment in skills per year by 2028-29. Skills England – an executive agency of DWP – was launched in July 2024 to identify skills gaps in the economy.[11]

DBT's key activities and achievements in 2024-25:

- increased the National Living Wage for workers aged 21 or over;
- revised the Low Pay Commission so that future recommendations on minimum wage consider the cost of living;
- rolled out provisions in the Employment Relations (Flexible Working) Act 2023, the Protections from Redundancy (Pregnancy and Family Leave) Act 2023 and the Carer's Leave Act 2023; and
- delivered the Paternity Leave (Amendment) Regulations 2024.

11 Skills England was launched in shadow form in July 2024 and formally established as an executive agency of DWP in June 2025.

About the NAO

The National Audit Office (NAO) is the UK's independent public spending watchdog and is responsible for scrutinising public spending for Parliament. We audit the financial accounts of all departments, executive agencies, arm's-length bodies, some companies and charities, and other public bodies. We also examine and report on the value for money of how public money has been spent.

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About this report

This report has been produced to provide an overview of the NAO's examination of the spending and performance of the Department for Business and Trade (DBT). It is intended to support the Business and Trade Committee and Members across the House in their examination of DBT.

This report updates our previous report, An Overview of the Department for Business and Trade for the new Parliament 2023-24 published on 27 March 2025.

How we have prepared this report

The information in this report draws on the findings and recommendations from our financial audit and value for money work, including the annual report and accounts of the Department for Business and Trade and its partner organisations. In some cases, to provide the most up to date information, we have drawn on information from publicly available documents. We have cited these sources throughout the guide to enable readers to seek further information if required.

Where analysis has been taken directly from our value for money or other reports, details of our audit approach can be found in the Appendix of each report, including any evaluative criteria and the evidence base used. Other analysis in the guide has been directly drawn from publicly available data and includes the relevant source as well as any appropriate notes to help the reader understand our analysis.