

Weekly policy update from the London Chamber of Commerce and Industry

A round-up of key policy changes from the past seven days (3-9 February 2025)

Bank of England Cuts Interest Rates

The Bank of England has reduced the base interest rate from 4.75% to 4.5%, marking the third rate cut since August 2023. The Monetary Policy Committee (MPC) voted 7-2 in favour of the cut, prioritising the UK's weakening economic growth over persistent inflation, which remains at 2.5%. The Bank also revised its GDP forecast for 2025 down to 0.75%. Chancellor Rachel Reeves welcomed the decision but expressed concerns about economic growth. Shadow Chancellor Mel Stride noted the positive impact on families and businesses but criticised the government's economic management.

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New Financial Sector Partnerships Announced

On Monday, 3 February, UK Minister for Development Anneliese Dodds announced new funding and partnerships aimed at delivering Sustainable Development Goals and domestic growth during a speech at the London Stock Exchange. The government will collaborate with the UK financial sector to address climate change and drive domestic growth. Minister Dodds highlighted the sector's role in creating jobs and growth across the UK. The new initiatives are expected to unlock investment opportunities and support sustainable economic growth overseas. The partnership approach aims to enhance efforts to tackle the climate crisis and boost growth both in the Global South and at home.

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April Pay Rise for Worker Incomes

Starting 1 April, the new National Living Wage and National Minimum Wage will come into effect, benefiting millions of workers across the UK. The National Living Wage will increase to £12.21 per hour, while the National Minimum Wage for 18-20-year-olds will rise to £10.00 per hour. This change is expected to enhance the income of eligible full-time workers, contributing to improved living standards and increased spending power. The government aims to support economic growth through these wage increases, which are part of the broader Plan for Change.

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City of London Tech SMEs Attract Investment

Tech small and medium-sized enterprises (SMEs) in the City of London have secured £7.2 billion in private investment since 2019, according to the Tech SME Landscape report released by the City of London Corporation. The report highlights the diversity of tech SMEs in the Square Mile, including fintech, data, and AI firms, benefiting from London's dynamic ecosystem and market access. In the first three quarters of 2024, fintech firms secured £810 million, and data and AI companies raised £383 million. The City of London Corporation's SME Strategy aims to enhance support for small businesses and promote inclusivity. The SME Gateway, an online portal to assist SMEs, will be launched on 20 February.

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Bidding Opens for AI Growth Zones

The UK government has opened bidding for AI Growth Zones, aiming to create thousands of new jobs and attract significant private investment. Local and regional authorities are encouraged to submit proposals to become AI infrastructure hubs, particularly in deindustrialised areas. The initiative follows the AI Opportunities Action Plan, which has already attracted over £14 billion in investment. The government seeks to harness AI to drive economic growth and innovation, focusing on sites with existing power connections or potential for significant energy infrastructure.

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Support Service Benefits London Businesses

Over 250,000 entrepreneurs and small businesses in London have accessed the Grow London Local support service, launched with £8.7 million of Mayoral funding. Delivered by London & Partners, the programme has surpassed its first-year targets, supporting 16,000 businesses, with 88% of those helped coming from communities facing additional barriers. Grow London Local offers in-person and online support to help SMEs overcome challenges through skills training, expert guidance, and peer learning. Special events for small businesses will be held on Friday, 7 February, to celebrate the programme's success.

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Mayor Launches Nightlife Taskforce

The Mayor of London, Sadiq Khan, has announced the formation of an independent Nightlife Taskforce to support the capital's night-time economy. The Taskforce, comprising experts from various sectors of London's nightlife, will assess the industry's challenges and opportunities over the next six months. The aim is to provide recommendations to ensure the night-time economy can thrive. This initiative addresses issues such as the impact of the pandemic, rising costs, staffing shortages, and licensing challenges, with the goal of revitalising London's nightlife.

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Call for Evidence on Expiring Trade Measures

UK producers affected by anti-dumping and countervailing measures set to expire in January 2026 are invited to apply for an expiry review between January and October 2025. The measures cover welded steel tubes and pipes, rainbow trout, biodiesel, glass fibre, and wire rods. Producers must provide evidence that the expiry of these measures would likely result in continued or recurring harm to their industry. The Trade Remedies Authority (TRA) offers support through its Pre-Application Office to help producers understand the review process and submit successful applications.

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