

# Weekly policy update from the London Chamber of Commerce and Industry

*A round-up of key policy changes from the past seven days (3-10 July 2025)*

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## **Government Confirms National Electricity Market**

On 10 July, the government confirmed reforms to the national electricity pricing system, choosing to keep a single wholesale price across Britain. The decision follows a consultation launched in 2022 and aims to create a fairer, more affordable, and secure energy system while maintaining investor confidence. These reforms are part of the government's Plan for Change, aiming to reduce dependence on fossil fuels, lower consumer costs, and accelerate the transition to clean, domestically produced energy.

Key measures include the development of a Strategic Spatial Energy Plan by NESO to guide infrastructure planning through 2050, as well as a review of transmission charges to improve cost predictability and encourage investment in efficient locations. The government is also progressing with grid upgrades to reduce constraint payments, with projects such as the Norwich to Tilbury line and the Sea Link cable already underway. Further consultations will investigate access to smaller assets such as battery storage to enhance grid flexibility.

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## Launch of the New Climate Finance Support

On 8 July, Foreign Secretary David Lammy announced a £12 million funding package aimed at improving access to UK private sector climate finance and disaster risk insurance for developing countries. The initiative, revealed during a high-level meeting between senior Cabinet ministers and City of London leaders, is intended to support climate-vulnerable nations while promoting the UK's green growth agenda. The funding will facilitate quicker disaster responses through pre-arranged finance mechanisms and forms part of a broader strategy to establish the UK financial sector as a global hub for sustainable investments. The announcement also included plans to strengthen regulatory cooperation with ASEAN markets and to improve transparency by publishing pre-arranged finance as a proportion of overall crisis expenditure annually.

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## Defence Taskforce Recommends “Team UK” Strategy

The Defence and Economic Growth Taskforce issued a series of recommendations aimed at supporting the UK's defence sector and promoting employment nationwide. The report advocates a “Team UK” approach, fostering collaboration between government and industry to boost competitiveness, overhaul procurement procedures, and invest in dual-use technologies. The government has already begun implementing several recommendations, such as establishing a defence SME hub and planning for a Defence Exports Office, with additional actions to be discussed through the Defence Growth Board and the Defence Industrial Joint Council.

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## Investment to Support Diverse Fund Managers and Expand Access to Capital

The government announced a £500 million initiative to support underrepresented fund managers and improve access to venture capital, especially for women, ethnic minorities, people with disabilities, and those from disadvantaged backgrounds. The package includes £400 million from the British Business Bank to back diverse fund managers, micro-funds, and early-stage investors, along with an extra £50 million for female-led venture capital funds, doubling the Bank's commitment to £100 million. The initiative aims to close persistent funding gaps in the UK equity market and aligns with the government's Plan for Change. It follows new data showing that, for the first time, all-female founding teams received more angel investment than all-male teams, although disparities in total investment value still exist.

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## Government Launches Security Support Scheme for Innovative SMEs

The government announced a new scheme offering tailored security reviews to up to 500 SMEs, helping protect their intellectual property and innovations from threats, including those posed by state actors. Delivered through Innovate UK, the Secure Innovation Security Reviews will provide expert assessments and recommendations on personnel, physical, and cyber security, with a focus on high-growth sectors such as AI, life sciences, and advanced materials. Participating firms will contribute £500, with £2,500 covered by government funding. The initiative builds on the success of a 2023 pilot. It is part of the government's Plan for Change, aiming to strengthen the resilience of UK start-ups and scale-ups operating in sensitive areas of the economy.

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## Launch of the Quarterly Economic Survey

LCCI's Q2 2025 Quarterly Economic Survey, launched on 9 July, shows signs of cautious recovery across the capital, with domestic sales and cashflow at their strongest levels in over a decade. However, growth remains uneven: larger firms and those in Inner London report greater optimism, while many smaller businesses continue to face mounting pressures from utilities, wages, and borrowing. Export activity remains weak, and US tariffs are impacting nearly a third of firms engaged in transatlantic trade. Despite this, training and investment intentions have reached a 10-year high, signalling resilience among more established businesses. Inflation remains the top concern for 59% of respondents, underscoring the need for targeted support to promote broader and more inclusive growth.

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## UK and Japan Sign Investment Agreement

The UK and Japan signed a Memorandum of Cooperation to encourage more UK investment in Japan, supporting Japan's aim to double foreign direct investment by 2030. The agreement highlights key sectors such as clean energy, digital transformation, and life sciences, and complements existing frameworks, including CEPA and CPTPP. It also aligns with the UK's Industrial Strategy by offering UK businesses better access to the Japanese market. The British Embassy in Tokyo has launched the "Expand in Japan" initiative to support interested firms.

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## Housebuilders to Pay £100m Over Information Sharing Probe

Seven major UK housebuilders have agreed to pay a combined £100 million following a Competition and Markets Authority (CMA) investigation into the sharing of commercially sensitive information. The CMA found evidence that the firms had exchanged data that could distort competition in the housing market. The settlement funds will be directed towards affordable housing programmes across the UK, according to the CMA.

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## Retailers utilise shared database to combat shoplifting surge

Major UK retailers have implemented a national intelligence platform, Auror, to share data on shoplifters and combat the rising incidence of retail crime. Supported by Home Secretary Yvette Cooper, the system facilitates evidence sharing and targets repeat offenders, who account for 72% of shoplifting cases. The initiative forms part of a broader strategy that includes policing in 500 towns and increased use of facial recognition technology. Initially successful in New Zealand and Australia, Auror has demonstrated improvements in charge rates and faster investigations. Additional efforts focus on diverting young people from antisocial behaviour through partnerships with football clubs and retailers.

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## ONS Survey: Supply Chain Worries and AI Adoption Rise

On 3 July, the ONS reported that 37% of UK companies with 10 or more employees expressed concerns about their supply chain for the coming year, with international conflict cited by 19% as the primary risk. AI adoption continues to grow, with 21% of firms using AI technologies—rising to 36% among larger companies—and 14% planning to adopt AI within three months. Financial resilience remains variable: 16% of trading businesses reported having no cash reserves, the highest since June 2020, while 26% expected reserves to last over six months. Meanwhile, 60% of firms reported no concern about the impacts of climate change, and 12% of mid-sized and larger companies noted cost increases linked to recent US tariffs.

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## Review of Parental Leave and Pay

The government announced a full review of the parental leave and pay system, aiming to modernise support for working families and improve outcomes for children. The review will assess maternity, paternity, and shared parental leave policies to make them fairer, more accessible, and easier to navigate. It forms part of the Plan to Make Work Pay, which seeks to boost economic growth and improve living standards. The initiative responds to low uptake of current provisions, particularly among fathers, and aims to address financial barriers and gender disparities. Input will be gathered from parents, employers, and experts nationwide, with the findings expected to inform future reforms that support both family wellbeing and business productivity.

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## BOE Q2 Credit Survey

Published on 3 July, the Bank of England's Q2 2025 Credit Conditions Survey reported modest increases in the availability of both secured and unsecured credit to households, with further growth expected in Q3. Credit access for SMEs and large firms also improved slightly. Demand for secured lending rose, particularly for remortgaging, although demand for house purchases is expected to ease. Overall, demand for unsecured lending increased, while demand for corporate lending varied by business size. Loan pricing remained broadly stable, and default rates across all lending categories were unchanged, though losses given default increased slightly for secured household and large corporate loans.

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## UK Low Carbon Economy Report

According to ONS data released on 9 July, the UK's low carbon and renewable energy economy (LCREE) supported an estimated 314,300 full-time equivalent jobs in 2023—an 11.5% increase from 2022—while generating £67.5 billion in turnover. The electricity, gas, steam, and air conditioning sector led in turnover at £20.2 billion, while construction accounted for the largest share of employment. The low carbon electricity group generated the highest turnover (£25.8 billion), and energy efficient products supported the most jobs (145,900 FTEs). Despite employment growth, the number of businesses reporting LCREE activity declined by 4% to 97,000.

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