

Weekly policy update from the London Chamber of Commerce and Industry

A round-up of key policy changes from the past seven days (12-19 June 2025)

Monetary Policy Update

On 18 June 2025, the Bank of England's Monetary Policy Committee (MPC) voted 6–3 in favour of maintaining the Bank Rate at 4.25%. This decision reflects ongoing efforts to manage inflation, which rose to 3.4% in May, primarily due to increases in regulated and energy prices. While pay growth continues to moderate and GDP growth remains subdued, the MPC noted persistent inflationary risks and global uncertainties, including rising energy costs associated with geopolitical tensions. The Committee emphasised a cautious approach to future policy adjustments, upholding a restrictive stance to support the medium-term inflation target of 2%.

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Government Launches National Housing Bank

The government has announced the creation of a National Housing Bank, backed by £16 billion in public funding, to accelerate homebuilding across the UK. The initiative is expected to deliver over 500,000 new homes by leveraging an additional £53 billion in private investment through loans, guarantees, and equity products administered by Homes England. This forms part of a broader strategy to meet the national target of 1.5 million new homes, supported by £39 billion for affordable housing and £5 billion for infrastructure. The programme aims to address long-standing housing shortages and improve access to home ownership.

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UK Employment Rate Rise

According to the latest data from the ONS, 34.01 million people were in employment between February and April 2025—an increase of approximately 670,000 compared to the same period last year. The employment rate for those aged 16–64 rose to 75.1%, up from 74.4%. Employment among women reached 72.2%, while the rate for men increased to 78.0%. Of those employed, 25.48 million worked full-time, 8.53 million worked part-time, 4.40 million were self-employed, and 29.43 million were employees. The figures reflect a continued labour market recovery, although the ONS advises caution due to recent changes in survey methodology.

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Real-Time Economic and Social Indicators

The latest release of real-time indicators from the Office for National Statistics highlights mixed trends across the UK economy. In May 2025, the month-on-month failure rates for direct debits for electricity and gas decreased by 1% but remained 20% higher than a year earlier. Consumer spending rose, with usage of debit cards increasing by 3% from April and 11% year-over-year. Retail footfall increased by 2% week-on-week. Job adverts rose by 27% month-on-month, reaching their highest level since June 2023. Gas and electricity prices declined, while ship visits to UK ports fell by 1%. Energy Performance Certificate registrations for new and existing dwellings rose by 4% and 12%, respectively.

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New Small Business Commissioner Appointed

The government announced the appointment of Emma Jones CBE as the new Small Business Commissioner, effective from 23 June. The role is central to addressing the persistent issue of late payments, which continues to affect SMEs across the UK. In 2024, SMEs were owed an average of £21,400 in overdue payments. The appointment forms part of a broader government strategy to create a fairer business environment under the Plan for Change. The Commissioner's office will focus on improving payment practices, supporting dispute resolution, and promoting the adoption of the Fair Payment Code, which has already seen over 300 businesses commit to faster supplier payments.

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Treasury Appoints First Entrepreneurship Adviser

The Treasury has appointed its first Entrepreneurship Adviser to help shape policy supporting start-ups and scale-ups in the lead-up to the Autumn Budget. The role will focus on identifying and addressing barriers to business growth, improving access to finance, reducing regulatory burdens, and enhancing support for high-growth firms. The appointment complements existing measures, such as the extension of the Enterprise Investment Scheme and Venture Capital Trusts, as well as increased R&D funding. The government's broader objective is to strengthen the UK's entrepreneurial ecosystem and drive long-term economic growth.

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UK-US Trade Deal Update

At the G7 summit in Canada, the UK and US signed a trade agreement aimed at reducing tariff barriers and strengthening economic ties. While the deal includes tariff reductions on UK automotive exports—from 25% to 10%—and confirms no tariffs on aerospace products, tariffs on UK steel remain in place. A quota system will be implemented, with further reductions dependent on future negotiations. The agreement also includes provisions requiring the UK to align with US supply chain security standards, particularly regarding steel and aluminium. Discussions on achieving zero tariffs for core steel products are ongoing, with both governments signalling their intent to make further progress.

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CMA Launches Review of Civil Engineering Sector

The Competition and Markets Authority (CMA) has announced a market study into the civil engineering sector, focusing on roads and railways. The review will assess how infrastructure projects are designed, planned, and delivered, with an emphasis on improving productivity, reducing costs, and supporting economic growth. It will examine public procurement practices, regulatory barriers, and collaboration between the public and private sectors. The study aligns with the government's 10-year infrastructure strategy and is expected to produce recommendations by April 2026, with an interim report due in November 2025.

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ULEZ Scrappage Scheme Update

The Mayor of London welcomed the results of the London-wide ULEZ scrappage scheme, which has led to the removal or upgrading of over 53,000 older, more polluting vehicles. A new report by Transport for London found that the scheme has helped reduce harmful emissions, improve air quality, and support more sustainable travel choices. Outer London boroughs received 88% of the funding, and nearly 700 vehicles were donated to humanitarian efforts in Ukraine. The scheme also contributed to a 97% ULEZ compliance rate across London, with notable increases in walking and public transport usage among participants.

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Plans to Pedestrianise Oxford Street Move Forward

On 17 June 2025, the Mayor of London confirmed plans to pedestrianise Oxford Street following strong public and business support. A recent consultation revealed that nearly 70% of respondents are in favour of the proposals, with two-thirds specifically backing the idea of pedestrianisation. The initiative aims to revitalise the area, enhance the visitor experience, and support the growth of retail and leisure. Detailed proposals for the section between Orchard Street and Great Portland Street will be published later this year. A Mayoral Development Corporation is expected to be established by January 2026 to lead the regeneration effort.

The LCCI welcomed the announcement. CEO Karim Fatehi OBE said: “Oxford Street is a vital economic, social and cultural asset for both London and the UK. We support plans that can unlock its latent potential, boost productivity and revitalise the area.

“Strong and continuous business engagement will be crucial to ensure the successful renewal of one of the capital’s iconic brands. We look forward to working with the Mayor of London to make Oxford Street a thriving destination for businesses and visitors.”

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New Al Fresco Dining Zones Announced Across London

On 19 June 2025, the Mayor of London launched the first wave of Summer Streets al fresco dining zones, supported by a £300,000 fund to boost the capital's hospitality sector. Brixton, Leyton, Shoreditch and the West End will introduce car-free zones and extended opening hours to support outdoor dining and cultural events throughout the summer. The initiative aims to enhance local economies, attract visitors, and support small businesses ahead of new licensing powers expected to be granted to the Mayor. The programme is part of a broader strategy to revitalise London's hospitality and nightlife industries.

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Mayor and LTA Launch Tennis Access Programme Across London

The Mayor of London and the Lawn Tennis Association (LTA) announced a £500,000 partnership to expand access to tennis across the capital. The three-year Rally Together London programme will train 250 young people—at least half of whom will be women—to deliver tennis sessions in underserved communities, aiming to engage at least 5,500 new participants. The initiative will also support the development of 50 new coaches and promote inclusive access through free park tennis and community-based programmes. The announcement coincides with the return of women's tennis to the Queen's Club and forms part of broader efforts to position London as a global leader in women's sport.

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