

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

*A round-up of key policy changes from the past two weeks (14-28 August 2025)*

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## Net Zero Technology Outlook Published

The Government Office for Science has published the Net Zero Technology Outlook, detailing the technology mix and research priorities essential for the UK to reach net zero emissions by 2050. The report highlights key sectors—industry, transport, heat and buildings, agriculture and waste, and power—and evaluates the readiness of technologies within each. It also underscores R&D challenges for greenhouse gas removal, carbon capture, hydrogen, and biomass. Developed with input from over 60 experts and government departments, the Outlook aims to guide policymakers and researchers in directing investment to speed up progress towards the UK's climate objectives.

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## Government extends electric van and truck grants

The plug-in van and truck grant, which offers discounts of up to £25,000 on electric vehicles, will continue at least until 2027. The scheme provides up to £2,500 off small vans, £5,000 off large vans, £16,000 off small trucks, and £25,000 off large trucks. The extension aims to give businesses and fleet operators certainty as they plan to switch to electric vehicles, helping to reduce fuel costs and emissions. The grant is part of a £650 million programme to support EV adoption, alongside recent investments in charging infrastructure and other incentives for drivers and businesses.

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## UK Space Agency to merge with DSIT

The UK Space Agency will become part of the Department for Science, Innovation and Technology (DSIT) by April 2026 as part of government reforms to rationalise operations and reduce duplication. The move aims to improve coordination between policy and delivery functions and strengthen ministerial oversight. Additionally, over 60 industry-led recommendations have been published to modernise space regulation, including measures to support in-orbit servicing and debris removal—an emerging market projected to reach £2.7 billion by 2031. The reforms are intended to boost growth in the UK space sector, which underpins critical services and attracts significant investment.

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## ONS releases

### Inflation (July 2025)

UK inflation edged up slightly in July. Prices measured by CPIH (which includes housing costs) increased by 4.2% compared to the previous year, up from 4.1% in June. The standard CPI rate rose to 3.8% from 3.6%. The most significant price increases came from transport, particularly air fares, which surged by over 30% between June and July. Housing costs helped to offset this rise, as mortgage-related costs and rents grew more slowly than before. Electricity prices, however, increased by 8% over the year following changes to the energy price cap.

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### Real-time indicators

Consumer spending rose in July, especially on essentials like utilities and leisure activities, such as eating out. Higher fuel prices caused people to buy slightly less fuel per trip. Business turnover presented a mixed picture: more firms reported increased sales than decreased, and planned redundancies fell compared to June but remained higher than in the same period last year. Energy prices moved in different directions—gas prices declined, while electricity prices increased, partly due to hot weather and reduced wind power output.

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## Business insights

About 16% of businesses reported increased sales in July, while 24% experienced a decline. Looking ahead, most firms anticipate little change in September. Economic uncertainty and labour costs remain the primary challenges for businesses, although both have eased somewhat since spring. Fewer companies now plan to raise prices, and shortages of workers continue to decrease, although they still impact about one in six larger firms.

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## Licensing Reforms Could Boost London Economy

City Hall analysis suggests that granting the Mayor of London more licensing powers could add around £2 billion annually to the capital's economy by extending opening hours and supporting hospitality businesses. The Government plans to delegate new licensing powers to the Mayor, allowing strategic decisions on applications and reducing bureaucracy. The announcement coincides with the launch of an al fresco dining scheme on St Martin's Lane, funded through the Mayor's £300,000 Summer Streets Fund, along with similar initiatives in Brixton, Leyton, and Shoreditch. The hospitality and nightlife sectors generate over £46 billion a year for London and provide one in ten jobs.

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## Additional Funding to Tackle Hate Crime and Extremism

The Mayor of London has announced £875,000 for over 20 grassroots projects aimed at combating hate crime, intolerance, and extremism. The funding, part of the £16 million Shared Endeavour Fund, is expected to benefit around 50,000 Londoners through initiatives such as anti-racism training, online safety workshops, and awareness programmes addressing antisemitism and Islamophobia. Since its inception in 2020, the fund has supported 190,000 people. The latest phase comes amid concerns over online radicalisation and misinformation, despite a 16% decrease in recorded hate crime incidents in London over the past year.

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