

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

*A round-up of key policy changes from the past seven days (24-31 July 2025)*

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## **Strategic Plan to Back Small Businesses**

The government has unveiled a new Small Business Plan, outlining a comprehensive strategy to support the UK's 5.5 million SMEs as part of its Plan for Change. The plan includes reforms across five pillars: opening up opportunities, fixing operational fundamentals, unlocking access to finance, backing the everyday economy, and future-proofing business skills. Key measures include a new Business Growth Service and digital platform to simplify access to support, £4 billion in finance, including 69,000 Start-Up Loans, and a £3 billion expansion of the British Business Bank. The plan also introduces the most significant reforms in 25 years to tackle late payments, alongside efforts to modernise tax and customs systems, reduce regulatory costs by 25%, and improve SME access to public contracts and export finance. Additional initiatives will support high street regeneration, transform business rates, and expand training in digital and leadership skills. The strategy aims to make the UK the best place to start and grow a business, with targeted support for underrepresented entrepreneurs and regional investment to boost local growth.

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## UK-India Trade Deal Finalised

The UK and India have concluded a trade agreement expected to boost the UK economy by £4.8 billion annually, reducing average tariffs on UK goods from 15% to 3% and securing £6 billion in bilateral investment. The deal includes significant gains for sectors such as whisky and automotive exports, while also eliminating or reducing tariffs on a majority of goods traded between the two countries. However, concerns remain among financial services firms and environmental groups, with ongoing discussions around the UK's proposed carbon border tax.

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## UK Launches Global AI Alignment Initiative

The UK's AI Security Institute has launched an international coalition to advance research into AI alignment, partnering with Canada's AI Safety Institute, Amazon, Anthropic, and others. Backed by over £15 million, the Alignment Project will fund research, provide cloud computing resources, and support commercial solutions to ensure AI systems remain safe, controllable, and aligned with human values. A global advisory board guides the initiative and aims to address one of the most pressing technical challenges in AI development, supporting the UK's Plan for Change by strengthening national security and enabling responsible innovation.

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## Planning Reform to Support High Street Revitalisation

The government has announced plans to simplify planning and licensing rules to support the conversion of vacant retail units into hospitality venues such as cafes, bars, and music spaces. A new National Licensing Policy Framework will streamline approvals, introduce 'hospitality zones' with fast-tracked permissions for outdoor dining and events, and embed the 'Agent of Change' principle to protect existing venues from noise complaints. These reforms, part of the forthcoming Small Business Plan, aim to reduce regulatory burdens, encourage entrepreneurship, and increase footfall in town centres. A Call for Evidence will be launched ahead of implementation.

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## Government to Build Homes on Disused Railway Land

The government has announced plans to build up to 40,000 homes over the next decade on underused railway land, starting with developments in Manchester, Newcastle, Nottingham, and Cambridge. The £1 billion “brownfield first” initiative aims to attract £350 million in private investment and create mixed-use communities. However, industry groups have raised concerns about planning delays, noting that 70% of applications are currently rejected, potentially affecting delivery.

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## IMF Upgrades Global Growth Forecasts

The International Monetary Fund has revised its global growth projections upward, forecasting 3% growth in 2025 and 3.1% in 2026, supported by easing trade tensions and improved financial conditions. UK GDP growth is expected to remain steady at 1.2% in 2025 and 1.4% in 2026. A partial reversal of US tariff increases and a de-escalation in trade tensions with China have contributed to stronger global trade activity, while a weaker US dollar has affected competitiveness across regions. Despite these improvements, tariffs remain elevated and international trade policy uncertainty persists.

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## UK Economic Indicators

UK GDP grew by 0.5% in the three months to May 2025, driven by modest gains in services and manufacturing. Inflation rose to 3.6% in June, while interest rates remained at 4.25%. Employment reached 34.13 million, though unemployment also increased to 4.7%. Average wages rose by 5.0% year-on-year, with real terms growth of 1.8%. Public sector borrowing totalled £57.8 billion in Q1 2025/26, and the trade deficit widened to £17.1 billion. Retail sales and house prices showed moderate growth, while consumer confidence declined slightly. These indicators provide a broad view of the UK's macroeconomic performance and fiscal position.

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## Real-Time Business Trends

High-frequency data from the ONS shows mixed signals in consumer and business activity. Retail footfall rose by 4% in the week to 27 July, coinciding with the start of summer holidays, though it was 1% lower than the same week in 2024. Ship visits to major UK ports fell by 11% year-on-year, with cargo and tanker traffic seeing the most significant decline. Daily UK flights remained stable, up 1% year-on-year. Gas prices dropped 4% week-on-week but were still 8% higher than last year. Energy Performance Certificates for new dwellings fell 8% week-on-week but rose 4% year-on-year. Business sentiment also softened, with fewer firms reporting smooth inter-UK trade. These indicators offer a near real-time snapshot of operational and consumer dynamics.

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## Knife Crime Rises in London

Knife crime in London has increased by 58% over the past three years, with the West End identified as a key hotspot, accounting for one in 15 incidents citywide. While national knife crime has declined by 1%, London saw a 9% rise. According to Policy Exchange, over 4,500 repeat offenders avoided custodial sentences last year, and only one in 20 robbery cases were solved, raising concerns about enforcement and public safety.

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