

Weekly policy update from the London Chamber of Commerce and Industry

A round-up of key policy changes from the past seven days (2-9 October 2025)

London Businesses Show Cautious Optimism in Q3

LCCL's latest Quarterly Economic Survey (QES) for Q3 2025 indicates that business confidence in London remains resilient despite signs of slower growth across key indicators. Domestic sales and orders showed modest improvement, while export demand remained subdued, reflecting ongoing pressures from global trade conditions and currency volatility. Cost pressures continued to ease slightly, particularly in energy and raw materials, but labour costs and wage expectations remain elevated as firms navigate a competitive hiring environment.

Business sentiment regarding future profitability and turnover remained essentially unchanged, with most firms expecting stability rather than substantial expansion in the months ahead. Investment intentions remain cautious, particularly among SMEs, with many delaying capital spending until there is greater policy clarity following the Summer Budget. While challenges persist, London businesses continue to outperform national trends, reflecting the capital's more diversified economy and stronger service-sector performance.

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Update on the UK's Industrial Strategy

The government's first Quarterly Update on the UK's Modern Industrial Strategy, covering July to September 2025, reports over £250 billion in new investment secured across eight key sectors and 45,000 jobs supported nationwide. Introduced in June, the strategy aims to strengthen productivity, innovation, and resilience across advanced manufacturing, clean energy, life sciences, creative industries, defence, digital technologies, financial services, and professional and business services. Significant developments include £2.5 billion of new automotive investment through the DRIVE35 programme, £544 million in clean energy funding, the creation of an AI Growth Zone, and new regulatory reforms aimed at enhancing the UK's competitiveness in the financial services sector.

Further measures include investment in defence skills and life sciences—such as the opening of Europe's first Biofoundry for mRNA manufacturing—and continued support for creative and professional services. The update marks a key milestone in the delivery of the Industrial Strategy, demonstrating early progress toward the government's Plan for Change and its goal of fostering sustainable, innovation-led growth across all regions of the UK.

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Prime Minister Leads UK Trade Mission to India

The Prime Minister has embarked on a two-day trade mission to India accompanied by a delegation of 125 senior business leaders, entrepreneurs, university representatives, and cultural institution representatives. The visit follows the signing of the UK-India trade deal in July, which aims to reduce tariffs and expand access for British exports to one of the world's fastest-growing economies. The mission aims to strengthen bilateral trade, attract investment, and foster collaboration across key sectors, including technology, manufacturing, education, and the creative industries. Discussions will also cover closer cooperation on artificial intelligence, telecoms, and defence technology as part of a broader partnership on trade and innovation.

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UK Resumes Trade Deal Talks with Greenland

The UK has resumed negotiations with Greenland on a trade agreement, which is expected to reduce tariffs of up to 20% on seafood imports worth over £70 million per year. This will help lower prices for consumers and support around 16,000 jobs in the seafood processing industry. The deal will also explore wider cooperation on critical minerals, sustainable resource development, and supply chain security, aligning with the government's Plan for Change and strengthening strategic ties with Greenland and Denmark in the Arctic and North Atlantic regions.

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Government Launches Review of Licensing Rules

The government has opened a four-week review of outdated licensing regulations affecting pubs, bars, and local events, aiming to simplify rules and support high street recovery. The call for evidence will seek input from landlords, customers, and communities on proposals to make it easier for venues to host live music, serve food outdoors, and organise community activities. The review will focus on recommendations from the Licensing Taskforce, emphasising streamlining alcohol licensing and reducing unnecessary restrictions while maintaining public safety. The initiative forms part of the government's Plan for Change, which aims to support small businesses, boost local economies, and revitalise the hospitality sector.

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Economic Activity and Social Change

The latest real-time indicators by ONS show mixed trends across key areas of the UK economy. The total Direct Debit failure rate decreased by 1% in September compared to August, although it remained 7% higher than a year earlier. In the latest Opinions and Lifestyle Survey, 65% of adults reported a rise in their cost of living over the past month, up from 62% in August. Shipping activity declined sharply, with ship visits to major UK ports down 9% week-on-week and 13% year-on-year, partly linked to the regional impact of Storm Amy. Daily UK flight numbers fell slightly by 1%, while gas prices decreased by 5% week-on-week and 20% compared with 2024. Energy Performance Certificate registrations for new dwellings decreased by 9% on the week but were 2% higher than the same period last year.

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Oxford Street Pedestrianisation Trial Results

New data from the Mayor's "This is Oxford Street" traffic-free event on 21 September 2025 presented a sharp rise in both visitor numbers and retail activity, offering early evidence of the potential economic benefits of pedestrianising the area. Footfall increased by 45% compared to the previous week, while nearly 70% of surveyed retailers reported similar or higher sales than a typical Sunday. Passenger entries and exits at nearby Tube stations rose by around 25%, indicating a significant uplift in overall visitor traffic. The event forms part of wider plans to regenerate Oxford Street through the creation of a Mayoral Development Corporation, with full pedestrianisation and public realm improvements under consultation. The initiative aims to enhance the area's commercial appeal, attract investment, and strengthen its role as a leading retail and leisure destination.

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Record Attendance Boosts London's Sports Economy

Record Attendance Boosts London's Sports and Visitor Economy
More than 1.4 million people attended women's sporting events in London this year, reinforcing the capital's position as a global hub for major sports and events. Highlights included the Women's Rugby World Cup Final at Twickenham, which drew a record 81,885 spectators and over 5.8 million TV viewers, alongside record turnouts at Wimbledon, the Queen's Club, The O2, and London Stadium. The surge in attendance has provided a significant boost to London's visitor and hospitality economy, with local venues, transport, and accommodation sectors benefiting from increased footfall and global media exposure. The city's expanding sports calendar continues to attract international investment and tourism, with further opportunities expected from upcoming events such as the ICC Women's T20 World Cup 2026 and potential bids for future global championships.

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New Fund to Boost Regional Innovation and Jobs

Local partnerships across the UK can now bid for up to £20 million each through the new Local Innovation Partnerships Fund, aiming to support regional strengths in science and technology. Managed by UK Research and Innovation, the fund will help local leaders, universities, and businesses turn research breakthroughs into practical applications that create jobs and drive economic growth. Building on earlier support for ten innovation regions, the initiative forms part of the government's £86 billion R&D settlement under the Plan for Change, promoting locally led innovation across the UK.

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AI Lab Proposal to Support Innovation in UK Policing

The Accelerated Capability Environment (ACE) has outlined plans for a national AI lab to help the UK's policing sector adopt advanced technologies and enhance investigative capabilities. Developed with input from six suppliers, the proposal explores delivery models, funding options, and collaboration with industry and academia to accelerate the responsible use of AI. The recommended model would establish a central hub for testing and developing new tools within 18 months, enhancing efficiency in policing and contributing to the UK's broader technology and innovation landscape.

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