

Weekly policy update from the London Chamber of Commerce and Industry

A round-up of key policy developments from the past seven days (8-15 January 2026)

UK economic indicators update by ONS

Latest data from the Office for National Statistics indicate that UK economic activity showed limited improvement towards the end of 2025. GDP grew by 0.1% in the three months to November, following a period of flat growth. Output increased by 0.3% month-on-month in November, reversing the October contraction. Monthly growth was driven by manufacturing and services, which expanded by 1.1% and 0.3% respectively, while construction output fell by 1.3%.

Business conditions remained mixed. Although the balance of firms reporting increased turnover in December moved slightly into positive territory, around one-third of businesses still reported a month-on-month decline in turnover. Manufacturing output rebounded in November after earlier disruption to motor vehicle production, though performance across subsectors remained uneven.

Household and consumer indicators pointed to continued pressure. Retail footfall fell 8% week on week in early January and was 7% below a year earlier, coinciding with adverse weather. Cost-of-living pressures remained widespread, with around three in five adults reporting higher living costs in December, driven primarily by higher food and energy bills. Energy prices were volatile, with electricity prices rising week on week, though they remained substantially lower than a year earlier.

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London business confidence falls to the lowest level since 2023

LCCI's latest [Quarterly Economic Survey](#) (QES) shows business confidence in London weakening further in Q4, reaching its lowest level since 2023. Only 25% of firms expect London's economy to improve in 2026, with optimism for the wider UK economy even lower. Hiring and investment intentions softened, particularly among micro businesses, while over half of firms expect to raise prices in the coming quarter amid persistent cost pressures due to regulatory and wage changes.

Commenting on the findings of the report, Karim Fatehi OBE, Chief Executive Officer of the London Chamber of Commerce and Industry, said:

“Record low business confidence under this government is bad news for the Prime Minister, bad news for the economy, and bad news for the country. There is no economic growth unless businesses have the stability and confidence they need to take risks, invest, hire and expand.

At the end of a tough year, London businesses needed certainty from the Budget after last year's tax rises, but the only certainty they received was higher costs. Rather than making tough decisions on public spending, the Chancellor shifted the burden onto businesses and the public.

This was followed swiftly by the Employment Rights Act receiving Royal Assent after only modest, albeit welcome, changes to make it more workable for businesses. Employment protections are vital, but the balance of power has tipped too far the other way, and employers are increasingly reluctant to hire as they face greater costs and risks.

The government's New Year's resolution for 2026 must be to listen to businesses- the job-creators, taxpayers, and innovators we're relying on to rebuild the economy. Stop weighing them down with increased costs and regulation, and give them the confidence they need to grow.”

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Business Secretary outlines ambition to match US growth

In a speech to top business leaders, the Business Secretary, Peter Kyle, said the UK should aim to go “toe to toe” with the United States on economic growth, setting out plans to accelerate delivery of the Government’s Modern Industrial Strategy in 2026. Speaking to business leaders in London, he highlighted recent investment commitments and job creation, confirmed new appointments to the Industrial Strategy Advisory Council, and signalled further action to reduce regulatory and administrative burdens, expand support through the British Business Bank and UK Export Finance, and encourage high-growth firms to scale up and remain headquartered in the UK.

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Government sets mandate for Industrial Strategy Advisory Council

The Chancellor of the Exchequer and the Secretary of State for Business and Trade have written to the Industrial Strategy Advisory Council, setting out its formal mandate and work programme for the coming year and positioning the Council as a central delivery partner for the government’s growth mission. The letter tasks the Council with advising on a small number of priority areas, including labour markets and skills, the monitoring and evaluation of the Industrial Strategy, analysis of market dynamism, and continued engagement with businesses, local leaders, and international counterparts. The Council is expected to produce a forward-looking public report within a year, focused on progress, evidence and future priorities rather than an annual impact assessment, to inform Parliament and future policy development.

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Update on Modern Industrial Strategy

The government has published its latest quarterly update on the delivery of the Modern Industrial Strategy, covering progress from October to December and setting out priorities for the next quarter. The update reports more than £79bn in investment commitments, supporting over



50,000 jobs and £18bn of exports across the eight growth-driving sectors. It also includes announcements such as new AI Growth Zones in North and South Wales, confirmation of R&D funding allocations to 2029/30, and the launch of initiatives to accelerate grid connections and reduce energy costs for eligible industries. The update further outlines wider reforms to the business environment and forthcoming milestones as delivery of the 10-year Strategy continues.

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Record offshore wind auction

The government has announced a record outcome from the latest Contracts for Difference allocation round (AR7), securing 8.4GW of offshore wind capacity in Europe's largest-ever offshore wind auction. Led by the Department for Energy Security and Net Zero, the auction is expected to unlock around £22bn in private investment and support around 7,000 jobs. Ministers said the results put the UK on track to meet its clean power ambitions for 2030, with offshore wind strike prices around 40% lower than the estimated cost of building and operating new gas-fired generation, reinforcing the role of renewables in meeting rising electricity demand and reducing exposure to volatile fossil fuel markets.

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Public invited to choose the most iconic UK trade mark

The UK's trade mark registry, run by the UK Intellectual Property Office, marked its 150th anniversary on 1 January 2026 and has launched a public vote to identify the most iconic UK trade mark, past or present. More than 2.5 million trade marks are currently protected in the UK, with the first registered on New Year's Day 1876 by Bass & Co. The initiative invites businesses and the public to reflect on what distinguishes enduring trade marks and on their role in building brand recognition and commercial value.

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Consultation on taxi licensing

The Department for Transport has launched a 12-week consultation on proposals to reform taxi and private hire vehicle (PHV) licensing in England, aimed at reducing 'out-of-area' working and improving passenger safety. The proposals would transfer licensing powers from more than 260 bodies, including councils and Transport for London, to around 70 local transport authorities, simplifying the system and strengthening enforcement. The changes form part of the government's response to Baroness Casey's National Audit on group-based child sexual exploitation and would sit alongside plans for national minimum standards for taxi and PHV licensing. Local Transport Minister Lilian Greenwood said the reforms are intended to improve consistency and passenger safety, particularly for women and girls, while addressing unfair competition among operators.

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