

# Weekly policy update from London Chamber of Commerce and Industry

*A round-up of key policy changes from the past seven days*

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## Government's Commitment to Economic Growth and Investment

During his speech at the International Investment Summit, Prime Minister Sir Keir Starmer emphasised the UK Government's commitment to economic growth and business collaboration. Business Secretary Jonathan Reynolds highlighted the country's return to the global stage and the Government's intention to create a pro-innovation economy by removing investment barriers. The new industrial strategy aims for long-term, sustainable growth, focusing on core financial services and life sciences sectors. The Government also plans to improve UK-EU relations and ensure that the National Wealth Fund benefits the entire UK.

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## £500 Million Investment in UK Electric Buses

The Government has announced a £500 million investment to produce 1,200 zero-emission buses, supporting 500 manufacturing jobs and 2,000 additional jobs in the supply chain. This initiative aims to decarbonise the bus fleet across various regions, including London. The investment will accelerate the transition to greener buses, improving air quality and providing better journeys for passengers. The Transport Secretary emphasised the Government's commitment to creating a pro-business environment and advancing green transport technologies as part of broader efforts to boost economic growth and improve public transport services across the UK.

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## UK Film Sector Boosted by New Tax Reliefs

The UK Government has introduced a new tax relief for independent films, providing a 53% relief on qualifying expenditure for productions with budgets up to £15 million. This initiative aims to create jobs and drive growth in the UK's film sector, worth £1.36 billion and employing over 195,000 people. The tax relief is expected to support the production of more British films, fostering home-grown talent and cultural representation. The announcement coincides with the London Film Festival and is part of the Government's broader mission to grow the economy through creative industries.

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## **New Investment Minister to Lead Enhanced Office for Investment**

The UK Government has appointed Poppy Gustafsson OBE as the new Minister for Investment to head the bolstered Office for Investment. This move is part of a broader strategy to strengthen partnerships with businesses and investors, aiming to make the UK the top destination for investment. The enhanced Office for Investment will bring together industry expertise to drive economic growth and improve living standards nationwide. Prime Minister Keir Starmer emphasised the importance of this initiative in creating jobs and boosting the UK's global economic standing.

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## **UK Government Clarifies Position on Capital Gains Tax**

Prime Minister Keir Starmer has addressed speculation regarding potential increases in the capital gains tax, stating that the government is not considering raising it to 39%. Speaking at the International Investment Summit, Starmer emphasised the importance of maintaining a stable tax environment to support economic growth. He reassured investors and markets that the government remains committed to predictable fiscal policies. This clarification is part of broader efforts to attract investment and ensure economic stability.

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## **UK and Switzerland Resume Trade Talks**

The UK has resumed trade negotiations with Switzerland as part of its "Global Britain" initiative. These talks aim to enhance economic ties and secure a comprehensive trade agreement that benefits both nations. The renewed discussions are expected to reduce trade barriers and increase market access for goods and services. This move underscores the HMG's commitment to strengthening its global trade relationships and boosting economic growth.

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## **DTEP Funding Announced for Three More UK SMEs**

The UK Government has awarded funding to three SMEs through the Defence Technology Exploitation Programme (DTEP). Companies will collaborate with higher-tier partners to develop innovative solutions for UK defence challenges. This initiative aims to enhance the competitiveness of the UK defence supply chain and support technological advancements. The funding will cover 50% of the project value, fostering innovation and growth within the defence sector.

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## **Invest 2035: The UK's Modern Industrial Strategy**

The Government has launched a public consultation to shape its new industrial strategy to create long-term, inclusive, secure, and sustainable growth. This strategy seeks to ease the investor journey and provide the stability businesses need to invest in high-growth sectors. The final strategy and the multi-year Spending Review will be published in spring 2025. Input is welcomed from various stakeholders, including businesses, experts, and local actors.

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## **Industrial Strategy launch to “hardwire stability for investors” ahead of International Investment Summit.**

The Government has launched a new Industrial Strategy to provide long-term stability for investors and foster growth in critical sectors such as advanced manufacturing and clean energy. This strategy aims to reduce uncertainty, attract global investments, and support SMEs through targeted initiatives and collaboration opportunities. SMEs can expect increased investment, sector-specific support, and a stable policy environment to help them plan and grow effectively.

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## **Regulatory Innovation Office Launch.**

The UK launched the Regulatory Innovation Office to expedite approvals for new technologies. Science Secretary Peter Kyle emphasised the need to take innovation “by the scruff of the neck”. With a focus on speeding up technology approvals, Office aims at faster regulatory processes to help businesses in tech and innovation sectors bring products to market more quickly.

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## **Employment Rights Bill.**

The Government has published the Employment Rights Bill, which includes measures such as banning zero-hour contracts. It may raise concerns among SMEs about potentially increasing costs and administrative burdens. Businesses would need to adjust their employment practices, potentially increasing costs. However, clearer employment rights could improve worker satisfaction and retention.

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## **Next Steps to Make Work Pay**

The document presented as a part of the Employment Rights Bill announcements outlines the government’s plan to improve the labour market and ensure that work is financially rewarding. It aims to grow the economy, raise living standards, and create opportunities nationwide. It addresses issues like low pay, poor working conditions, and job insecurity. The Government is committed to ensuring that work pays fairly, with measures like the Low Pay Commission considering the cost of living and protections for the self-employed and small businesses against late payments.

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## **Foreign Investment in UK Data Centres to Boost Economic Growth and AI Innovation**

The UK Government has welcomed a £6.3 billion investment from four major US tech firms into UK data centres. This investment is expected to enhance the UK’s data infrastructure, supporting the development of AI technologies and driving economic growth. The Technology Secretary highlighted the importance of this investment in maintaining the UK’s position as a leader in AI and data services. The new data centres will create jobs and provide the necessary infrastructure to advance AI applications in various sectors, including healthcare.

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## **New Housing Development at Barking Riverside.**

The Mayor of London, Sadiq Khan, has backed a plan to develop up to 20,000 new homes at Barking Riverside, transforming 443 acres of brownfield land into a vibrant community. The large-scale project includes residential units, schools, parks, and commercial spaces, presenting significant business opportunities in the construction, retail, and service sectors. The development aims to address London's housing crisis and could serve as a model for future urban projects, potentially leading to further business opportunities in similar initiatives.

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## **London firms resilient and optimistic amid ongoing energy cost pressures.**

London businesses experienced a significant increase in optimism about the state of the economy and sales in Q3 2024, according to the Capital 500, London's quarterly economic survey (QES) conducted by the London Chamber of Commerce and Industry (LCCI). Four in ten businesses (39%) now anticipate economic growth in the capital over the next 12 months, up from 35% who said the same in the Q2 QES.

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