

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

*A round-up of key policy changes from the past seven days (6-13 January 2025)*

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## **Keir Starmer Unveils AI Plan to Boost UK Growth**

PM has pledged to make the UK a global AI superpower, focusing on harnessing AI for growth, job creation, and improving public services. Starting in Oxfordshire, his Government will create AI growth zones to support AI businesses and reduce planning barriers. AI will be used to enhance sectors such as healthcare, education, and public services, aiming to make them more efficient and “human.”

The UK has already attracted over £25 billion in AI investment, and Starmer aims to increase this with a £14 billion investment in data centres, creating 12,000 jobs. A new supercomputer will boost the UK’s computing power twentyfold by 2030. The plan also includes a national data library and more computing resources for public sector efficiency.

While acknowledging the gradual benefits of AI, Starmer emphasizes the need for strong regulatory oversight, including an AI safety institute. The initiative aims to position the UK as a competitive leader in AI despite the challenges of public finances and the upcoming general election.

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## London Growth Plan Targets Pre-Crisis Growth Rates

Sadiq Khan, Mayor of London, unveiled the London Growth Plan during a speech at Mansion House, targeting a return to pre-global financial crisis growth rates. The plan aims to expand London's economy by at least £172 billion, generate £103 billion more for the Treasury, and create 150,000 new high-quality jobs by 2030. It will focus on enhancing AI and technological innovation, skills development, housing, and transport infrastructure. Khan called for increased government investment in housing and transport to support national growth and emphasized the need for political leaders to overcome opposition to affordable housing development. He also warned of the rise in reactionary populism, arguing that inclusive economic growth could counter these forces.

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## Government Launches Steel Council

The Department for Business and Trade has established a new Steel Council to address challenges in the UK steel industry and develop a comprehensive Steel Strategy. Chaired by Business Secretary Jonathan Reynolds and Jon Bolton of the Materials Processing Institute, the Council includes industry leaders, trade union representatives, devolved government officials, and experts. The initiative aims to safeguard the long-term viability of steelmaking in the UK, emphasizing its importance to national security and economic growth. With up to £2.5 billion in planned investment, the Council will advise on measures to enhance competitiveness, support innovation, and ensure sustainability. Meetings will continue regularly as the Government prepares to unveil its Steel Strategy in Spring 2025.

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## Expansion of EV Charging Infrastructure Approved

Planning applications worth £500 million have been approved to significantly expand the UK's electric vehicle (EV) charging network over the next two years. The rollout aligns with the growing demand for EVs, as recent data revealed that one-third of all cars sold in December were electric. This development comes amid policy adjustments, including Heidi Alexander's confirmation of the 2030 ban on the sale of pure petrol and diesel vehicles.

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## **DBT Confirms Recent EU Engagements**

The Department for Business and Trade (DBT) has outlined its recent interactions with European Union representatives. In a written statement, Minister for Employment Justin Madders noted that DBT officials have presented the Industrial Strategy Green Paper to the EU Delegation and Member State representatives. Additionally, DBT co-chairs three UK-EU Trade Specialised Committees—covering Services, Investment and Digital, Regulatory Cooperation, and Technical Barriers to Trade—alongside their supporting working groups. The most recent meetings of these committees took place in the autumn of 2024.

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## **UK Borrowing Costs Hit 2008 Levels**

The UK's borrowing costs have reached levels not seen since the global financial crisis, with yields on 10-year government bonds surpassing 5%. The rise in borrowing costs comes amid growing concerns over inflation and the ongoing economic challenges facing the country. This shift is prompting investors to reassess the financial outlook for the UK economy and its fiscal sustainability.

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## **Treasury Responds to Concerns Over Borrowing Costs**

Chief Secretary to the Treasury Darren Jones defended the Government's handling of rising borrowing costs, emphasizing that gilt price fluctuations are expected in global markets and that the UK's gilt market remains orderly. He confirmed that the Chancellor's fiscal rules are "non-negotiable" and noted that a new economic and fiscal forecast will be presented in March. In contrast, Shadow Chancellor Mel Stride criticized the Government's decisions, suggesting that rising borrowing costs could lead to tax hikes or spending cuts, while questioning the Government's fiscal management. Jones reiterated that public services must "live within their means."

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## London Stock Exchange Faces Record Withdrawals

The London Stock Exchange (LSE) experienced a significant outflow in 2024, with 88 companies delisting or transferring their primary listing—the highest since the global financial crisis—while only 18 IPOs were recorded, marking the lowest level since 2010. Factors driving this trend included declining liquidity and lower valuations compared to other markets, particularly in the US, which offers greater capital access and trading activity. Broader challenges, such as geopolitical instability, slow economic growth, and reduced demand for domestic equities, have also impacted the LSE's performance. Recent data highlights the ongoing pressures on London's status as a global financial hub.

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## CMA Outlines Initial Plans for Digital Markets Competition Regime

The Competition and Markets Authority (CMA) has outlined its initial approach for the new digital markets competition regime, which came into force on 1 January 2025. The regime, introduced by the Digital Markets, Competition and Consumers Act, aims to foster innovation and growth in the UK tech sector while ensuring fair access to digital services. The CMA will designate firms with “Strategic Market Status” (SMS) in key digital areas, allowing for pro-competition measures. In the first 6 months, the CMA plans to launch SMS designation investigations in two digital sectors, with more detailed announcements to follow. The regime seeks to prevent large firms from stifling competition, enhance consumer choice, and stimulate investment and innovation.

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## DBT Opens Entries for Made in the UK, Sold to the World Awards

The Department for Business and Trade's (DBT) Made in the UK, Sold to the World Awards are now open for entries until 9 March, celebrating the international success of SMEs. This year, two new categories—Digital & Technology and Export Services—join the existing sectors, including Agriculture, Creative Industries, and Financial Services. The awards offer winners a range of benefits, including membership to the Chartered Institute of Export & International Trade, a trade expert masterclass with Lloyds Bank, and enhanced promotion. Lloyds Bank has joined as a partner for the 2025 awards alongside the Chartered Institute.

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## UK Economic and Social Indicators

Retail footfall decreased by 5% in the week to 5 January 2025 compared to the previous week but rose 5% compared to the same week in 2024. High street and shopping centre footfall fell by 7%, while retail park footfall rose by 1%.

In late December 2024, 23% of businesses reported concerns about supply chains, with 44% citing increased material costs. Gas prices increased by 52% compared to the same week in 2024, while electricity prices rose by 20%.

Ship visits to UK ports increased by 18% week-on-week, while UK flight numbers grew by 11%.

Source: [Office for National Statistics \(ONS\), published 9 January 2025, ONS website, statistical bulletin, Economic activity and social change in the UK, real-time indicators: 9 January 2025.](#)

## Business Insights and the UK Economy

The report highlights business actions and concerns, showing an increase in companies taking steps to reduce carbon emissions (51%) and protect the environment (17%). The number of businesses reporting supply chain concerns rose to 23%, with issues such as material sourcing costs and trade barriers becoming more prominent. Additionally, the use of AI technology remained steady at 16%, though adoption was higher among larger businesses.

Source: [Office for National Statistics \(ONS\), released 9 January 2025, ONS website, statistical bulletin, Business insights and impact on the UK economy: 9 January 2025.](#)

