

WEEKLY BRIEFING

16 June 2023



ECONOMIC, POLITICAL AND SOCIAL UPDATE

Boris Johnson deliberately misled Parliament over Partygate, MPs find

Boris Johnson would have faced a 90-day suspension if he was still an MP, after an inquiry found he deliberately misled Parliament over lockdown parties. In a damning report, MPs said the former PM had committed repeated offences with his Partygate denials. The Privileges Committee's suspension would have triggered a recall petition and possible by-election, had Mr Johnson not quit as an MP. He dramatically stood down last week after seeing the committee's findings. Mr Johnson - who helped the Conservative Party win a landslide election victory under his leadership only three years ago - is the first former prime minister to have been found to have deliberately misled Parliament. In a blistering statement attacking the committee, Mr Johnson said its members had reached a "deranged conclusion" that was "contradicted by the facts".

UK has 'no alternative' to Bank interest rate rises to calm inflation

The UK has "no alternative" but to hike interest rates in a bid to tackle rising prices, Jeremy Hunt has said. He continued to say this was the "number one challenge we face". Concluding the government would be "unstinting in our support" for the Bank of England "to do what it takes" to slow inflation. Rising interest rates and mortgage costs weighed on UK economic growth in April. While the economy grew by 0.2%, the Office for National Statistics said that housebuilders and estate agents had a "poor month". Borrowing costs have been steadily rising since December 2021 to a current 4.5% in an attempt to slow consumer price inflation, which stands at 8.7% - well above the Bank of England's 2% inflation target. In theory, raising interest rates means it is more expensive for people to borrow and they have less money to spend. Consequently, they will buy fewer things which should slow the rate of rising prices.

UK economy returns to growth

The Office for National Statistics said on Wednesday that gross domestic product rose by a slender 0.2% month on month, matching the forecasts of City economists for a recovery from March when output declined by 0.3%. Fuelled by an increase in consumer spending in the country's dominant services sector, the rise in activity was partly offset by a dip in health sector output, which was affected by junior doctors' strikes. Activity also fell in computer manufacturing and the pharmaceuticals industry. Figures on Tuesday showed activity in the UK jobs market was stronger than expected in April, with wage growth hitting the highest level on record outside the Covid pandemic. Inflation fell by less than expected in April to 8.7% – the highest level in the G7 – fuelling expectations for a rate rise.

Pay rise surprise leads to forecasts of higher interest rates

UK wages have risen at their fastest rate in 20 years, excluding the pandemic, raising expectations that UK interest rates will have to rise. Regular pay excluding bonuses increased by 7.2% in the three months to April, although it still lags behind inflation - the rate at which prices rise. The Bank of England has warned big pay rises are contributing to the UK's still-high rates of inflation. It has put up interest rates 12 times since 2021 to try to slow price rises. Higher interest rates may be good for savers, but are driving up repayment costs for millions of mortgage holders.

TRADE UPDATE

First Heathrow summer strikes called off after improved pay offer

The first in a series of planned strikes by security staff at Heathrow airport have been postponed while workers consider an improved pay offer.

The industrial action involving more than 2,000 security officers was due to include walkouts at Terminal Three and Terminal Five on June 24 and 25.

That action has now been postponed pending a ballot on the improved offer, the Unite union confirmed on Monday.

Abta chief warns industry ‘needs to go faster’ on sustainability

Abta chief Mark Tanzer has called for the industry to be “put on a crisis footing” in addressing climate change and demanded “more urgency” from the government in building post-Brexit bridges with the EU.

Tanzer highlighted “the challenge of climate change and decarbonisation” when he addressed Abta’s Travel Matters conference in London on Wednesday, arguing: “We need to see sustainability as absolutely critical and we need to go faster.”

He warned: “I fear if we don’t, we’ll start to see governments putting taxes on travel, making holidays more expensive or customers saying, ‘This is a bad thing to do’. We don’t want either.”

Airports offered tool to forecast passenger demand

A method to help airports more accurately forecast passenger demand and enhance marketing by providing insight into traveller intent has been unveiled. The Diio Advance Bookings technology has been developed by aviation data firm Cirium.

The tool enables users to analyse traveller booking behaviour and demand with global coverage and data updated weekly. It is designed to help airports identify opportunities to attract and retain air services, improve marketing campaign performance and return of investment and allocate resources more effectively.

Users can see a comprehensive view of global booking trends via multi-GDS booking insights and then analyse the data.

US and Canada sales remain strong despite wildfires causing reduced visibility and airport delays.

Smoke from 400 fires across Canada affected much of the East Coast last week, triggering air quality alerts and delaying flights at major New York airports, Philadelphia International Airport and elsewhere from the East Coast to the Midwest.

The trade reported minor operational issues and some customer queries but said the fires had failed to dampen enthusiasm for the US and Canada.

Abta sent out a bulletin to alert members, while firms kept a “watching brief” as the fires raged.

Agents and operators still 22% behind pre-pandemic level, says ONS

The UK travel agency and tour operator sector is still 22% behind the level it was in February 2020, before the Covid pandemic struck, according to official data.

The figure was released by the Office for National Statistics (ONS), in its latest estimate of gross domestic product (GDP), for April 2023.

The overall GDP is estimated to have grown by 0.2% in April 2023, following a fall of 0.3% in March 2023.

Monthly GDP is now estimated to be 0.3% above its pre-coronavirus levels (February 2020).

Minister demands ‘evidence’ of missing skills the industry needs

Government policies on education threaten to heighten the recruitment crisis in travel already exacerbated by post-Brexit restrictions on EU workers.

Speaking at Abta’s Travel Matters conference on Wednesday, aviation and maritime minister Baroness Vere called for “evidence of the skills” required by the sector that can’t be found in the UK. She said: “I can’t tell you how many industries tell me ‘We need foreign workers.’ Tell me why. Present evidence of why and what skills you need that we don’t have.”

Baroness Vere insisted: “We’ve got to look at the domestic workforce first. We can’t make a case to increase immigration if we can’t reassure ourselves that we’ve made every effort to develop workers ourselves.”

Global Travel Collection UK to woo agents on tour of five cities

Global Travel Collection UK (GTC UK) will visit five UK cities this summer to speak to agents interested in joining the company.

The team from GTC UK – part of Internova Travel Group – wants to contact “best-in-class” corporate, entertainment or leisure agents across the UK who are looking to make the move from employee to business owner, or who are looking for a new group with which to work.

The tour will be in Manchester (June 20), London (June 27-28), Brighton (June 29), Edinburgh (July 4) and Bristol (July 6).

AIRLINE UPDATE

EasyJet holidays has pledged to make sustainable holidays “mainstream” with a new project.

The budget airline’s in-house tour operation has joined forces with the United Nations’ World Tourism Organisation (UNWTO) and a sustainable development goals (SGD) Impact Lab at the University of Oxford.

They collectively aim to help develop the first environmental, social and governance (ESG) framework for tourism businesses.

As the lab's founding partner, easyJet holidays works alongside Oxford University students to identify and deliver solutions to help develop sustainable travel.

Norse Atlantic marks first year with fare sale

Norse Atlantic Airways has marked the first anniversary of its inaugural flight between Oslo and New York by running a global fare sale.

Promotional rates start at £275 return from Gatwick to Boston, £295 to New York, £309 to Washington DC and £335 to San Francisco.

The long-haul low-cost airline is now serving 12 destinations across Europe and the United States and employs more than 1,000 staff across Norway, the UK, US and Europe.

Qantas targets full international return by March 2024

Qantas aims to return to around 100% of its international network pre-Covid capacity by March 2024 as Sydney-New York flights resumed after more than three years.

The target for spring next year is up from about 85% of pre-pandemic levels today and just 45% a year ago. The revived New York service is operating via Auckland in New Zealand instead of Los Angeles.

Flights will initially run three days a week using 236-passenger Boeing 787 Dreamliner aircraft, increasing to four from October, offering more than 1,800 seats on the route each week.

TOUR OPERATORS, TRAVEL AGENCIES, OTA UPDATE

Not Just Travel spending £1m to expand 'across all areas'

Not Just Travel has announced it is investing a further £1m in recruitment as it looks to expand "across all areas".

The business, which said it had already spent £2.4m on growing its team since the start of 2022, is also carrying out a restructure.

Co-founder Steve Witt described the latest investment as "incredible", adding: "We are expanding in all directions, across all areas."

Small group tours introduced by Exsus Travel

Small group tours in destinations across the world have been introduced by luxury operator Exsus Travel. Each trip will host a maximum of 18 holidaymakers with details issued in a dedicated brochure available both online and in print. The e-brochure can be dual branded for agents to pass on to clients.

The destinations featured are Iceland, Turkey, Egypt, Jordan, Saudi Arabia, Oman, Uzbekistan, India, Cambodia, Vietnam, Japan, Ecuador & Galapagos, Peru and Kenya.

Belleair's new trade-only website goes live

Belleair Holidays' new travel agent website has gone live following the tour operator's recent acquisition by Alfendo Limited, the parent company of JTA Travel Group.

The trade-only site can now be used by agents to search and make bookings.

The company said the new site had access to the latest version of its booking engine and could provide a "quick and easy" platform to search and book resorts and package options.

In addition to Malta and Gozo, the site offers sun and beach destinations in the Mediterranean, Aegean, North Africa and Middle East.

Couples driving last-minute summer holiday demand, Travel Counsellors finds

Couples are driving last minute, multi-destination bookings for this summer, according to Travel Counsellors. Thirty-six per cent of late bookings in May were made by couples, mostly empty nesters and middle-aged adults.

Almost half (47%) of all package holidays sold by the home working firm last month were booked by couples. Summer bookings made in May were 7% up on the same period last year, with almost 300 made in the last week for departures in June.

SOCIAL UPDATE

WhatsApp launches broadcast channels

With more conversations switching to DMs, Meta is keen to capitalise on this trend by adding new ways for people and brands to reach wider audiences within their messaging streams. Their latest effort on this front is 'WhatsApp Channels', which will enable users to receive DMs on topics of interest or follow certain creators in the app. To help users select which channels to follow, there will also be a searchable directory. Channel updates will only be stored for 30 days at a time, ensuring that the content remains fresh and relevant. This new element could open up a range of new opportunities for brands.

Meta's Twitter alternative is coming soon

Meta's Twitter clone app appears to be getting closer to launch. Their text-based feed app, currently called 'P92' will be a straight feed of text updates, however users will also be able to add photos and videos to their messages. The main feed itself looks like a DM thread, with replies that expand out beneath the main message. The maximum length for P92 posts will reportedly be 500 characters. There seems to be four tabs in the app, including a main feed, explore, favourites, and your profile, with the middle button being a composer window to add your own post. P92 will use Instagram credentials to log in and Instagram IDs as usernames.

MICE UPDATE

UK events topped 1m in 2022 as sector bounces back

The 'UK Conference and Meeting Survey 2023' (UKCAMS), now in its 30th consecutive year, shows that, in 2022, there were an estimated 1.02 million conferences and meetings in the UK, representing a substantial recovery from 2020 and 2021 (0.2 million and 0.44 million events respectively). Such events generated an estimated £16.3 billion of direct expenditure in venues and the wider destination, compared with an estimated £4.9 billion in 2021, and only slightly below the pre-Covid level of £17.6 billion in 2019. At the same time, capital investment by conference venues in their facilities is increasing, with over 70 per cent of venues developing their product, spending an average of £166,000 in 2022. This suggests greater optimism in the industry's future performance, even though investment levels have still remained below the pre-Covid years of 2018 (an average of £209,000 per venue) and 2019 (an average of £176,000).

LIGHTER NOTE

Lighter Note

Liverpool kitten rescued from recycling container crush. Read more [here](#).