

# WEEKLY BRIEFING

4 August 2023



## ECONOMIC, POLITICAL AND SOCIAL UPDATE

### **The Government has said it will expand its use of the NHS's private sector**

The UK Government has said that the private sector of the NHS is set to expand in order to help with increasing waiting times for appointments. Ministers have said that they want to unlock spare capacity in the private sector to get more people the treatment and operations they need.

Included in the plan is to open eight new privately-run diagnostic centres and use new rules to make it easier for the NHS to purchase care in the private sector. With roughly 25% of patients waiting more than 6 weeks for an appointment, an increase from 3-4% pre-pandemic, the private sector has said that it has the capacity to carry out roughly 30% more work than it is already doing for the NHS.

### **Bank of England Interest rates set to increase for 14th consecutive time**

The Bank of England has been criticised after policy makers voted to increase interest rates to a new 15-year high of 5.25%. The institute for public policy research (IPPR) has warned that the Bank of England is 'overdoing it' given that the UK economy is weakening, with the labour market slowing down and productivity falling. This is the 14th consecutive increase in national interest rates with governor Andrew Bailey saying it was 'far too soon' to speculate when the bank will begin to cut rates, he insisted that the focus is on Rishi Sunak's goal of halving inflation by the end of the year.

### **Give cash to households in path of new pylons, government urged**

Households should be given cash if they live in the path of new large electricity pylons, a government-commissioned report says. The recommendation is among several to speed up the building of new infrastructure in Great Britain to better connect with new renewable energy. The government has welcomed the report and energy security secretary Grant Shapps will now consider the recommendations and is expected to present a plan later this year.

Carl Trowell, president of UK strategic infrastructure at National Grid also welcomed the report, adding: "There is no time to waste, implementing the proposals and progressing the energy transition at pace is the surest route to more affordable bills, greater energy resilience and a more energy independent UK".

**TRADE UPDATE****Weekend walkouts at Gatwick called off but more strikes loom**

There will be no strike action at Gatwick this weekend (4 - 8 August) after GGS (Gatwick Ground Services) ground handlers, contracted at the airport by British Airways, voted to accept an improved pay offer. Following the announcement of the walkouts, further negotiations were held with GGS and an improved offer worth 10.3% was agreed. In addition, the workforce will receive a significant market rate adjustment in their shift pay, further increasing the value of the offer.

However, while it brings to an end one pay dispute at Gatwick, another is underway following another strike ballot, which could see ground handlers serving Norwegian Air, Norse Atlantic Airways and Delta Air Lines walk out. No dates have yet been set for the new action.

**Agents seeing 'dramatic spike' in late bookings**

Travel agent members of the Advantage Travel Partnership are seeing a "dramatic spike" in ultra last-minute foreign holidays despite rising interest rates and the cost of living crisis.

The consortium's chief executive Julia Lo Bue-Said claimed that the outbound travel sector continued to "buck the trend" in the face of Thursday's interest rate hike to a 15-year high 5.25% from 5% in the 14th consecutive increase.

Commenting on the move by the Bank of England, she said: "Today's interest rate rise shows that spending in the UK has gone down, high street footfall is also down and prices remain high. However, the UK's outbound travel industry appears to be bucking the trend once again".

**Stansted 'first UK airport' to top pre-COVID-19 passenger levels in July**

Stansted claims to have become the first major UK airport to achieve above pre-COVID-19 passenger volumes in July. The month was the third busiest ever at the airport, only beaten by August in 2018 and 2019. The busiest day of the month and the year to date was July 31 with 96,500 passengers. The Essex airport, which has a network of 180 European destinations, reported that 97% passengers passed through security in 15 minutes or less last month.

**Brits to use savings to fund travel plans over the next 12 months**

Two-fifths of Brits will dip into their savings over the next year to fund their international travel plans, while a third will divert spend away from other areas to protect their holidays. The second edition of the Amadeus' Consumer Travel Spend Priorities report found international travel was once again ranked by consumers as the highest discretionary spend priority from a basket of six categories.

## AIRLINE UPDATE

**British Airways** - British Airways' parent IAG has firmed up an order for several new, more fuel-efficient aircraft – with options to grow this to a dozen – to restore BA's long-haul capacity to pre-pandemic levels. The seven new aircraft on firm order will be delivered during 2025 and 2026, and will be used by BA and Iberia – said IAG – "to restore capacity in the airlines' long-haul fleets".

**Lufthansa** - Lufthansa has reported strong results for the three months to June, with a quarterly profit of €881 million despite passenger numbers remaining 16% below the 2019 level due to restraints on capacity. Carsten Spohr, Lufthansa Group chief executive, hailed "the financially best second quarter in our history" and said: "We were able to avoid a situation like last summer and offer our customers a more stable operation."

**Norwegian Air** - A late booking scramble to the sun has seen Norwegian Air achieve a "historically strong" July with the trend continuing into this month. Nordic passengers seeking to escape bad weather contributed to making this a historically strong July. According to the airline, carryings rose by 100,000 year-on-year to 2.3 million with capacity at its peak for the year and 12% higher than the same month in 2022.

## TOUR OPERATORS, TRAVEL AGENCIES, OTA UPDATE

**InteleTravel** - InteleTravel is aiming to increase its cruise sales by 50% by the end of next year, according to UK and Ireland managing director Tricia Handley-Hughes. In an interview with Travel Weekly, Handley-Hughes shared her plans to increase cruise bookings from 10% of the agency's current business up to 15% by the end of 2024. She described cruise sales as "booming" among the homeworking agency's 14,500 agents, as bookings have already increased fivefold in the last two years.

**Major Travel** - Major Travel's managing director, Qasim Gulamhusein, is hoping revenue this year will be up to 50% higher than in 2019, with the operator also looking to double its South Africa-based staff. Last year's revenues were up by 30% compared with 2019, Gulamhusein said, but this year's performance has been even stronger, with luxury tailor-made trips playing a key role in the business's success.

**Saga** - Saga has enrolled its first cohort of homeworking "local travel advisors" and taken them through their inductions. Five of the LTAs got together at Saga HQ in London earlier this month, with a sixth joining from her home in Turkey. The programme gives LTAs access to Saga's entire product portfolio, and supports them to run their own travel business. Following their induction, the LTAs will receive one-to-one coaching sessions with a dedicated business coach, as well as support from a dedicated business development manager in addition to day-to-day support.

**USAirtours** - Trade-only tour operator USAirtours is to rejoin Tipto after a gap of nearly six years. The supplier will become a member from September 1, the start of the twenty-fifth year of the trade marketing organisation. USAirtours aims to use Tipto's face-to-face events to boost its trade activity as part of a reinvestment in current agent relationships post-COVID-19. It also hopes to build new agent partnerships.

## SOCIAL UPDATE

### Meta is developing AI chatbots

In September, Meta is looking to launch the next phase of generative AI features, which will include AI chatbots with over 30 different personalities on Facebook, Messenger and Instagram. The generative response tools will provide a similar service to the highly popular ChatGPT, but will be integrated into Meta's apps. Users will also be able to summon these AI chatbots within their DM threads by sending a question to @ai.

### X reports record-high monthly usage

Elon Musk claims that X (previously known as Twitter), is thriving despite rising competition from Threads and reports of a wider user departure. Musk's data indicates that more people are logging in to see the latest updates. However, the reliability could be questioned, as the findings suggest that X has garnered 65 million new users in under a year. Although this is dramatically high growth for an app that has struggled to develop its audience over time, if it is true and X has seen incredible growth despite increasing difficulties, this may have an impact on how users engage with the app.

## MICE UPDATE

### Record visitor numbers at The Meetings Show UK this year

The Meetings Show UK welcomed a record 5,604 attendees at ExCeL, London in June. There were 28,070 connections made via the Swapcard app, both before and during the show on 28-29 June. More than 600 exhibitors from around the UK and international destinations met buyers from leading organisations and event agencies throughout the show. As well as meetings with exhibitors and education sessions, the show boasted a wide range of equally engaging activations, including networking drinks, clubhouse style conversations in new space the Blank Canvas and the broadcast of live interviews with industry leaders on TMS TV.

## LIGHTER NOTE

Scientists have found a naturally occurring strain of bacteria that can help stop the spread of malaria from mosquitoes to humans, read more [here](#).