

WEEKLY BRIEFING

29 September 2023



ECONOMIC, POLITICAL AND SOCIAL UPDATE

UK on track for record tax levels, IFS think tank says

The government is on course to oversee the biggest tax-raising since records began, according to the Institute for Fiscal Studies' analysis. The IFS forecasts taxes will amount to about 37% of national income by the next general election, due in 2024, which would be a level not seen since 1948, just after World War Two. Responding to the report, a Treasury spokesperson said the "most effective tax cut we can deliver" is to "drive down inflation". Treasury Minister Andrew Griffith added that inflation was a priority but refused to rule out further tax rises, when asked by Times Radio on Friday 29 September. Meanwhile, new figures from the Office for National Statistics (ONS) show that the economy grew by more than originally thought between January and March. Gross domestic product rose by 0.3% instead of 0.1%. For April to June, however, the ONS left a reading of 0.2% unchanged - putting the economy at 1.8% above pre-pandemic levels.

UK-EU body to meet ahead of Brexit deal's next step

The UK-EU body overseeing the implementation of the Windsor Framework is due to meet shortly. The meeting of the Joint Committee comes ahead of a major step in implementing the deal. The Windsor Framework, which was agreed by the EU and UK in February, is the revised post-Brexit deal for Northern Ireland. On Sunday 1 October, a new system for moving goods from Great Britain to Northern Ireland will come into effect. The framework is intended to ease post-Brexit trade between Northern Ireland and the rest of the UK. It modifies the Northern Ireland Protocol, the 2019 deal which kept Northern Ireland inside the EU's single market for goods.

Labour eye Scottish breakthrough in key by-election

Labour presents a challenge to the SNP in Scotland, the party's leader has admitted in the week before a key by-election in Rutherglen. First Minister Humza Yousaf told the BBC he is "not complacent about that challenge". Labour insiders are confident they are on the verge of a breakthrough in Scotland. Sir Keir Starmer has said he wants to win a significant number of seats in Scotland to ensure he has a "mandate". Voters in the seat go to the polls on Thursday 5 October and senior figures in the party are confident of victory. One source close to the campaign said a comfortable win in Rutherglen would suggest the party could compete for as many as 24 seats in Scotland at a general election.

TRADE UPDATE

Growth in cruise and travel drives 15% increase in Saga's half-year revenue

The boss of Saga has hailed the growth of its cruise and travel divisions for driving a 15% increase in the group's half-year revenue with travel "on track" to return to profit. The group on Wednesday 27 September reported half-year revenue (six months to 31 July) of £355.3 million after its ocean and river cruise units recorded underlying profits before tax of £12.9 million and £1.5 million respectively – up on last year's losses of £6.9 million and £2.1 million. Saga said revenue growth for its ocean cruise segment was achieved through a 17 percentage point increase in load factor, as well as a 5% increase in spending per person, which has gone up to £333. River cruise load factor, meanwhile, has increased by more than a third (34%) to 83%, with per person spending now running to £296.

Ryanair chief warns booming UK travel market "can't continue"

Ryanair boss Michael O'Leary has warned strong demand for international travel and increased prices this summer "can't continue", saying demand for travel "is not insatiable". Speaking in London on Wednesday, Ryanair Group chief executive O'Leary reported bookings for October, November and December are "4%-5% ahead of last year and fares are a little ahead". But he added: "It's fairly sensitive. We're seeing people booking earlier at slightly higher fares [year on year], but we're not sure whether that will continue. We had such a strong recovery, but people are struggling with the cost of living. The economy is not in a good place here [in the UK]." O'Leary noted bookings remain strong in most markets across Europe but described demand from UK airports as "a little weaker with the exception of London."

AIRLINE UPDATE**Virgin Atlantic adds third weekly London–Grenada flight**

Virgin Atlantic will add a third weekly flight to Grenada from December 8. The route from Heathrow via Barbados will operate each Friday through to 29 March 2024, and is in addition to flights on Tuesdays and Saturdays. Grenada Tourism Authority chairman Randall Dolland said he is “delighted” to welcome the third frequency, saying: “it is a clear indication that our tourism product continues on an upwards trajectory. Our valued partners at Virgin Atlantic have recognised this and this additional capacity will contribute significantly to even higher occupancies for our hotels and provide a substantial boost to our economy.”

Singapore Airlines expands Manchester–Houston schedule

Singapore Airlines will increase its Manchester–Houston capacity back to pre-pandemic levels next year. The service will return to five flights a week from 31 March 2024. It currently operates three times a week. Scottish travellers flying from Aberdeen with Loganair can connect to the Manchester departures for the services to Houston. The regional carrier, which has 21 weekly direct services from Aberdeen to Manchester, is dovetailing its timetable to match Singapore Airlines’ schedule to offer a “seamless transfer”. Mark Davey, Singapore Airlines’ UK and Ireland sales and marketing manager, said: “flights to Houston are extremely popular with our Scottish customers and we’re delighted to bring the service back to pre-pandemic levels of five-weekly flights.

Bidding war expected with sale of TAP Air Portugal

A bidding war is expected to be triggered between British Airways owner IAG, Air France–KLM and Lufthansa as TAP Air Portugal is set for privatisation. Portugal’s finance minister Fernando Medina said on Thursday that the cabinet had approved the sale of at least 51% of the state-owned carrier. He pointed out there was value in TAP’s “privileged connections” to the Portuguese-speaking world, including countries such as Brazil, Angola and Mozambique. Medina said: “there are interested airlines and their interest is public, which we welcome as a positive sign for the success of this operation.” IAG indicated interest in TAP this summer. IAG chief executive Luis Gallego was reported as saying in Lisbon on Wednesday: “we’ll have to study the process [of privatisation] and carefully consider the details, but we feel optimistic and believe that TAP can become another success story within IAG.”

Ryanair adds seven routes to London network

Ryanair has added seven routes from London to its winter 2023–24 schedule. The budget airline will fly to Belfast, Basel, Ouarzazate in Morocco, Tatry in Slovakia, Tirana, Treviso, and Vigo from either Gatwick, Luton or Stansted airports, bringing the total number of routes from London to 162. Additionally, Ryanair will increase frequencies on 30 routes, including Alicante, Athens, Bratislava, Cologne and Faro. In total, the airline will see a 15% increase in London traffic growth compared to the winter 2022–23 season. To support the growth, Ryanair will base two new Boeing 737 aircraft at Stansted for winter 2023–24, bringing the total London-based fleet to 50. To celebrate the additional routes and aircraft the airline has launched a two-day seat sale with fares available from £29.99.

TOUR OPERATORS, TRAVEL AGENCIES, OTA UPDATE

Tui boss defends trade push as Jet2 boss questions operator's sincerity

Tui's main rival has questioned the operator's sincerity as it courts third-party agents, comparing the move to "a returning philanderer promising things will be different this time". Jet2 chief executive Steve Heapy said the "proof will be in the pudding" when asked for his views on Tui's decision at the Travel Weekly Future of Travel Conference. But Andrew Flintham, Tui's northern region managing director, insisted its plans to increase trade engagement are long-term as he urged agents to "give us a go". Flintham acknowledged some agents would refuse to work with Tui after it slashed commission to 7% in 2005, but added he is hopeful successful partnerships will be built.

P&O Cruises apologises to trade over flight charter issues

P&O Cruises has apologised to the trade following its decision to use a little-known carrier for some Caribbean fly-cruises as agents raise fears existing and future bookings will be lost. Agents said the cruise line's use of Maltese carrier Maleth Aero to supply charter aircraft for some direct flights from Gatwick and Manchester to Barbados and Antigua was causing problems because no premium seats or inflight entertainment were available and no full refunds offered. P&O Cruises announced earlier this month it would use two wide-bodied Maleth Aero Airbus A330s to carry passengers to ships Britannia and Arvia from 3 November until 23 March.

Oceania Cruises releases 2025 summer collection

Oceania Cruises has released its 2025 summer sailing collection featuring more than 100 itineraries. Available to book from 4 October, the programme includes 70 sailings across the Mediterranean and Northern Europe on ships Marina, Vista and Allura, plus nearly 50 Grand Voyages. The Mediterranean and Northern Europe collection will include calls at 10 new ports: Cesme, Turkey; Kemi, Finland; Lulea, Sweden; Maniitsoq, Greenland; Pozzallo, Italy; Samos, Greece; Scrabster, Scotland; Sibenik, Croatia; Sundsvall, Sweden; and Vaasa, Finland.

EasyJet holidays releases winter 2024-25 programme

EasyJet holidays has released its winter 2024-25 programme. More than 30 destinations are on sale, with seven-night beach packages costing from £399 and two-night city breaks starting at £269. A seven-night stay at the five star Aurora Oriental in Egypt on an all-inclusive basis starts at £605 based on a 4 December 2024 departure with flights from Bristol airport. A three-night stay at the three star RH Victoria in Benidorm on a half-board basis leads in at £475 based on a 20 November 2024 departure with flights from Edinburgh airport. All prices include flights, hotels, 23kg luggage and transfers on beach holidays. Commercial director Paul Bixby said: "with thousands of breaks up for grabs, from city escapes to winter sun getaways, we're pleased to be able to offer even more brilliant holidays at unbeatable prices."

SOCIAL UPDATE

Meta expands its paid verification programme

After announcing its Meta Verified programme for creators in February, Meta is now set to expand the programme even further, with a new Meta Verified for Business package coming soon. Meta Verified for businesses will provide another way for brands to add more authority to their account, by buying a verified checkmark. Both X and Meta are generating enough interest in their paid verification packages to keep expanding them with Meta offering a combined package for Facebook and Instagram verification for creators.

Facebook allows users to create multiple profiles to explore different interests

Meta has launched its new multi-profile option, which will enable users to create multiple Facebook profiles to explore different interests and share different content with their audiences. Using the new “create another profile” option, users will be able to put together custom, interest-based profiles, engaging in a broader range of interests and build separate friend lists and feeds. The option to create up to four additional personal profiles in the app, with their own username and feed, will help to maintain a level of separation and privacy between personal and professional life.

MICE UPDATE

Cooling economic growth threatens faster business events recovery

The latest EIC Global Events Barometer showed business returning to 2019 levels in two key metrics. The RFP activity index increased to 91, representing RFPs sent by event planners during the quarter for future events equivalent to 91 percent of 2019 levels. RFP activity for large and medium events reached pre-pandemic levels for the first time (103% of 2019 levels), while small events remained at 88 percent of 2019 levels. In some regions, RFP activity surpassed 2019 levels with the Middle East and North America leading the way at 128 percent and 116 percent of 2019 levels respectively. Meanwhile, the hotel group room nights index increased to 98, representing stays during the quarter equivalent to 98 percent of 2019 levels. Looking ahead, cooling economic growth represents a headwind for the recovery of business events in the second half of 2023, though the longer-term outlook for business events remains favourable. Business leaders remained cautious, with concerns that geopolitical tensions and tightened lending now pose the greatest threats to the global economy.

LIGHTER NOTE

Just blown in! High winds bring rare songbirds to the British Isles in a once-in-a-lifetime event for birdwatchers. Read more [here](#).