

The Business Travel Association (BTA) Budget Submission

About the BTA and the value of business travel to the UK Economy

The BTA is the representative body for the UK business travel industry. Its member travel management companies (TMCs) account for over 90% of all business travel booked in the UK.

In a typical year this equates to 6.4 million journeys and 32 million transactions, which contributes £220 billion to UK GDP.

BTA partners also include many of the UK's most prominent airlines and railway operators.

Business travellers are the lifeblood to airlines, accounting for 15-20% of their customer base, and on certain routes are twice as profitable as leisure travellers.

The last few years have been extremely difficult for our sector but, slowly and surely, we have started to see the levels of demand for business travel return to levels close to those seen pre-pandemic – but there is still a way to go.

Our sector has proven its resilience, but still ongoing challenges remain that, if not overcome, will impact business travellers' ability to contribute to the UK economy and 'Global Britain'.

The BTA is therefore calling for:

- Expansion of the DIT Internationalisation Fund to enable business travel to unlock key markets with our trading partners around the world.
- Prioritisation of the review into late payments and ensuring more enforcement to ensure small businesses are paid on time.
- Greater investment in the UK's transport infrastructure.
- Ring-fencing of at least 75% of Air Passenger Duty (APD) from ultra-long-haul flights for green projects.

Should you require any further information on this submission, please contact:

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Introduce a UK Global Business Travel fund

- Ensuring international travel is as flexible and efficient as possible is essential for business travel. Business travellers are the drivers of international trade, representing the UK on a global stage.
- Business travel should therefore be recognised for its crucial role for the UK economy, and more could be done to encourage people to travel for business to our key trading destinations.
- Currently SMEs are able to benefit from the DIT Internationalisation Fund which provides grants to support business travel for reasons such as market research, consultancy, independent market visits and trade fairs.

- Businesses are able to benefit from grants of between £1,000 and £9,000. However, it is currently unclear whether this fund will continue following the UK's departure from the European Union.
- According to the International Fund Administrator, Capita, around 200 SMEs apply for this fund each month¹ including many of our SME customers. We are therefore calling for access to this fund to continue. Alternatively, we would like to see it replaced with a UK Global Business Travel fund. If implemented, this fund could be co-ordinated as part of our signing of new Free Trade Agreements, encouraging SMEs to travel to new trading partners, unlocking new business deals in key industries across the world.
- As well as encouraging business travel to our international trade partners, the BTA is calling for international trade agreements to greater reflect the needs of people travelling internationally for work, including work visas and permits.

Addressing late payments

- We are pleased to see that the Government is planning to review the issue of late payments to small businesses and the BTA will be feeding into this review.
- Our members have reported being impacted from large companies insisting on extending credit from 30 to 60 days, or even from 60 to 90 days. Often these companies fail to pay on time, which is causing significant problems for TMCs in our sector.
- Our members are required to pay airlines within two weeks of booking a business travel trip.
- According to the Government's own data £23.4bn is owed in outstanding invoices to small companies.
- It is vital for TMCs that late payments be kept to a minimum. With debt factoring being capped and existing working capital being depleted through the pandemic, transparency around credit terms is key to businesses' cash management and long-term growth strategy.
- The BTA is therefore calling on the Government to prioritise this review of late payments and, following the review, ensure that a stronger enforcement mechanism is implemented to create an environment where our TMCs know that they will receive their payments on time. At a time where small businesses across the country are already struggling, doing so would alleviate some of this pressure.

Regional airports

- Business travellers cover the entirety of the United Kingdom, whether that is someone travelling from London to Birmingham for a business meeting or flying from Edinburgh to London for a conference.
- Travelling for business relies on being able to get from A – B in a quick and efficient way, with every minute of delay often costing businesses money and time.
- Connectivity between cities particularly in the North means that regional airports are not able to benefit from local travellers – e.g. travelling from Leeds to Manchester takes approximately 1.5 hours to travel 45 miles.
- It is vital that Government prioritises support for regional airports to ensure that they can thrive, allowing total UK connectivity and supporting the levelling up of the UK. This includes providing 'public service' connections.

¹ Capita, Helping small businesses to export and grow overseas through digital fund disbursement (February 2022)
<https://www.capita.com/our-work/helping-small-businesses-export-and-grow-overseas-through-digital-fund-disbursement>

Transport infrastructure

- It is essential that all parts of the UK have access to the transport infrastructure necessary to allow everyday workers across all sectors to travel for business. **Without this investment, parts of the UK find themselves being left behind as people move to areas with better and more efficient transport links.**
- Integration of different modes of transport is also essential and the BTA would like to see further Government investment to ensure that someone landing at an airport for example in the East Midlands, is able to get on a train effortlessly and smoothly.
- We also see situations where regional airports are not able to benefit local business travellers because the infrastructure just isn't designed to prioritise this integrated joined up network.
- The BTA are calling for the Government to prioritise long term investment for infrastructure including delivering HS2 without any additional cuts to plans and delivering on Northern Powerhouse Rail.

Sustainability

- The aviation and travel sector are committed to playing their part in reducing the environmental impact of domestic and international travel up and down the supply chain. The BTA's members are implementing significant changes to their operations in order to help meet the Government's net zero targets.
- TMCs have an important role to play in making business journeys less carbon intensive, they consult with corporates on greener travel programmes, they offer greener travel options at the point of sale, they measure and track a corporates sustainable travel choices and they report on and analyse corporate travel sustainable performance.
- Greater regulation of decarbonisation schemes is also needed to reduce 'greenwashing' and ensure all businesses are being held to the same standards. Currently there is no agreed standard for carbon off-setting schemes, meaning that different airlines and operators are operating to different standards. This creates greater complexity for the consumer and risks undermining fair competition in the market.
- The BTA would like to work with Government to create an industry standard for carbon off-setting for the entire business travel journey.

Air Passenger Duty (APD)

- The introduction of the new ultra-long-haul classification for Air Passenger Duty (APD) unfairly impacts business travellers at a key point in the recovery of our economy, and crucial international trade routes to Hong Kong, Singapore and Australia are affected.
- However, now that it has been introduced, **we would like to see at least 75% of APD from ultra-long-haul flights be ring-fenced for funding green projects, such as the development of Sustainable Aviation Fuel (SAF).** This would be consistent with the Government's rationale for introducing this new classification.