

The Business Travel Association (BTA) Representation to the 2024 Autumn Budget

The Power of TMCs in Driving Economic Growth

Travel Management Companies (TMCs) defined:

A company that makes travelling for work effortless, curating seamless business travel strategies that allows UK businesses to build connections with partners around the globe.

The **BTA's** TMC members account for:



of UK's expenditure
on managed
business travel

£15
billion

of business
travel spend
in 2023

Business travel spend supported the UK
economy in 2022 by contributing:

£27.5
billion
in gross value
added (GVA)

283,500
full-time jobs

A grid of 283 small orange human icons arranged in 7 rows and 41 columns. The icon in the 4th row, 31st column is replaced by a small UK flag.

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, which equates to approximately 6.4 million journeys and 32 million transactions.

The BTA welcomes the Government's mission to achieve sustained economic growth through enduring partnerships with business. The business travel sector can play a dynamic role in kickstarting and enabling this growth. The BTA, as the voice of business travel, can help the Government make this happen, creating partnerships between business and an environment which helps attract investment to the UK.

Business travel plays a vital role in the economy, contributing **£27.7bn per annum to UK GVA** and supporting **over 280,000 jobs**. In 2023, the combined turnover of the BTA's membership was £15bn. Business travellers are also the lifeblood to both airlines and railways. For airlines, business travellers

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account for 15-20% of their customer base, and on certain routes are twice as profitable as leisure travellers. On our railways, **business travellers provide over £1bn of revenue at a yield 6x more than the average traveller.**

Whilst the way that we live and work has changed since the pandemic, there is still significant demand for people travelling for work, both domestically and internationally. A recent report by the Business Travel Association, based on analysis from CBI Economics, surveyed 475 businesses across the UK on the value of in person meetings following the pandemic and found that:

1. Over three quarters (79%) of businesses prefer in-person meetings to virtual meetings.
2. Over 8 in 10 businesses agreed that in person meetings are more effective for teamwork, employee wellbeing and innovation than virtual meetings.
3. Business travel delivers £27.5 billion in GVA to the UK economy, helping to drive economic growth.

In light of this, it is crucial that the Government takes account of the business travel sector in the development of its broader economic growth strategy.

To give UK businesses the right economic and connectivity levers, the BTA is calling for the Government to consider the following recommendations as part of the Budget:

- **Develop a strategic transport plan:** Work with Combined Authority Mayors to prioritise long term investment for transport infrastructure and create a joined-up strategic transport plan.
- **Prioritise delivery of rail infrastructure and key business routes in rail infrastructure:** Evaluate transport planning to ensure improved transport connectivity between regions and local districts and place greater focus on rail customer experience for business travellers.
- **Support the growth of the SAF production and other sustainable fuels in the UK:** Provide grants, subsidies, and incentives for early adopters of SAF to avoid costs impacting consumers until the supply chain is large enough to create cost efficiencies.
- **Direct Air Passenger Duty revenue towards sustainable projects:** Recognise the value of aviation to the economy by reducing or at the very least not increasing the tax burden on travellers. Support the development of greener business travel by directing the revenue made from APD towards supporting the growth of SAF production and other Sustainable Fuels.
- **Invest and support regional airports to ensure a seamless travel experience for business travellers:** This should include providing 'public service' connections and a review of public service obligations (PSOs).
- **Invest in EV charging infrastructure:** Provide greater investment and clarity as to the location of charging points to help workers make more sustainable choices on how they travel for work or for business.

Sustained growth depends on long-term planning:

Develop a strategic transport plan

When travelling for business you are likely to use many modes of transport for a single trip. 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.

Due to the current lack of an overarching strategic transport plan which has a business traveller in mind, many workers find that they are often unable to get to a meeting or business conference by public transport, instead having to travel by car.

There is a need to **implement technology that allows for collaboration across the entire business travel sector.** For example, you should be able to buy a single ticket for a flight from London to Edinburgh and a return via train in one transaction. The Business Travel sector stand ready to deliver this technology. To achieve this, we ask Government to work with the rail industry and Combined Authority Mayors to build consensus and ensure buy-in.

- **The BTA is calling for the Government to work with Mayors to prioritise long term investment for transport infrastructure and create a joined-up strategic transport plan, outlining how all modes of transport will be connected into the future.**

Reformed railways that work better for business:

Prioritise delivery of rail infrastructure and prioritise key business routes

On average, business travellers contribute more revenue to the railways per journey than leisure travellers (£46 per journey compared to £12 per journey). According to our data, whilst domestic rail spend via TMCs increased in 2023 by 25%, it still remains significantly below other modes of transport, including air travel which increased by 210% compared to 2022 and car rental by 66%.

We are hearing from members that this is due to a combination of factors, including poor quality of service, the cost and availability of ticket options, as well as ongoing disruption caused by strikes meaning business travellers are put off, or unable to, travel by rail for work.

Returning the levels of business travel to post pandemic levels is just the first objective. The second objective is the huge potential for modal shift from road and air to the railways and the Travel Management sector is ideally placed to make this happen.

Currently we find that, due to the nature of how transport planning currently takes place – with every region or local district creating their own plans for transport connectivity – there is no overall consistency and no consideration for the needs of travellers who are on business.

We are supportive of Labour’s plans for Great British Railways, and the BTA has been calling for further action to help improve the ability and experience for people travelling for business. This should include:

- **Rail ticketing reforms to help simplify the experience of travelling for business by rail. This should include a review of rail pricing.**
- **Greater focus on rail customer experience for business travellers.**
- **Creating a joined-up strategic transport network between major transport hubs for workers.**

An Aviation sector that empowers UK business:

Support the growth of the SAF production and other Sustainable Fuels in the UK

It is of paramount importance that the business travel industry and governments worldwide work together to ensure SAF becomes the first choice over fossil fuels. A future transport strategy must consider the sustainability of different modes of transport and how these can be improved with investment.

We therefore support the Government’s commitment to promote sustainable aviation fuels, and the introduction of a Sustainable Aviation Fuel (Revenue Support Mechanism) Bill, as outlined in the King’s Speech.

The BTA recognises the crucial importance of SAF and its role in reducing carbon. We would like to see the Government offer financial incentives such as tax breaks, subsidies, or grants to airlines and industry more widely to encourage the investment and deployment of SAF across the industry and help ensure it’s an economically viable greener alternative for airlines without penalising travellers.

- **We would like to see the UK Government implement a watertight SAF mandate, provide grants for developers to boost production and offer subsidies to those purchasing and using SAF in greater quantities to avoid these costs being passed down to consumers.**
- **We would also support a UK regulatory environment that encourages business innovation and investment into Hydrogen fuels. Introducing hydrogen as an aviation fuel is a critical step towards zero emission flight and would provide a good option for greener short haul flying.**

Direct Air Passenger Duty revenues towards sustainability projects

As an island nation, the UK is heavily dependent upon air travel to maintain its global connectivity and competitiveness, with more than 70% of visits to the UK by air.

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As it stands, Britain is a global leader when it comes to taxing travellers, with our APD the highest European aviation tax for short- and long-haul flights. With 12 different rates, each depending on which class you sit in and how far you travel, it is also one of the most complex travel tax systems in the world for aviation.

The impact is largely felt from airlines taking a hit on the yield and revenue as they have to absorb the APD by lowering the fare to remain competitive. This in turn impacts their route profitability and then can play a part if they add services to the UK as they can get better yield to other cities in Europe.

- **We urge Government to recognise the value of aviation to the economy by reducing, or at least not increasing, the tax burden of APD on travellers, in order to sustain growth.**
- **The BTA recommend that APD is directed to sustainability projects as it was originally intended, such as supporting the growth of SAF production and other sustainable fuels.**

Invest and support regional airports

Business travel relies on getting from A to B quickly and efficiently – every delay costs businesses money and time. Better connectivity between our regional airports with local rail and road networks is therefore vital to ensure a seamless travel experience for business travellers. This includes providing ‘public service’ connections and a review of public service obligations (PSOs).

It is vital that Government prioritises support for regional airports to ensure that they can thrive allowing total UK connectivity and growth across regions. Furthermore, support for regional airports will in turn help reduce carbon emissions as business travellers will be able to reduce the number of flights taken to reach their destination.

A road network that enables business growth:

Invest in electric vehicle charging infrastructure

As of November 2023, the UK boasted 50,239 EV charging points across 30,853 locations marking a 46% increase from the previous year. Despite this growth, several challenges persist in maximising the potential of EVs for business travel.

We welcome the shift to electric vehicles and support Labour’s pledge to accelerate the roll out of charge points, noting the clear opportunity to use GB Energy and the proposed reforms to the planning system to support this.

- **The BTA would like to see greater investment in charging infrastructure and clarity as to where these will be located. This is particularly crucial for people using EVs for travelling for work, as business travellers do not have time to spend queuing for an EV point to become available or wait for their cars to charge. Greater investment in EV infrastructure will help workers to make more sustainable choices on how they travel for work or for business.**
- **In order to meet the ambition of the phase out date of 2030 for new cars with internal combustion engines we urge the Government to publish a plan for how charging infrastructure will be funded and rolled out.**

Should you require any further information on this submission, please contact Clive Wratten, CEO of the Business Travel Association via clivew@thebta.org.uk.