

MDA No.: 1342

Title: Rebuilding London's Tourism Industry

1. Executive Summary

- 1.1 At the Economy Committee meeting on 13 October 2021, the Committee held a meeting on rebuilding London's tourism industry following the COVID-19 pandemic and resolved that:

Authority be delegated to the Chairman, in consultation with the party Group Lead Members, to agree any output arising from the discussion.

- 1.2 Following consultation with party Group Lead Members, the Chairman is asked to agree the Committee's report, *London Calling: rebuilding London's tourism industry*, and letters to the Mayor of London and the Chancellor of the Exchequer, as attached at **Appendices 1-3**.

2. Decision

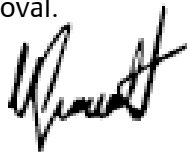
- 2.1 **That the Economy Committee's report, *London Calling: rebuilding London's tourism industry*, and letters to the Mayor of London and the Chancellor of the Exchequer be agreed.**

Assembly Member

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Printed Name: Neil Garratt AM, Chairman of the Economy Committee

Date: 10 March 2022

3. Decision by an Assembly Member under Delegated Authority

Background and proposed next steps:

- 3.1 The exercise of delegated authority agreeing the Committee's report, *London Calling: rebuilding London's tourism industry*, and letters to the Mayor of London and the Chancellor of the Exchequer will be formally noted at the Committee's next appropriate meeting.
- 3.2 The terms of reference for this investigation were agreed by the Chairman, in consultation with relevant party Lead Group Members, under the standing authority granted to Chairs of Committees and Sub-Committees. Officers confirm that the letters and recommendations fall within these terms of reference.

Confirmation that appropriate delegated authority exists for this decision:

Signature (Committee Services): L. Harvey

Printed Name: Lauren Harvey, Senior Committee Officer

Date: 22/02/2022

Telephone Number: 07729 625579

Financial Implications: NOT REQUIRED

Note: Finance comments and signature are required only where there are financial implications arising or the potential for financial implications.

Signature (Finance): Not Required


Printed Name: N/A

Date: N/A

Telephone Number: N/A

Legal Implications:

The Chairman of the Economy Committee has the power to make the decision set out in this report.

Signature (Legal): 

Printed Name: Emma Strain, Monitoring Officer

Date: 22/02/2022

Telephone Number: 020 7983 6550

Supporting Detail / List of Consultees:

- Hina Bokhari AM (Deputy Chair)
- Marina Ahmad AM
- Zack Polanski AM

4. Public Access to Information

- 4.1 Information in this form (Part 1) is subject to the FoIA, or the EIR and will be made available on the GLA Website, usually within one working day of approval.
- 4.2 If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.
- 4.3 **Note:** this form (Part 1) will either be published within one working day after it has been approved or on the defer date.

Part 1 - Deferral:

Is the publication of Part 1 of this approval to be deferred? NO

If yes, until what date:

Part 2 – Sensitive Information:

Only the facts or advice that would be exempt from disclosure under FoIA or EIR should be included in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form? NO

Lead Officer / Author

Signature: D Tattersall

Printed Name: Dan Tattersall

Job Title: Senior Policy Adviser

Date: 22/02/2022

Telephone Number: 07783 805825

Countersigned by Executive Director:

Signature: *Helen Ewen*

Printed Name: Helen Ewen, Executive Director of Assembly Secretariat

Date: 24/02/22

Telephone Number: 07729 108986

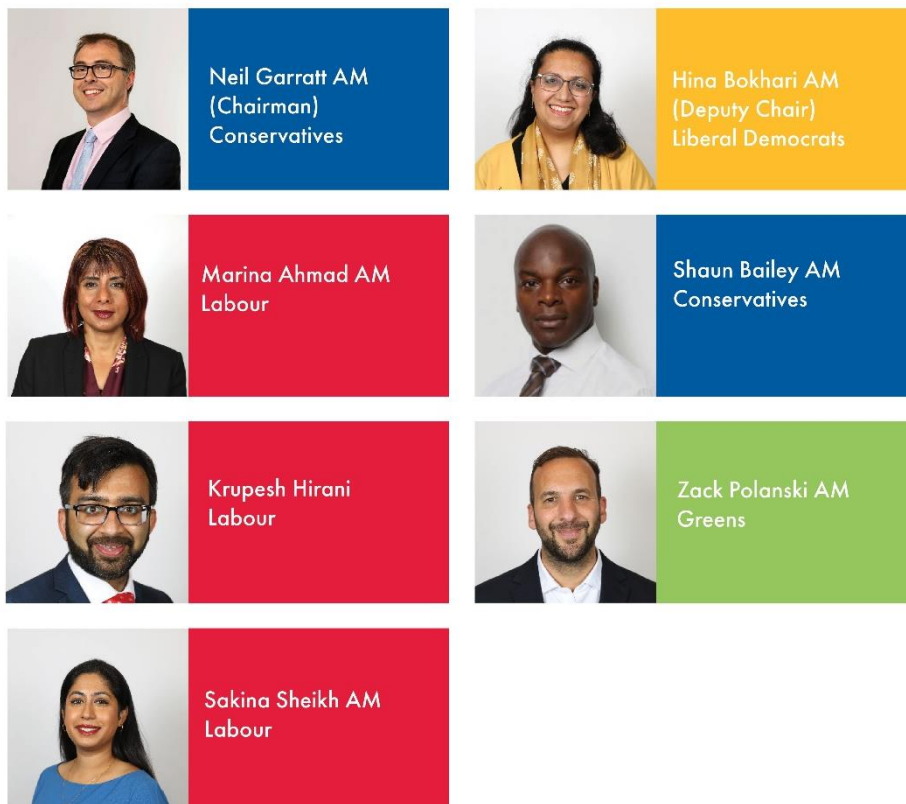
An aerial, top-down view of a city map, likely London, rendered in a vibrant green color. The map shows a dense network of streets and a winding river. Scattered across the map are several small, realistic human figures in various poses and outfits, suggesting a busy urban environment. The overall composition is clean and modern.

London Calling: Rebuilding London's tourism industry

London Assembly Economy Committee

LONDONASSEMBLY

Economy Committee



The Economy Committee scrutinises the work of the Mayor relating to economic development, wealth creation, social development, culture, sport and tourism in the capital. It also examines the Mayor's role as chair of the London Economic Action Partnership (LEAP).

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Foreword



Neil Garratt AM

Chairman of the Economy Committee

London's tourism industry is an undisputed success story. Every year, visitors from the UK and abroad descend on London to enjoy a vast assortment of experiences: to take in its world-leading visitor attractions and cultural institutions, to eat and drink in its restaurants and bars, and make purchases in its shops and department stores. The effect this has on London's economy is huge, with tourism supporting as many as one in seven jobs and accounting for almost 12 per cent of the capital's economic output. It isn't just London that benefits either, as many tourists go on to spend money and contribute to local economies across the UK.

But this situation transformed overnight when the pandemic hit at the start of 2020. To state the obvious, tourism depends on the movement of people, something which stalled entirely at the height of the pandemic. Restrictions on international travel meant that tourists from abroad disappeared, while the national lockdown meant that the domestic tourism market dried up. Most businesses in the tourism industry were forced to suspend operations entirely.

The lifting of COVID-19 restrictions in the summer of 2021 was followed by a gradual return of tourists to the capital. The domestic tourist market has been especially important during this period, as international visits are still nowhere near their pre-pandemic levels and may not be until the middle of the decade. Given that international visitors account for 70 per cent of spend of all tourists in London, their return is critical to the overall recovery of the industry.

The London Assembly Economy Committee carried out an investigation into London's tourism industry, exploring both the impact of the pandemic on the industry and the gradual steps it is taking towards recovery. We spoke to experts and stakeholders across the sector, including a visit to the Tower of London where we heard directly from staff about how this leading visitor attraction coped during the pandemic and how it is now bouncing back. We also questioned the Mayor and London & Partners on their Let's Do London campaign and reviewed the data provided to us on the outcomes of the campaign.

This report makes a series of recommendations to the Mayor and the Government, based on the evidence heard by the Committee, which are all aimed at supporting London's tourism industry to recover as quickly as possible from the pandemic. These recommendations aim to address the workforce challenges faced by the industry, the role of the Mayor and London & Partners in attracting visitors to London, and the importance of maintaining the lower VAT rate for the hospitality and tourism sectors for a further twelve months. We believe these measures would provide vital support to the industry and ensure that London can once again be a world-leading destination for domestic and international tourists.

Executive Summary

Before the COVID-19 pandemic, London was the third most visited city in the world, welcoming a record 21.7 million inbound visitors in 2019. Tourism is an essential part of London's economy, employing 700,000 people – one in seven of the capital's jobs – and accounting for 11.6 per cent of the capital's economic output.¹ The industry is especially reliant on international visitors, who account for 70 per cent of spend in London's hospitality and tourism businesses.² But the sector has been hit hard by the pandemic, and it continues to suffer due to the substantial reduction in the number of overseas visitors.

The London Assembly Economy Committee carried out an investigation into how to rebuild London's tourism industry in the wake of the pandemic. At a meeting on 13 October 2021 and a subsequent site visit to the Tower of London, the Committee heard from key stakeholders in the industry about how the tourism industry is recovering from the pandemic, and what further measures the Mayor and central government can take to encourage both international and domestic tourists to return to London. The Committee also set out to understand the impact of the Let's Do London campaign, which has been run by the Mayor and London & Partners with the aim of attracting domestic tourists back to the capital.

The Committee heard that the Let's Do London campaign has been broadly welcomed by representatives from the sector, and data provided to the Committee suggests that the campaign has been successful in terms of bringing tourists to London and increasing spend across the tourism industry. However, no targets were set for the campaign, which makes it more difficult for the Committee to assess its effectiveness against initial ambitions. It is also clear that there is still a lot of work to do to help London's tourism industry recover from the pandemic.

The Committee heard that visitors have gradually been returning to London and to the city's tourist attractions since COVID-19 restrictions were lifted. However, the industry remains fragile and is unlikely to return to pre-pandemic levels for some time, with recent data indicating that tourism in London may not recover until the middle of the decade. The industry is also experiencing severe workforce shortages, with vacancies currently standing at record levels.

Ensuring that international tourists return is critical, and there is strong support from the industry for an international campaign to promote London as a tourist destination. Maintaining the 12.5 per cent VAT rate – which was introduced to help the hospitality industry recover from the pandemic – beyond March 2022 would provide vital financial support to the industry. The Mayor can also play a role in the recovery of London's tourism sector by ensuring that tourism is fully integrated into London's recovery missions and by renewing his 2017 Vision for Tourism in London to reflect the impact of the COVID-19 pandemic and of leaving the European Union.

¹ [New data shows tourism may not recover until middle of decade](#), Mayor of London, 20 January 2022

² [Economy Committee – Wednesday 13 October 2021](#)

Recommendations

Recommendation 1

The Committee would like to see comparators with other large UK cities and the growth of their tourism sectors in the period while Let's Do London is running, as well as international comparisons. This would help understand what value Let's Do London has added to London's tourism sector, in comparison to other parts of the UK and the world which did not run similar campaigns. The Committee would also like to be kept updated on progress with the Let's Do London campaign and future tourism campaigns, including updated figures on the impact of the campaigns.

Recommendation 2

The Mayor should set out how the recovery missions will help London's tourism industry recover from the pandemic and how this work is being coordinated, given that there is no specific recovery mission for tourism.

Recommendation 3

The Mayor should clarify who in the Mayoral team holds overall responsibility for tourism in London, how Deputy Mayors work together on tourism-related issues and who the Committee should approach in order to scrutinise the Mayor's policies that relate to tourism.

Recommendation 4

The Mayor's international tourism campaign should encourage international visitors to make longer visits to London and should highlight environmentally sustainable travel methods, which will bring economic benefits and help make international travel less environmentally damaging.

Recommendation 5

The Mayor and London & Partners should provide further information to the Economy Committee about the planned international tourism campaign, including which countries will be targeted and what targets will be set to determine the success of the campaign.

Recommendation 6

The Mayor should conduct detailed analysis of labour shortages across the hospitality and tourism sectors in London, with the aim of identifying where skills and labour shortages exist and developing a plan of how to fill these gaps, including lobbying the Government for any support that is required.

Recommendation 7

As part of the Good Work Standard, the Mayor should continue to work alongside employers in the tourism industry to improve working conditions, ensuring jobs provide good-quality work and that there are progression opportunities in the sector.

Recommendation 8

Given that the tourism and hospitality sectors are not expected to have fully recovered by March 2022, the Government should maintain the current VAT rate of 12.5 per cent for these sectors until March 2023, rather than increasing it back up to 20 per cent in March 2022 as currently planned.

Recommendation 9

There needs to be clear and consistent messaging from the Mayor and the Government about the COVID-19 safety and any future public health guidance related to businesses across London's tourism industry.

Recommendation 10

The Mayor and London & Partners should renew the 2017 Tourism Vision for London to reflect the impact of COVID-19 and the 2018 declaration of the climate emergency and ensure that it is joined up with the Government's Tourism Recovery Plan.

Background

It is difficult to overstate the importance of London's tourism industry to the social and economic life of the capital and the UK as a whole. It supports as many as one in seven jobs in London and accounting for almost 12 per cent of the city's economic output.³ Tourism helps sustain vast swathes of London's economy, including hospitality, retail and the creative industries. Many international visitors come to London as part of wider trips to the UK and go on to contribute to local economies across the country.

Before the COVID-19 pandemic, London was the third most visited city in the world, welcoming a record 21.7 million inbound visitors in 2019. Visits to London accounted for 53 per cent of all visits to the UK and resulted in £15.7 billion of spend in the capital.⁴ London was also a popular destination for domestic tourists, with 12.16 million overnight domestic visitors coming to London in the same year.⁵

But the industry has been hit hard by the pandemic. In particular, restrictions on international travel have meant that the number of international visitors collapsed for much of 2020 and 2021. In the first three months of 2021, overseas residents made 195,000 visits by air to the UK, which was 96 per cent fewer than the same period the previous year, while spending from overseas residents was down 94 per cent during the same period.⁶

Large parts of the UK tourism industry were forced to suspend activity during the national lockdowns and have been heavily reliant on government support. According to the Department for Digital, Culture, Media and Sport, over £25 billion in central government funding had been provided to the tourism, leisure and hospitality sectors nationally in the form of grants, loans and tax breaks by June 2021.⁷

The fall in visitor numbers has disproportionately impacted London compared to other regions in the UK. Surveys from the summer of 2021 suggested that domestic tourists were prioritising rural holiday destinations over cities including London,⁸ while London consistently had the lowest room occupancy rate in the accommodation sector of any region in the country throughout 2020 and 2021. In August 2021, when all COVID-19 restrictions had been lifted, London's room occupancy rate was just 56 per cent, compared to a national average of 71 per cent.⁹ It is worth noting for comparison that London had the highest room occupancy rate in the country (87 per cent) during the same month in 2019.¹⁰ Overall, estimates suggest that the

³ [New data shows tourism may not recover until middle of decade](#), Mayor of London, 20 January 2022

⁴ [Tourism Recovery Plan](#), DCMS, June 2021

⁵ [Great Britain Domestic Overnight Trips Summary - All Trip Purposes - 2019](#), VisitBritain, 2020

⁶ [Overseas travel and tourism, provisional: January to March 2021](#), ONS, 23 July 2021

⁷ [The Tourism Recovery Plan](#), DCMS, June 2021

⁸ [London hotel rooms empty as holidaymakers favour rural staycations](#), City AM, 12 August 2021

⁹ [England Occupancy Survey, August 2021 Results](#), VisitEngland

¹⁰ [England Occupancy Survey, August 2021 Results](#), VisitEngland

number of overnight stays in London made by tourists fell to 60.8 million in 2021, which was just 41 per cent of 2019 levels.¹¹

This has had a devastating impact on London's leading visitor and cultural attractions. Visitor numbers to the UK's top attractions fell by 70 per cent in 2020 compared with the previous year. This fall was even higher in most of London's indoor visitor attractions, such as Tate Modern (-77 per cent), Natural History Museum (-76 per cent) and the British Museum (-80 per cent).¹²

Although international travel has gradually returned and visits to London have increased, it will be some time before this returns to pre-pandemic levels. VisitBritain forecasts that in 2022 inbound visits will rise to 24.0 million, and spending to £19.2 billion. Although these figures represent an increase on 2021 levels, they are just 59 per cent and 67 per cent respectively of the visits and spend levels seen in 2019.¹³ Recent data published by the Mayor predicts that tourism in London may not return to pre-pandemic levels until the middle of the decade.¹⁴ This will inevitably have a detrimental impact on those parts of the economy that rely on international visitors for their custom..

Let's Do London campaign

Recommendation 1

The Committee would like to see comparators with other large UK cities and the growth of their tourism sectors in the period while Let's Do London is running, as well as international comparisons. This would help understand what value Let's Do London has added to London's tourism sector, in comparison to other parts of the UK and the world which did not run similar campaigns. The Committee would also like to be kept updated on progress with the Let's Do London campaign and future tourism campaigns, including updated figures on the impact of the campaigns.

The Mayor of London and London & Partners launched the Let's Do London campaign on 10 May 2021. The campaign, which the Mayor initially allocated £6 million to, aims to encourage Londoners and domestic visitors back into central London. The campaign was designed around a number of seasonal programmes, including London Eats, Summer Family Fun, London Lates,

¹¹ [New data shows tourism may not recover until middle of decade](#), Mayor of London, 20 January 2022

¹² [Association of Leading Visitor Attractions, 2020 Visitor Figures](#)

¹³ [2022 tourism forecast](#), VisitBritain

¹⁴ [New data shows tourism may not recover until middle of decade](#), Mayor of London, 20 January 2022

Autumn Season, Winter Lights and Spring into London.¹⁵ In February 2022, the Mayor announced that he would invest a further £3m in the domestic tourism campaign.¹⁶

At its meeting on 13 October 2021, the Committee heard that the campaign has been broadly welcomed by businesses in the tourism sector. Guests at the meeting noted that the campaign has been able to reach a much wider audience than London's cultural and visitor attractions would have been able to on their own. Guests were also keen to stress the role of industry in designing and developing the campaign, with Kate Nicholls OBE, CEO of UKHospitality, telling the Committee that the campaign was as 'industry-owned, industry-commissioned campaign'.¹⁷

Allen Simpson, Acting CEO of London & Partners, told the Committee that the Let's Do London campaign has generated roughly £70m in terms of spend in the tourism sector. According to data produced by London & Partners, the campaign brought about 280,000 visitors to London over the course of summer 2021 and has had a return on investment of about 18:1. London & Partners subsequently shared further detail with the Committee on the methodology used to reach these figures and has said that the data demonstrates the campaign's success in bringing tourists to London and increasing spend across the tourism industry.

However, it is worth noting that no targets were set for the campaign at its outset. Allen Simpson told the Committee that London & Partners was unable to set 'an econometrically rigorous target', as it had not run similar domestic campaigns in the past and was therefore unable to use previous experience to predict outcomes for the campaign.

This makes it more difficult for the Committee to assess the effectiveness of the campaign against initial ambitions, given that there are no targets to measure performance against. For this reason, the Committee is recommending that the Mayor and London & Partners carry out research into the growth of the tourism sector in other UK cities during the period while Let's Do London was running, as well as international comparisons. This would help understand what value Let's Do London has added to London's tourism sector, in comparison with other parts of the UK and the world that did not run similar campaigns.

¹⁵ [Let's Do London: Tourism recovery campaign](#), GLA and London & Partners, May 2021

¹⁶ [Mayor proposes £10m to attract more tourists back to London](#), Mayor of London, 16 February 2022

¹⁷ [Economy Committee – Wednesday 13 October 2021](#)

Rebuilding London's tourism industry

The Mayor's recovery missions

Recommendation 2

The Mayor should set out how the recovery missions will help London's tourism industry recover from the pandemic and how this work is being coordinated, given that there is no specific recovery mission for tourism.

Recommendation 3

The Mayor should clarify who in the Mayoral team holds overall responsibility for tourism in London, how Deputy Mayors work together on tourism-related issues and who the Committee should approach in order to scrutinise the Mayor's policies that relate to tourism.

At its meeting on 13 October 2021, the Committee asked Mayoral representatives what action the Mayor is taking as part of his recovery missions to support London's tourism industry recovery from the pandemic.

Justine Simons OBE, Deputy Mayor for Culture and the Creative Industries, told the Committee that tourism is being threaded through all of the recovery missions. The Economic Recovery Framework for London notes the Mayor's commitment to 'promote domestic and international tourism'.¹⁸ However, there is no specific recovery mission for tourism and there is limited reference to tourism across the missions, despite its importance to London's economy. The Committee is therefore recommending that the Mayor sets out how the recovery missions will help London's tourism industry recover from the pandemic and how this work is being coordinated.

The Deputy Mayor for Culture and the Creative Industries told the Committee that she does not lead on tourism issues. It is therefore unclear exactly where this responsibility sits in the Mayor's team, even following the changes to GLA structures as a result of the London Recovery Missions. Although London & Partners works with the Mayor on tourism issues, this is only one part of the organisation's wider focus on promoting London internationally. The Mayor should therefore clarify who in the Mayoral team holds overall responsibility for tourism and how this work is coordinated across the work of different Deputy Mayors.

¹⁸ [An Economic Recovery Framework for London](#), Mayor of London

International tourism

Recommendation 4

The Mayor's international tourism campaign should encourage international visitors to make longer visits to London and should highlight environmentally sustainable travel methods, which will bring economic benefits and help make international travel less environmentally damaging.

Recommendation 5

The Mayor and London & Partners should provide further information to the Economy Committee about the planned international tourism campaign, including which countries will be targeted and what targets will be set to determine the success of the campaign.

The Committee heard that the return of international visitors is a prerequisite for the full recovery of London's tourism industry. Before the pandemic, 70 per cent of spend in London's pubs, bars, restaurants and hotels was generated by international visitors. The international tourist market also provides stability for visitor attractions and cultural organisations as bookings tend to be made further in advance. Despina Tsatsas, Executive Director at the Young Vic, noted that 'we are seeing booking patterns at 13 days out [from] the performance. That is unsustainable for us.' The return of international tourists is essential both for boosting revenue and helping to restore financial stability for businesses.

It is therefore vital that the Mayor and the Government work with the industry to encourage visitors from abroad to return to London. Representatives from the sector told the Committee that they would like to see an international equivalent of the Let's Do London campaign in order to attract more international visitors to London.

The Mayor has since announced plans to launch an international tourism campaign in spring 2022, alongside further investment in the Let's Do London campaign.¹⁹ The Committee welcomes this development and awaits further information about the campaign. The Committee would like to know which countries will be targeted for the campaign and what targets have been set to determine the success of the campaign. It is also important that the campaign encourages international visitors to make longer visits and highlights environmentally sustainable travel methods, which will bring economic benefits and help make international travel less environmentally damaging. Research has shown that the environmental impact of tourism is less damaging when tourists choose to stay longer at their destination.²⁰

¹⁹ [Mayor proposes £10m to attract more tourists back to London](#), Mayor of London, 16 February 2022

²⁰ [The carbon impact of short-haul tourism: A case study of UK travel to Southern France using life cycle analysis](#). Filimonau et al

The tourism industry's workforce

Recommendation 6

The Mayor should conduct detailed analysis of labour shortages across the hospitality and tourism sectors in London, with the aim of identifying where skills and labour shortages exist and developing a plan of how to fill these gaps, including lobbying the Government for any support that is required.

Recommendation 7

As part of the Good Work Standard, the Mayor should continue to work alongside employers in the tourism industry to improve working conditions, ensuring jobs provide good-quality work and that there are progression opportunities in the sector.

The Committee heard that there are significant labour shortages across the tourism industry. Despina Tsatsas noted that 'we are feeling the labour shortages at every single level of our organisation', while Sandra Botterell, Director of Marketing and Commercial Enterprise at Royal Botanic Gardens, Kew, highlighted staff shortages in retail and catering.

This is backed up by official statistics on vacancy levels, with the number of vacancies across the hospitality and tourism sectors now at record levels. In November 2021 to January 2022, UK-wide vacancies in accommodation and food services stood at 94,100, a 111.8 per cent rise on the period immediately before the pandemic. The ratio of 7.9 vacancies to 100 employee jobs in the sector is the highest on record and is larger than the equivalent ratio in any other sector.²¹

Guests emphasised the impact of the pandemic in generating staff shortages. The Committee heard that many workers left London over the course of the pandemic, in particular freelance workers in the sector who were not eligible for government support. The pandemic also resulted in a reduction in overseas students, who previously provided a pool of labour for the sector. These factors have disproportionately affected London over other parts of the UK, partly due to the higher cost of living in the capital.

It is likely that the UK leaving the EU has also had an impact upon staff shortages, as the hospitality sector has often been reliant on labour from the EU. The 'Hospitality Hiring Insider' report published in August 2021 found that on average 75 per cent of London's hospitality sector employees were overseas nationals.²² The same report estimated that more than 92,000 workers from the European Union have left the UK's hospitality sector since the start of the pandemic.²³

²¹ [Vacancies and jobs in the UK: February 2022](#), ONS

²² [Hospitality Hiring Insider](#), Caterer.com, August 2021

²³ [More than 92,000 EU workers estimated to have left UK's hospitality sector](#), The Caterer, 5 August 2021

Staff shortages in the tourism sector could provide additional job opportunities for UK-born workers with less experience, especially young people. Kate Nicholls stressed to the Committee that the sector is investing in its domestic workforce.

It was noted that there is a lack of robust data explaining precisely where the labour shortages are across the industry. This is inhibiting policy-makers' capacity to make evidenced-based decisions relating to the workforce. The Mayor can play a role in conducting a detailed analysis of labour shortages across the tourism industry in London, with the aim of identifying where skills and labour shortages exist and developing a plan of how to fill these gaps.

Guests were also asked what action they are taking to improve pay and working conditions for staff. Parts of the hospitality and tourism industry have historically been associated with low pay and insecure working conditions. The Committee heard that businesses in the tourism industry are placing greater emphasis on the working conditions of staff, particularly around mental health and wellbeing, although budgetary pressures are impacting their ability to offer wage rises. The Mayor should ensure that he continues to work alongside employers in the tourism industry to improve pay and working conditions as part of his Good Work Standard. The Committee has previously recommended that the Mayor should produce a plan to encourage more businesses to sign up to the Good Work Standard.²⁴

VAT in the tourism and hospitality sectors

Recommendation 8

Given that the tourism and hospitality sectors are not expected to have fully recovered by March 2022, the Government should maintain the current VAT rate of 12.5 per cent for these sectors until March 2023, rather than increasing it back up to 20 per cent in March 2022 as currently planned.

To support businesses through the pandemic, VAT on hospitality and tourism sector purchases was temporarily cut from 20 to 5 per cent in July 2020. In October 2021 this was increased to 12.5 per cent, and it is due to return to 20 per cent in April 2022. The reduced rate of VAT has applied to most goods and services supplied by the tourism and hospitality sectors, including food and drink supplies and hotel and holiday accommodation.²⁵

The Committee heard that retaining the 12.5 per cent VAT rate until March 2023 would provide a lifeline for the industry. Despina Tsatsas noted that 'we are not going to be back to pre-pandemic levels of either financial sustainability or audiences by March 2022, or anywhere particularly close to that, so we would love to see an extension to March 2023'. Kate Nicholls

²⁴ [Low Pay and In-Work Poverty: Steps to help Londoners struggling to make ends meet](#), London Assembly Economy Committee, March 2020

²⁵ [Introduction of a new reduced rate of VAT for hospitality, holiday accommodation and attractions](#), HMRC, 3 March 2021

told the Committee that 'the single biggest thing that we can do to make sure we deliver the recovery is to keep that medium rate of VAT that we have got at the moment.'

It was clear from the evidence presented to the Committee that, despite making an impressive recovery so far, London's tourism industry remains fragile and is still in need of support. This is backed up by recent forecasts predicting that the number of overnight stays and associated spend in London may not recover to pre-pandemic levels until the end of the decade.²⁶ This will inevitably have a damaging impact on businesses that rely on tourists for their custom.

The Committee is therefore recommending that the Government maintains the current VAT rate of 12.5 per cent for the tourism and hospitality sectors for a further twelve months. This will help steer the industry through a precarious period and secure its foundations for a full recovery from the pandemic.

Clarity of messaging

Recommendation 9

There needs to be clear and consistent messaging from the Mayor and the Government about the COVID-19 safety and any future public health guidance related to businesses across London's tourism industry.

The Committee heard that clarity of messaging from both the Government and the Mayor is critical for building consumer confidence and attracting tourists to London. This echoes the Committee's findings during its investigation into rebuilding London's night-time economy.²⁷

Despina Tsatsas told to the Committee that she 'would love... to see really clear and consistent public messaging about the safety of indoor cultural attractions so that we can reassure different types of audiences that it is, indeed, safe to return'. Kate Nicholls added that 'we want to avoid any mixed messages'.

The Mayor's 2017 Tourism Vision for London

Recommendation 10

The Mayor and London & Partners should renew the 2017 Tourism Vision for London to reflect the impact of COVID-19 and the 2018 declaration of the climate emergency and ensure that it is joined up with the Government's Tourism Recovery Plan.

²⁶ [New data shows tourism may not recover until middle of decade](#), Mayor of London, 20 January 2022

²⁷ [Night Vision: Rebuilding London's Night-Time Economy](#), London Assembly Economy Committee, 8 December 2021

In August 2017, the Mayor of London and London & Partners published 'A Tourism Vision for London'.²⁸ The document 'sets out the opportunity to grow London's tourism economy sustainably and the action required to realise such ambition'. At the time it projected that by 2025, visits to the capital would reach 40.4 million annually. Of these, 25.7 million would be international visits.

The impact of the COVID-19 pandemic means that the context has changed considerably since the Tourism Vision for London was first published. With one forecast suggesting that London's tourism levels might not recover to 2019 levels until 2025, expectations around the growth of London's tourism industry have changed and it is important that the Mayor's Tourism Vision is adapted to reflect this. It is also important that there is alignment between the updated Vision and the Government's Tourism Recovery Plan. Allen Simpson told the Committee that London & Partners had so far been focused on 'dealing with the immediate impacts of the crisis' but that 'we are now starting to think about what that longer-term vision might look like'.

²⁸ [A Tourism Vision for London](#), Mayor of London, August 2017

Other formats and languages

If you, or someone you know needs this report in large print or braille, or a copy of the summary and main findings in another language, then please call us on: 020 7983 4100 or email assembly.translations@london.gov.uk

Chinese

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Email 与我们联系。

Vietnamese

Nếu ông (bà) muốn nội dung văn bản này được dịch sang tiếng Việt, xin vui lòng liên hệ với chúng tôi bằng điện thoại, thư hoặc thư điện tử theo địa chỉ ở trên.

Greek

Εάν επιθυμείτε περίληψη αυτού του κειμένου στην γλώσσα σας, παρακαλώ καλέστε τον αριθμό ή επικοινωνήστε μαζί μας στην ανωτέρω ταχυδρομική ή την ηλεκτρονική διεύθυνση.

Turkish

Bu belgenin kendi dilinize çevrilmiş bir özetini okumak isterseniz, lütfen yukarıdaki telefon numarasını arayın, veya posta ya da e-posta adresi aracılığıyla bizimle temasa geçin.

Punjabi

ਜੇ ਤੁਸੀਂ ਇਸ ਦਸਤਾਵੇਜ਼ ਦਾ ਸੰਖੇਪ ਆਪਣੀ ਭਾਸ਼ਾ ਵਿਚ ਲੈਣਾ ਚਾਹੋ, ਤਾਂ ਕਿਰਪਾ ਕਰਕੇ ਇਸ ਨੰਬਰ 'ਤੇ ਫ਼ੋਨ ਕਰੋ ਜਾਂ ਉਪਰ ਦਿੱਤੇ ਡਾਕ ਜਾਂ ਈਮੇਲ ਪਤੇ 'ਤੇ ਸਾਨੂੰ ਸੰਪਰਕ ਕਰੋ।

Hindi

यदि आपको इस दस्तावेज़ का सारांश अपनी भाषा में चाहिए तो उपर दिये हुए नंबर पर फोन करें या उपर दिये गये डाक पते या ई मेल पते पर हम से संपर्क करें।

Bengali

আপনি যদি এই দলিলের একটা সারাংশ নিজের ভাষায় পেতে চান, তাহলে দয়া করে ফো করবেন অথবা উল্লেখিত ডাক ঠিকানায় বা ই-মেইল ঠিকানায় আমাদের সাথে যোগাযোগ করবেন।

Urdu

اگر آپ کو اس دستاویز کا خلاصہ اپنی زبان میں درکار ہو تو، براہ کرم نمبر پر فون کریں یا منکورہ بالا ڈاک کے پتے یا ای میل پتے پر ہم سے رابطہ کریں۔

Arabic

الوصول على ملخص لهذا المستند بلغةك،
فراجع الاتصال برقم الهاتف أو الاتصال على
العنوان البريدي أو عنوان البريدي
الالكتروني أعلاه.

Gujarati

જો તમારે આ દસ્તાવેજનો સાર તમારી ભાષામાં જોઈતો હોય તો ઉપર આપેલ નંબર પર ફોન કરો અથવા ઉપર આપેલ ટપાલ અથવા ઈ-મેઈલ સરનામા પર અમારો સંપર્ક કરો.

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Neil Garratt AM
Chairman of the Economy Committee

Sadiq Khan
Mayor of London
(Sent by email)

11 March 2022

Dear Mr Mayor,

Rebuilding London's tourism industry

I am writing to you on behalf of the London Assembly Economy Committee, following on from our recent investigation into rebuilding London's tourism industry in the aftermath of the COVID-19 pandemic.

At the Committee meeting on 13 October 2021, members put a number of questions to Justine Simons OBE, Deputy Mayor for Culture and the Creative Industries, some of which she was not able to provide a full response to. I would therefore be grateful if you could provide answers to the following questions asked at the meeting:

- What measures are being taken by the Mayor to help businesses solve their staffing issues as tourists return to London?
- There has been a high take-up of the furlough scheme in tourism-related businesses, especially in London. As the scheme was wound down, how did the Mayor engage with businesses to find out how they would cope with the end of the furlough scheme?
- The Let's Do London campaign cost about £6 million of mayoral funding. How did you come to Let's Do London as an idea to support the tourism sector? Were any alternatives looked at

for that funding or any examples from other cities and if so, before committing to this campaign, was consideration given to how those others compare?

We would be grateful to receive your response to this letter by Friday 1 April. Please also send your response by email to the committee's clerk, Lauren Harvey (lauren.harvey@london.gov.uk).

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Neil Garratt', is positioned above the printed name.

Neil Garratt AM

Chairman of the Economy Committee

LONDON ASSEMBLY



Neil Garratt AM
Chairman of the Economy Committee

The Rt Hon Rishi Sunak MP
Chancellor of the Exchequer
(Sent by email)

11 March 2022

Dear Chancellor,

I am writing to you on behalf of the London Assembly Economy Committee in relation to VAT on hospitality and tourism sector purchases, following on from our recent investigation into rebuilding London's tourism industry in the aftermath of the COVID-19 pandemic.¹

Before the pandemic, London was the third most visited city in the world, welcoming a record 21.7 million inbound visitors in 2019. Tourism has been an essential part of London's economy, employing 700,000 people – one in seven of the capital's jobs – and accounting for 11.6 per cent of the capital's GDP. The industry is especially reliant on international visitors, who account for 70 per cent of spend in London's hospitality and tourism businesses. But the sector has been hit hard by the pandemic, and it continues to suffer due to the substantial reduction in the number of overseas visitors.

¹ The Economy Committee held a meeting on rebuilding London's tourism industry on 13 October 2021. The guests in attendance were Justine Simons OBE, Deputy Mayor for Culture and the Creative Industries; Allen Simpson, Acting Chief Executive Officer of London & Partners (L&P); Kate Nicholls OBE, Chief Executive, UKHospitality; Despina Tsatsas, Executive Director, Young Vic; and Sandra Botterell, Director of Marketing and Commercial Enterprise, the Royal Botanic Gardens, Kew.

At the Economy Committee's meeting in October last year, we heard from a number of experts in the sector about the impact of the pandemic on the tourism industry and what can be done to rebuild it. Guests emphasised how valuable the Government's packages of support have been since the start of the pandemic, and in particular the importance of the cut in VAT on purchases in the hospitality and tourism sectors. As you know, VAT for these sectors was cut from 20 to 5 per cent in July 2020, but subsequently increased to 12.5 per cent in October 2021 and is due to return to 20 per cent in April 2022.

The Committee heard that retaining the 12.5 per cent VAT rate until March 2023 would provide a lifeline for the industry, with one guest arguing that it would be 'the single biggest thing that we can do to... deliver the recovery.' Guests emphasised that, although London's tourism industry has made an impressive recovery so far, it remains fragile and is still in need of support, with recent data indicating that tourism in London may not recover until the middle of decade.

We therefore urge you to maintain the 12.5 per cent VAT rate on purchases in the tourism and hospitality sectors until March 2023. This will provide vital support to the industry in a challenging time and ensure that London can once again be a world-leading destination for international tourism.

We would be grateful to receive your response to this letter by Friday 1 April. Please send your response by email to the committee's clerk, Lauren Harvey (lauren.harvey@london.gov.uk).

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Neil Garratt', is positioned above the printed name.

Neil Garratt AM
Chairman of the Economy Committee