

# LONDON & PARTNERS

London & Partners, 1st Floor, 169 Union Street, London SE1 0LL  
T +44 (0)20 7234 5800 F +44 (0)20 7378 6525  
londonandpartners.com

Chair  
Chairman of the Economy Committee

(Sent by email)

19<sup>th</sup> January 2022

Dear Chair,

Many thanks for having me to the Committee's session on 10<sup>th</sup> December 2020 to discuss the recovery of London's tourism industry and for your subsequent follow-up letter of 22<sup>nd</sup> December.

In that letter you requested four specific additional pieces of information:

1. A copy of the L&P strategy for 2018-2021.
2. Further information on why the Government would provide funding to L&P to promote tourism in London and not UK tourism
3. Further information on L&P's methodology when calculating success
4. The Deputy Mayor for Business also suggested that L&P arranges a meeting with Assembly Members to provide additional information on the metrics they used and how they work.

If I may, I will deal with each of them in turn below. Of course, should you or the Committee require anything further, please do not hesitate to ask.

**1. L&P 2018 – 2021 strategy**

As I mentioned during the session, I am more than happy to recirculate our business plans for that period. I have attached the relevant documents for ease but do let me know if there are any specific follow-ups to it. To note, this is not our current strategy, which can be found on our website [here](#), but reflects the time period as discussed in the session.

**2. HMG tourism funding**

In terms of tourism recovery, L&P's focus has shifted to the return of international visitors. We are aware of the industry's appetite to build on the success of the Let's Do London campaign and we remain in discussion with the Mayor of London, HMG and the industry as to how such a campaign might be funded.

The case that we and others have made to HMG is predicated on London's role in the overall UK tourism sector. For context, the below is adapted from our recent submission to the Digital, Culture, Media and Sport Select Committee's inquiry – Promoting Britain Abroad:

*L&P believes that it is important to note the significant role that London plays in the overall UK tourism sector. London is the 3<sup>rd</sup> biggest driver for people visiting the UK (behind visiting a new country and history and heritage) and accounted for 53% of the UK's international visits in 2019.<sup>1</sup>*

*However, as a global city, London was disproportionately affected by the pandemic. This was in large part caused by the significant reduction in footfall to the Central Activity Zone (CAZ) both domestically but, crucially, because of the city's reliance on international visitors. This is demonstrated by the Centre for Cities data which shows that London's footfall recovery is only 53% as of November 2021 compared with Birmingham (79%), Manchester (73%) and Glasgow (64%).<sup>2</sup>*

*That disproportionate impact is demonstrated by the fact that a higher proportion of London visitor spend comes from international markets. In 2019, 84% of overnight tourism spend in London came from international visitors, compared to 37% for the rest of Great Britain.*

*Looking at the UK more broadly, there were 11.1 million inbound visits in 2020, a 73% decline from the visit levels seen in 2019. The majority (63%) of the visits to the UK were in Q1 (Jan-March). Visits in Q1 were down 16%, Q2 96%, Q3 80% and Q4 87%, compared to 2019. In 2020 inbound visitors to the UK spent a total of £6.2 billion, a decline of 78% on 2019 results.<sup>3</sup>*

*This represents a loss vs the counterfactual pre-COVID forecast for 2020 of 31.0 million visits and £24.1 billion spending.<sup>4</sup>*

*The figures available so far for 2021 show that there were only 195,000 inbound visits to the UK in Q1 2021 – down 96% compared to Q1 2020. Spend was down 94% year-on-year (YoY) with inbound visitors spending £248 million in the UK during Q1 2021. In total 10.4 million nights were spent in the UK by inbound visitors during Q1 2021, down 75% year on year.<sup>5</sup>*

*For Q2 2021 the UK received 277,000 visits in Q2 2021, 97% below Q2 2019. There were 471,000 inbound visits to the UK in the first half of 2021 – down 97% compared to the same period in 2019. Visitors spent £386 million in Q2 2021, down 94% on Q2 2019. The first half of 2021 saw £634 million spent by overseas visitors to the UK.<sup>6</sup>*

*It should be noted, however, that the above figures are limited both because of the low base sizes and the fact that the data is collected from air passengers only.<sup>7</sup>*

*Therefore, it is crucial to understand that any recovery plan for inbound UK tourism must also support London – not only because of the disproportionate impact but also to leverage London's status and draw as a springboard for tourism to other parts of the UK. There is significant potential to capitalise on London's position as a gateway for wider tourism. Those visitors that go on to spend time elsewhere in the UK contribute £641m to the local economies they visit.<sup>8</sup>*

*This comprises 10% of the nation's international visitors and L&P believes that any recovery plan should aim to significantly increase that number with London working in conjunction with the devolved nations and other areas of the country.*

*We firmly believe that a slower recovery for London's international tourism market will therefore inevitably have a negative knock-on effect for the rest of the UK. In fact, without intervention L&P estimates that London's international visitor recovery will take at least 4 years (including 2021), resulting in a loss to the economy of £21.3 billion, the equivalent of 192,000 FTE jobs.<sup>9</sup>*

### **3. L&P's methodology**

As you know, L&P's measures of success are based on Gross Value Added (GVA). In summary:

- GVA is the economic added value created when producing goods or providing services.
- It is the difference between the price paid for a good or service and the cost of inputs used in its production.
- GVA measures profits and wages of London-based businesses and London's employees. By measuring our impact on increasing GVA, we are reporting our economic contribution to London.

In terms of measurements:

- We measure the economic benefits to the city with GVA and jobs retained.
- Economic impact figures are expressed in terms of GVA (economic wealth), unless stated otherwise.
- We also estimate additional leisure tourists, business delegates, major event-goers and additional sales made by London's small and medium-sized enterprises (SMEs) that have been part of our programmes.

For ease I have attached the full methodology as well.

**Meeting with Assembly Members to discuss L&P metrics**

I would be absolutely delighted to facilitate a meeting for any member of the Committee or wider Assembly on this point either on a one-to-one basis or in a group.

If I may, this is something I will pick up once the working from home restrictions have been relaxed as I believe that holding a session like this would be much more productive in person.

I hope that the above and attached are of assistance to the Committee. Many thanks for having me in front of you last month and, as ever, I can provide any further information please do not hesitate to ask.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Allen Simpson', written in a cursive style.

Allen Simpson  
Managing Director, Strategy and Operations  
London & Partners