

# UKHospitality comments

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UKHospitality is a new organisation resulting from the merger of the UK's two major hospitality trade associations – the ALMR and the BHA. UKHospitality will actively speak out for the UK's third largest private sector employer, which combined directly generates £130bn of revenue each year.

UKHospitality has added detailed comments to policies relevant to the hospitality industry throughout the plan. The broad issues affecting the industry in London and relevant to the plan are as follows:

## Visitor infrastructure

UKHospitality welcomes the London Plan's commitment to improving the visitor economy in London, and maintaining its position as one of the most visited cities in the world. An increased focus on promotion of London's tourism output beyond the attractions in central London is timely, with many of London sites not receiving the promotion they deserve.

## Skills and opportunities

UKHospitality has a strong history of engaging with those out of work in London, particularly young people, through the Big Hospitality Conversation, which was held in 2015 in partnership with Tottenham Hotspur FC and the Department for Work and Pensions. This provided an opportunity for local young people to meet business leaders and get a start in the industry. UKHospitality would welcome the opportunity to work with the Mayor's office to increase opportunities for those out of work in London.

## Bespoke taxes on tourism

UKHospitality is concerned by policies in the plan that will allow for City Hall to introduce its own tax mechanisms. London officials, including the Mayor himself, have gone on record in support of charging tourists to stay in London. UKHospitality is firmly against this type of tax on the grounds that there should be no further charges on tourism whilst the rate of VAT on hospitality businesses remains at 20% - almost double the European average and already a competitive hindrance to UK businesses compared to their European neighbours.

#### Prevention of obesity

UKHospitality takes seriously the responsibilities of the Out of Home Food sector to help prevent obesity. The sector has been making significant contributions to order to improve the nutrition of products and to provide healthier alternative choices for its customers.

UKHospitality would be delighted to discuss the above concerns, and any of the specific comments throughout the plan, with representatives from City Hall.

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UKHospitality is committed to combating obesity and has welcomed government policy in this area.

The Out of Home Food sector has already taken steps to combat obesity. In recent months the Out of Home Food Alliance set out a Code of Practice to drive more responsible behaviour in the industry on healthy eating. The Code of Practice sets out how the sector is already doing its part in combating obesity and the next steps for the industry, and is supported by Public Health England.

Developed voluntarily, the Code of Practice commits food providers to reformulating their products to reduce sugar, encouraging customers to make healthier choices, offering healthier children's options and providing clear nutritional information.

The Out of Home Food Alliance is made up of the largest high street hospitality brands in the UK, including Mitchell and Butlers, Pizza Hut Takeaway, McDonalds, Greggs and Whitbread Restaurants.

UKHospitality shares the government's commitment to reducing childhood obesity but legislators should be wary of thinking the problem can be solved with a single 'silver bullet'. We believe that ensuring good nutrition and reducing the level of childhood obesity requires a holistic approach, and we would like to see industry efforts to tackle childhood obesity complemented by a stronger emphasis on nutrition and physical exercise in the school curriculum and on significantly improved education about food for children and adults alike.

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The London Plan supports the use of sharing economy platforms, provided they do not impact negatively on housing. In reality, though, sharing economy platforms are already having a negative impact on housing in the capital – of the 168,000 properties that are listed in the UK, 65,000 are in London. According to a recent report, 1,190 new listings are added each month in London.[1]

The loss of housing stock is a significant issue with short term lettings, but to focus only on the problems posed to housing overlooks the other negative impacts of sharing economy platforms.

Properties listed on Airbnb and similar websites have frequently been involved in issues of disturbances, and are subject to little of the regulation to which traditional forms of accommodation must adhere. Hotels and other accommodations providers are required to submit to safety regulations that ensure that they are fit for purpose which sharing economy rentals are not.

Furthermore, as there is no central register of the properties listed on sharing economy platforms, it is impossible, in the event of an emergency, for the emergency services to know how many people are in a property at any one time, nor is it possible to enforce the 90-day limit on short term lettings.

Sharing economy platforms in London are subject to very little regulation compared to much of the rest of Europe and North America. Other major cities have acknowledged the negative impacts have to be mitigated to ensure that housing stock is not removed from long term circulation, communities are not eroded by empty properties and that visitor accommodation is safe for public use.

[1] Jones Lang LaSalle October 2017

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The vote to leave the European Union is already being felt by hospitality business that are struggling for staff. A report for the British Hospitality Association by KPMG last year showed that service lines in London, such as hotels, employ large numbers of EU nationals, with 22.1% - 34.1% of their staff coming from EU member states. Between 13.8% - 26.1% of London restaurant staff are EU nationals. Within these businesses, roles including waiters and waitresses (75.3% EU nationals), chefs (24.6% EU nationals) and housekeeping staff (37.1% EU nationals) are even more reliant on the availability of EU labour.

UKHospitality has campaigned for improved technical education to alleviate the skills gap the hospitality industry faces, particularly in the wake of declining European immigration following the decision to leave the European Union. To this end UKHospitality has lobbied the government to bring forward the introduction of a T-Level for hospitality as currently it is scheduled to begin in 2022, after the UK has left the EU and too late to help with a skills shortage that is affecting business already.

As such, a renewed focus on technical education and skills cannot come soon enough for the hospitality industry in London.

UKHospitality recognises the need for innovative ways to help fund London's creative infrastructure. London is one of the world's premiere destinations for tourists, and for good reason; its world class hospitality industry is envied the world over and continues to flourish despite punishing commercial conditions.

For this reason, UKHospitality is firmly against the introduction of any mechanism that could potentially pave the way for more charges on hospitality businesses and tourists. This is specifically in reference to point 11.1.61, which refers to a desire to be granted '...permissive powers to develop new mechanisms, subject to consultation'.

A 2017 report undertaken for the London Finance Commission by GLA Economics recommended the introduction of a 'tourist tax' or 'tourism levy' for London, and the Mayor of London has publically voiced his support for such a tax. UKHospitality thus has reservations that the 'mechanism' referred to in 11.1.61 would allow the introduction of a bespoke charge on tourists in London.

Proponents of a tourist tax often point to European countries and cities that levy tourist taxes on their visitors, claiming that this appears to do little damage to their tourism industries or visitor economies. What is neglected in making this argument is that the majority of countries that apply a tourist tax have far lower rates of VAT on hotel tourism services than the 20% rate that applies in the UK, which is almost double the European average. Even in the United States where there is often a combination of local, state, sales or special taxes added to the cost of a hotel room, there is no combination of taxes that equates to the UK's 20% rate of VAT. Any form of additional charge would be verging on punitive in nature and would drive away visitors over a longer period of time. It is simply too simplistic to say that such charges will not make a difference.

A tax on visitors staying overnight in London would also fail to achieve what its proponents often say it would: namely that it would be a mechanism to ensure that visitors contribute to the area that they enjoy by helping to pay for clean streets, infrastructure projects, and transport improvements. As this would simply be a tax on visitors staying overnight, day visitors would not be affected. According to Visit Britain, there were 337 million day visits to London in 2016. A charge on tourists would not apply to these people, but they would still enjoy the same benefits as overnight visitors. It is also conceivable that tourists would simply stay outside London and travel in to avoid paying a tourist tax, meaning that hotels would lose valuable revenue and local authorities would miss out on lucrative tax receipts.

Finally, the plan's comments in point 11.1.62 about the desire to 'to promote devolution across the country' is also profoundly worrying to UKHospitality and its members. With local authority budgets under sustained pressure across the UK, it is entirely conceivable that councillors could introduce various forms of taxes on tourists to help make up the monetary shortfall. This type of short term fix is not a viable answer to more profound budgetary problems, and would indeed exacerbate the problem in the long run.

We cannot get to a situation where local authorities can unilaterally bring in further charges on tourists. UKHospitality has successfully made this argument to both the Welsh and Scottish devolved governments – who have no plans to devolve the necessary powers to bring in such charges – and are currently in dialogue with the UK government to ensure that tourists in England are protected from the same charges. We appreciate that new ways of raising money must be considered, but taxes on tourists are not the answer and would have a negative effect in the long term.